

2 February 2016

UBS 2015 net profit up 79% to CHF 6.2 billion

Fourth-quarter net profit CHF 949 million; quarterly diluted earnings per share CHF 0.25; full-year diluted earnings per share CHF 1.64

Ordinary dividend CHF 0.60 per share and special dividend CHF 0.25 per share for 2015 to be proposed to shareholders

Full-year adjusted¹ return on tangible equity 13.7%, above FY15 target of around 10%

Strong capital position with fully applied Swiss SRB Basel III CET1 capital ratio 14.5% and fully applied Swiss SRB leverage ratio² at 5.3%

UBS strengthens climate change commitment in fourth quarter

Zurich/Basel, 2 February 2016 – UBS Group net profit for 2015 increased 79% year on year to CHF 6.2 billion.³ Adjusted¹ Group profit before tax for the year was CHF 5.6 billion (reported CHF 5.5 billion). Despite very challenging market conditions, UBS's business divisions delivered strong results in 2015, while prudently managing resources and risk.

Wealth Management's adjusted¹ profit before tax increased 13% to CHF 2.8 billion (reported CHF 2.7 billion), its best annual pre-tax profit since 2008. Wealth Management Americas' adjusted¹ profit before tax was USD 874 million (reported USD 754 million), with record operating income and solid net new money of USD 21.4 billion. Personal & Corporate Banking posted its best adjusted¹ profit before tax since 2010 with CHF 1.7 billion (reported CHF 1.6 billion) and attracted a record number of new clients. Asset Management's adjusted¹ profit before tax of CHF 610 million (reported CHF 584 million) was up 20% year on year, making progress towards its medium-term profit target. The Investment Bank delivered a strong performance, with an adjusted¹ profit before tax of CHF 2.3 billion (reported CHF 1.9 billion), and achieved an adjusted¹ return on attributed equity of 31% for the full year.

"Despite a very challenging environment, we had an excellent year, both in terms of shareholder returns and strengthened client relationships. Going forward, we will continue with the disciplined execution of our strategy while investing for profitable and sustainable growth." **Sergio P. Ermotti, Group Chief Executive Officer**

In 2015, UBS continued to improve its Swiss SRB leverage ratio and strengthen its fully applied Swiss SRB Basel III CET1 ratio. These achievements, along with the 79% rise in net profit, allow UBS to deliver on its shareholder return commitment and to offer attractive capital returns. UBS's Board of Directors intends to propose a total dividend of CHF 0.85 to shareholders at the AGM 2016. It consists of an ordinary dividend of CHF 0.60 per share, reflecting profit for the financial year 2015, and a special dividend of CHF 0.25 per share, reflecting a significant net upward revaluation of deferred tax assets in 2015. The total dividend will be paid out of capital contribution reserves and, subject to shareholder approval, will be payable on 17 May 2016 to shareholders of record on 13 May 2016.⁴

The fourth quarter was characterized by very low levels of client activity and pronounced risk aversion. UBS's fourth-quarter net profit attributable to shareholders was CHF 949 million. It included a net tax benefit of CHF 715 million, mainly relating to a net upward revaluation of deferred tax assets, and provisions for litigation, regulatory and similar matters totaling CHF 365 million. As previously announced, the quarter also included a charge of CHF 257 million for a debt buyback. Adjusted¹ return on tangible equity was 11.4% for the quarter.

Wealth Management delivered adjusted¹ profit before tax of CHF 505 million (reported CHF 344 million) amid very low levels of client activity. Net new money outflows amounted to CHF 3.4 billion for the quarter, reflecting significant client deleveraging, cross-border outflows and disciplined balance sheet management. Wealth Management Americas' operating performance was strong. Reported results, however, were affected by substantial charges for litigation, regulatory and similar matters. Adjusted¹ profit before tax was USD 63 million (reported USD 13 million). Net new money was very strong at USD 16.8 billion, with significant inflows from newly recruited advisors, as well as USD 4.9 billion from advisors who have been with the firm for more than one year. Personal & Corporate Banking posted an adjusted¹ profit before tax of CHF 396 million (reported CHF 355 million), its best fourth quarter since 2011, despite continued negative interest rates. Asset Management's adjusted¹ profit before tax of CHF 153 million (reported CHF 171 million) increased by 12%. The Investment Bank posted adjusted¹ profit before tax of CHF 223 million (reported CHF 80 million), as revenue declines in Equities and Corporate Client Solutions were partly offset by strong year-on-year performance in Foreign Exchange, Rates and Credit.

"The fourth quarter is a good demonstration of our discipline. We were not tempted to take more risks or buy unprofitable net new money to offset seasonal effects and challenging market conditions."

Sergio P. Ermotti, Group Chief Executive Officer

Full-year business division and Corporate Center highlights

- **Wealth Management** delivered adjusted¹ profit before tax of CHF 2.8 billion (reported CHF 2.7 billion) the best since 2008; adjusted net new money at CHF 22.8 billion. The business achieved solid mandate growth, with penetration up 200 bps year on year to 26.4% of invested assets.
- **Wealth Management Americas** recorded adjusted¹ profit before tax of USD 874 million (reported USD 754 million) and record operating income, with industry-leading productivity per advisor for revenue and invested assets. Net new money was USD 21.4 billion.
- **Personal & Corporate Banking** posted its best adjusted¹ profit before tax since 2010 at CHF 1.7 billion (reported CHF 1.6 billion), and attracted a record number of net new clients, solidifying its position as the number one universal bank in Switzerland.
- **Asset Management** delivered adjusted¹ profit before tax of CHF 610 million (reported CHF 584 million), up 20% year on year.
- **Investment Bank** posted adjusted¹ profit before tax of CHF 2.3 billion (reported CHF 1.9 billion) and adjusted¹ return on attributed equity of 31.3%, substantially above the target of greater than 15%. Resource utilization continued to be efficient and disciplined.
- **Corporate Center** achieved a net cost reduction of CHF 1.1 billion based on the December 2015 annualized exit rate versus full year 2013, and a further substantial reduction in the Non-core and Legacy Portfolio leverage ratio denominator.

Fourth-quarter business division highlights

- **Wealth Management** delivered adjusted¹ profit before tax of CHF 505 million (reported CHF 344 million). Net new money outflows were CHF 3.4 billion, with inflows from Asia Pacific and Switzerland being more than offset by outflows in emerging markets and Europe.
- **Wealth Management Americas** posted adjusted¹ profit before tax of USD 63 million (reported USD 13 million). Net new money was very strong at USD 16.8 billion.
- **Personal & Corporate Banking** delivered adjusted¹ profit before tax of CHF 396 million (reported CHF 355 million), its best fourth-quarter profit before tax since 2011. Net new client assets were positive while net new loans were slightly negative, in line with UBS's strategy to grow high-quality loans moderately and selectively.
- **Asset Management** recorded adjusted¹ profit before tax of CHF 153 million up 12% (reported CHF 171 million). Net new money outflows excluding money markets were CHF 8.9 billion. Outflows were largely from lower-margin passive products, driven by client liquidity needs.
- **Investment Bank** posted adjusted¹ profit before tax of CHF 223 million (reported CHF 80 million), including the annual UK bank levy of CHF 98 million, as revenue declines in Equities and Corporate Client Solutions were partly offset by strong year-on-year performance in Foreign Exchange, Rates and Credit.

Awards and achievements

UBS was honored with several international industry awards in the fourth quarter, including "Best Global Private Bank" by The Banker/PWM for the third year running as well as "Best Private Bank in Asia" for the fourth year in a row, reflecting UBS's market-leading franchise and position as the world's leading wealth manager. UBS Investment Bank was awarded "2015 Bank of the Year" by the International Financing Review for the first time, underlining the success of its client-centric model. UBS Asset Management beat all major index players to claim top spot for the 2015 "Index Manager of the Year Award" at the Professional Pensions Investment Awards. UBS Switzerland consolidated its position as the country's premier universal bank winning the 2015 Euromoney prize for "Best Bank in Switzerland" for the fourth year running.

In the fourth quarter, UBS strengthened its commitment to limit the effects of climate change and enable the transition to a low-carbon economy. UBS supports its clients in preparing for success in an increasingly carbon-constrained world. Its climate change strategy is focused on risk management, investments, financing, research and its own operations. Its key commitments include: supporting renewable energy and clean-tech transactions; only supporting transactions by companies operating coal-fired power plants if they have a strategy to reduce dependence on coal, or if they adhere strictly to greenhouse gas emission standards, as recommended by leading international agencies. In addition, UBS does not support certain coal-mining companies and limits its lending and capital raising to the sector. UBS is committed to securing 100% of its electricity from renewable sources by 2020, reducing its own greenhouse gas footprint by 75% compared to 2004 levels.

Outlook

Many of the underlying macroeconomic challenges and geopolitical risks that have been highlighted in previous reporting remain and are unlikely to be resolved in the foreseeable future. Negative market performance and substantial market volatility since the start of 2016, low interest rates, and the relative strength of the Swiss franc, particularly against the euro, continue to present headwinds. In addition, the proposed changes to the Swiss too big to fail framework will cause substantial ongoing interest costs. Further changes to the international regulatory framework for banks will likely impose additional costs. We will continue to execute the measures we announced to mitigate these effects as we work toward our financial targets. We remain committed to our strategy and its disciplined execution in order to deliver sustainable returns to our shareholders.

¹ Refer to the "Group performance" section of this earnings release for more information on adjusted results.

² From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

³ Refer to the "Basis of presentation" section on page 43 of this earnings release.

⁴ 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.

Fourth quarter results summary

UBS Group key figures

CHF million, except where indicated	As of or for the quarter ended			As of or for the year ended	
	31.12.15	30.9.15	31.12.14	31.12.15	31.12.14
Group results					
Operating income	6,775	7,170	6,746	30,605	28,027
Operating expenses	6,541	6,382	6,342	25,116	25,567
Operating profit / (loss) before tax	234	788	404	5,489	2,461
Net profit / (loss) attributable to UBS Group AG shareholders	949	2,068	858	6,203	3,466
Diluted earnings per share (CHF) ¹	0.25	0.54	0.23	1.64	0.91
Key performance indicators²					
Profitability					
Return on tangible equity (%)	8.1	18.3	8.0	13.7	8.2
Return on assets, gross (%)	2.8	3.0	2.6	3.1	2.8
Cost / income ratio (%)	95.7	88.7	93.2	81.8	91.0
Growth					
Net profit growth (%)	(54.1)	71.1	12.6	79.0	9.3
Net new money growth for combined wealth management businesses (%) ³	2.9	0.8	1.7	2.2	2.5
Resources					
Common equity tier 1 capital ratio (fully applied, %) ⁴	14.5	14.3	13.4	14.5	13.4
Leverage ratio (phase-in, %) ⁵	6.2	5.8	5.4	6.2	5.4
Additional information					
Profitability					
Return on equity (RoE) (%)	6.9	15.9	6.8	11.8	7.0
Return on risk-weighted assets, gross (%) ⁶	12.6	13.3	12.3	14.1	12.4
Resources					
Total assets	942,819	979,746	1,062,478	942,819	1,062,478
Equity attributable to UBS Group AG shareholders	55,313	54,077	50,608	55,313	50,608
Common equity tier 1 capital (fully applied) ⁴	30,044	30,948	28,941	30,044	28,941
Common equity tier 1 capital (phase-in) ⁴	40,378	40,488	42,863	40,378	42,863
Risk-weighted assets (fully applied) ⁴	207,530	216,314	216,462	207,530	216,462
Risk-weighted assets (phase-in) ⁴	212,302	220,755	220,877	212,302	220,877
Common equity tier 1 capital ratio (phase-in, %) ⁴	19.0	18.3	19.4	19.0	19.4
Total capital ratio (fully applied, %) ⁴	22.9	22.0	18.9	22.9	18.9
Total capital ratio (phase-in, %) ⁴	26.8	25.8	25.5	26.8	25.5
Leverage ratio (fully applied, %) ⁵	5.3	5.0	4.1	5.3	4.1
Leverage ratio denominator (fully applied) ⁵	897,607	946,476	997,822	897,607	997,822
Leverage ratio denominator (phase-in) ⁵	904,014	952,156	1,004,869	904,014	1,004,869
Liquidity coverage ratio (%) ⁷	128	127	123	128	123
Other					
Invested assets (CHF billion) ⁸	2,689	2,577	2,734	2,689	2,734
Personnel (full-time equivalents)	60,099	60,088	60,155	60,099	60,155
Market capitalization ¹	75,147	69,324	63,526	75,147	63,526
Total book value per share (CHF) ¹	14.75	14.41	13.94	14.75	13.94
Tangible book value per share (CHF) ¹	13.00	12.69	12.14	13.00	12.14

¹ Refer to the "UBS Shares" section of our fourth quarter 2015 financial supplement which is available in the section "Quarterly reporting" at www.ubs.com/investors 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) from our balance sheet and capital optimization program. ⁴ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁵ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information. ⁶ Based on phase-in Basel III risk-weighted assets. ⁷ Figures reported for 31 December 2015 and 30 September 2015 represent a 3-month average. The figure reported for 31 December 2014 was calculated on a pro-forma basis and represents a spot number. ⁸ Includes invested assets for Personal & Corporate Banking.

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

For the quarter 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	1,869	1,885	915	568	1,721	(54)	(59)	(71)	6,775
of which: own credit on financial liabilities designated at fair value							35		35
of which: gains/(losses) on sale of subsidiaries and businesses	(28)			56					28
of which: net foreign currency translation gain from the disposal of subsidiaries							115		115
of which: net losses related to the buyback of debt in a tender offer							(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
of which: personnel-related restructuring charges	3	0	0	3	12	144	0	1	164
of which: non-personnel-related restructuring charges	14	0	0	8	2	252	0	0	276
of which: restructuring charges allocated from CC – Services to business divisions and other CC units	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
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
For the quarter ended 30.9.15									
Operating income as reported	1,958	1,871	1,030	502	2,088	(38)	(116)	(126)	7,170
of which: own credit on financial liabilities designated at fair value							32		32
of which: gain related to our investment in the SIX Group	15		66						81
of which: foreign currency translation loss from the disposal of a subsidiary							(27)		(27)
Operating income (adjusted)	1,943	1,871	964	502	2,088	(38)	(121)	(126)	7,084
Operating expenses as reported	1,319	1,612	564	388	1,592	219	(5)	692	6,382
of which: personnel-related restructuring charges	(5)	0	1	1	0	116	0	4	118
of which: non-personnel-related restructuring charges	10	0	0	2	1	167	0	0	181
of which: restructuring charges allocated from CC – Services to business divisions and other CC units	69	39	26	20	116	(281)	0	11	0
of which: credit related to a change to retiree benefit plans in the US		(21)							(21)
Operating expenses (adjusted)	1,245	1,594	536	365	1,474	217	(5)	677	6,105
Operating profit / (loss) before tax as reported	639	259	466	114	496	(257)	(111)	(818)	788
Operating profit / (loss) before tax (adjusted)	698	277	428	137	614	(255)	(116)	(803)	979
For the quarter ended 31.12.14									
Operating income as reported	2,004	1,874	913	497	1,919	14	(100)	(376)	6,746
of which: own credit on financial liabilities designated at fair value							70		70
of which: gains on sales of real estate						20			20
Operating income (adjusted)	2,004	1,874	913	497	1,919	(6)	(170)	(376)	6,656
Operating expenses as reported	1,359	1,663	573	412	1,702	263	6	364	6,342
of which: personnel-related restructuring charges	2	0	0	19	(5)	76	0	1	93
of which: non-personnel-related restructuring charges	6	0	0	2	3	104	0	0	115
of which: restructuring charges allocated from CC – Services to business divisions and other CC units	40	22	15	18	62	(172)	0	13	0
of which: credit related to changes to a retiree benefit plan in the US	0	(7)	0	0	(1)	0	0	0	(8)
Operating expenses (adjusted)	1,311	1,647	557	373	1,643	255	6	350	6,142
Operating profit / (loss) before tax as reported	646	211	340	85	217	(249)	(106)	(741)	404
Operating profit / (loss) before tax (adjusted)	694	227	356	124	276	(261)	(176)	(727)	514

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, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. ³ Corporate Center – Services operating expenses presented in this table are after service allocations to business divisions and other Corporate Center units.

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

	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/(losses) on sale of subsidiaries and businesses</i>	169			56					225
<i>of which: gain related to our investment in the SIX Group</i>	15		66						81
<i>of which: gain from a further partial sale of our investment in Markit</i>					11				11
<i>of which: net foreign currency translation gain from the disposal of subsidiaries</i>							88		88
<i>of which: net losses related to the buyback of debt in a tender offer</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 charges</i>	20	0	2	4	14	406	0	14	460
<i>of which: non-personnel-related restructuring charges</i>	38	0	0	11	7	719	0	0	775
<i>of which: restructuring charges allocated from CC – Services to business divisions and other CC units</i>	265	137	99	68	376	(986)	0	43	0
<i>of which: credit 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
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

	Year ended 31.12.14								
Operating income as reported	7,901	6,998	3,741	1,902	8,308	37	2	(862)	28,027
<i>of which: own credit on financial liabilities designated at fair value</i>							292		292
<i>of which: gains on sales of real estate</i>						44			44
<i>of which: gain from the partial sale of our investment in Markit</i>					43				43
<i>of which: impairment of a financial investment available-for-sale</i>					(48)				(48)
Operating income (adjusted)	7,901	6,998	3,741	1,902	8,313	(7)	(290)	(862)	27,696
Operating expenses as reported	5,574	6,099	2,235	1,435	8,392	688	0	1,144	25,567
<i>of which: personnel-related restructuring charges</i>	18	0	4	19	64	221	0	1	327
<i>of which: non-personnel-related restructuring charges</i>	49	0	0	2	36	263	0	0	350
<i>of which: restructuring charges allocated from CC – Services to business divisions and other CC units</i>	119	55	60	30	161	(454)	0	29	0
<i>of which: credit related to changes to retiree benefit plans in the US</i>	0	(9)	0	(8)	(20)	0	0	(3)	(41)
Operating expenses (adjusted)	5,389	6,053	2,171	1,393	8,151	658	0	1,116	24,931
Operating profit / (loss) before tax as reported	2,326	900	1,506	467	(84)	(652)	2	(2,005)	2,461
Operating profit / (loss) before tax (adjusted)	2,511	946	1,570	509	162	(666)	(290)	(1,977)	2,766

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, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. ³ Corporate Center – Services operating expenses presented in this table are after service allocations to business divisions and other Corporate Center units.

Group performance: 4Q15 vs 3Q15

Results

Net profit attributable to UBS Group AG shareholders for the fourth quarter of 2015 was CHF 949 million compared with CHF 2,068 million in the third quarter of 2015. Operating profit before tax was CHF 234 million compared with CHF 788 million, mainly driven by CHF 395 million lower operating income due to decreased net interest and trading income, as well as lower other income, partly offset by higher net fee and commission income. Moreover, operating expenses increased by CHF 159 million, primarily reflecting a charge of CHF 166 million for the annual UK bank levy, CHF 143 million higher restructuring charges, as well as increased occupancy costs and professional fees, partly offset by CHF 227 million lower net charges for provisions for litigation, regulatory and similar matters. We recorded a net tax benefit of CHF 715 million compared with CHF 1,295 million in the prior quarter, both mainly related to the annual reassessment of our deferred tax assets, which resulted in a net upward revaluation, as well as recording part of the net deferred tax benefit associated with the establishment of the US intermediate holding company in the prior quarter, partly offset by current tax expenses.

In addition to reporting our results in accordance with International Financial Reporting Standards (IFRS), we report adjusted results that exclude items that management believes are not representative of the underlying performance of our businesses. Such adjusted results are non-GAAP financial measures as defined by SEC regulations. For the fourth quarter of 2015, we excluded net losses of CHF 257 million related to the buyback of debt in a tender offer, a net foreign currency translation gain of CHF 115 million from the disposal of subsidiaries, an own credit gain of CHF 35 million, net gains of CHF 28 million on the sale of subsidiaries and businesses, as well as net restructuring charges of CHF 441 million. For the third quarter of 2015, we excluded a gain of CHF 81 million related to our investment in the SIX Group, an own credit gain of CHF 32 million, a foreign currency translation loss of CHF 27 million from the disposal of a subsidiary, as well as net restructuring charges of CHF 298 million and a credit related to a change to retiree benefit plans in the US of CHF 21 million. On an adjusted basis, operating profit before tax was CHF 754 million in the fourth quarter compared with CHF 979 million in the prior quarter.

As a result of ongoing efforts to optimize our legal entity structure, we anticipate that some foreign currency translation gains and losses previously booked directly into equity through other comprehensive income will be reclassified to the income statement in future periods due to the sale or closure of UBS AG branches and subsidiaries. As a result, we currently expect to record net foreign currency translation losses of around CHF 250 million in the first half of 2016, although some of these losses could be recognized in a later period. These gains and losses will be treated as adjusting items and recorded in Corporate Center – Group Asset and Liability Management (Group ALM). The reclassification of foreign currency translation losses to the income statement will not affect shareholders' equity or regulatory capital.

Operating income

Total operating income was CHF 6,775 million compared with CHF 7,170 million. On an adjusted basis, total operating income decreased by CHF 230 million to CHF 6,854 million.

Total combined net interest and trading income decreased by CHF 252 million to CHF 2,657 million. Own credit on financial liabilities designated at fair value was a gain of CHF 35 million compared with CHF 32 million. In the fourth quarter of 2015, we made further enhancements to our valuation methodology for the own credit component of fair value of financial liabilities designated at fair value. This change in accounting estimate resulted in a gain of CHF 260 million, which was largely offset by losses recognized due to a tightening of credit spreads in the fourth quarter. Excluding own credit, adjusted net interest and trading income was CHF 255 million lower, primarily due to decreases in the Investment Bank.

Net fee and commission income was CHF 4,218 million compared with CHF 4,111 million, mainly reflecting CHF 98 million higher M&A and corporate finance fees.

Other income was negative CHF 41 million compared with positive CHF 179 million. On an adjusted basis, other income decreased by CHF 52 million, mainly due to lower gains from the disposal of financial investments classified as available-for-sale.

Net credit loss expense was CHF 59 million compared with CHF 28 million, driven by an increase in the Investment Bank, mainly related to the energy sector. Refer to the "Risk management and control" section of this earnings release for more information.

We will adopt the IFRS 9 own credit presentation requirements in the first quarter of 2016. Under IFRS 9, changes in the fair value of financial liabilities designated at fair value through profit and loss related to own credit will be recognized in Other comprehensive income (OCI) and will not be reclassified to the Income statement. We will adopt the other requirements of IFRS 9 as of the mandatory effective date of 1 January 2018.

Operating expenses

Total operating expenses increased by CHF 159 million to CHF 6,541 million. Personnel-related restructuring charges increased by CHF 46 million to CHF 164 million, and non-personnel-related restructuring charges increased by CHF 95 million to CHF 276 million, largely related to our transitioning activities to nearshore and offshore locations. Excluding restructuring charges, adjusted total operating expenses were broadly unchanged at CHF 6,100 million.

Personnel expenses increased by CHF 2 million to CHF 3,843 million, but decreased by CHF 65 million on an adjusted basis. Adjusted salaries and variable compensation decreased by CHF 153 million, mainly reflecting lower expenses for variable compensation, partly offset by an expense for untaken vacation accruals compared with a release of accruals in the prior quarter. Financial advisor compensation in Wealth Management Americas increased by CHF 31 million to CHF 917 million, primarily due to unfavorable foreign currency translation effects. Adjusted other personnel expenses increased by CHF 53 million to CHF 670 million, mainly due to higher social security charges, as well as increased costs for training and contractors.

General and administrative expenses increased by CHF 128 million to CHF 2,413 million. On an adjusted basis, excluding restructuring charges of CHF 276 million compared with CHF 178 million, general and administrative expenses increased by CHF 30 million. The fourth quarter included a charge of CHF 166 million for the annual UK bank levy, as well as CHF 45 million higher occupancy costs and CHF 40 million higher professional fees. These increases were largely offset as net charges for provisions for litigation, regulatory and similar matters decreased by CHF 227 million to CHF 365 million. At this point in time, we believe that the industry continues to operate in an environment in which charges associated with litigation, regulatory and similar matters will remain elevated for the foreseeable future and we continue to be exposed to a number of significant claims and regulatory matters. Refer to the "Provisions and litigation, regulatory and similar matters" section of our fourth quarter 2015 financial supplement, which is available in the section "Quarterly reporting" at www.ubs.com/investors, for more information.

Depreciation and impairment of property, equipment and software was CHF 260 million compared with CHF 230 million, largely driven by higher depreciation expenses related to internally generated capitalized software.

Cost/income ratio

The cost/income ratio was 95.7% compared with 88.7%. On an adjusted basis, the cost/income ratio was 88.2% compared with 85.8% and was above our short- to medium-term expectation of 65% to 75%.

Tax

We recognized a net income tax benefit of CHF 715 million in the fourth quarter of 2015, compared with a net tax benefit of CHF 1,295 million in the third quarter. The fourth quarter net tax benefit included 25% of the upward revaluation of our deferred assets that resulted from the prior quarter's annual deferred tax asset reassessment, as well as 25% of the deferred tax effects associated with the establishment of the US intermediate holding company in the prior quarter, both adjusted as the Group's business planning process was completed in the fourth quarter. These deferred tax movements were partly offset by other net tax expenses of CHF 79 million, mainly related to branches and subsidiaries that incur current tax expenses, and decreases in provisions for uncertain tax positions.

The third-quarter net tax benefit included recognition of additional net deferred tax assets of CHF 1,513 million resulting from the aforementioned assessments, and taking into account 75% of the full-year effects. These deferred tax movements were partly offset by net tax expenses of CHF 218 million, mainly related to branches and subsidiaries that incur current tax expenses.

For 2016, we currently forecast a full-year tax rate in the range of 22% to 25%, excluding the effects on the tax rate from the reassessment of deferred tax assets that accompanies the Group's annual business planning process, which is generally undertaken in the second half of the year.

Total comprehensive income attributable to UBS Group AG shareholders

Total comprehensive income attributable to UBS Group AG shareholders was CHF 1,126 million compared with CHF 3,360 million. Net profit attributable to UBS Group AG shareholders was CHF 949 million compared with CHF 2,068 million. OCI attributable to UBS Group AG shareholders was CHF 177 million compared with CHF 1,291 million.

In the fourth quarter of 2015, OCI related to foreign currency translation was CHF 452 million, primarily related to the continued strengthening of the US dollar against the Swiss franc, partly offset by the reclassification to the income statement of gains of CHF 115 million. OCI related to foreign currency translation in the prior quarter was CHF 844 million.

OCI related to cash flow hedges was negative CHF 419 million compared with positive CHF 427 million, primarily due to increases in long-term interest rates in the US dollar and other major currencies.

OCI associated with financial investments classified as available-for-sale was negative CHF 59 million compared with positive CHF 61 million, and mainly related to CHF 215 million in unrealized net pre-tax losses on debt instruments following increases in relevant long-term interest rates, partly offset by CHF 129 million in unrealized net pre-tax gains on equity investments. We currently expect to recognize in the income statement gains of approximately CHF 100 million, deferred in OCI, during the first half of 2016, as transactions involving certain equity investments classified as available-for-sale are closed. These expected gains will be recorded in Personal & Corporate Banking and Wealth Management and, consistent with past practice, treated as adjusting items. The reclassification of gains from OCI to the income statement will not affect shareholders' equity, but will increase CET1 capital.

OCI from defined benefit plans was CHF 202 million compared with negative CHF 41 million. We recorded net pre-tax OCI gains of CHF 182 million on our non-Swiss pension plans, primarily reflecting net reductions in defined benefit obligations, driven by lower than expected inflation. Net pre-tax OCI related to the Swiss pension plan was a gain of CHF 21 million.

Net profit attributable to non-controlling interests

Net profit attributable to non-controlling interests was CHF 1 million compared with CHF 14 million. We currently expect to attribute net profit to non-controlling interests related to preferred notes issued by UBS AG of approximately CHF 80 million in 2016, all in the second quarter, approximately CHF 70 million in 2017 and less than CHF 10 million per year from 2018.

Sensitivity to interest rate movements

As of 31 December 2015, we estimate that a parallel shift in yield curves by +100 basis points could lead to a combined increase in annual net interest income of approximately CHF 0.8 billion in Wealth Management, Wealth Management Americas and Personal & Corporate Banking. Of this increase, approximately CHF 0.5 billion would result from changes in US dollar interest rates. Including the estimated impact related to pension fund assets and liabilities, the immediate effect of such a shift on shareholders' equity would be an estimated decrease of at least approximately CHF 2.4 billion recognized in other comprehensive income (OCI), of which approximately CHF 1.9 billion would result from changes in US dollar interest rates. Since the majority of this negative OCI impact on shareholders' equity is related to cash flow hedges, and these are not recognized for the purposes of calculating regulatory capital, the immediate impact on regulatory capital would not be significant. The above estimates are based on an immediate increase in interest rates, equal across all currencies and relative to implied forward rates applied to our banking book and available-for-sale portfolios. The estimates further assume a static balance sheet and constant foreign exchange rates.

Business division and Corporate Center performance

Wealth Management

Wealth Management¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Net interest income	598	600	583	0	3	2,326	2,165
Recurring net fee income	935	960	986	(3)	(5)	3,820	3,783
Transaction-based income	364	366	436	(1)	(17)	1,778	1,928
Other income	(28)	32	4			231	25
Income	1,869	1,959	2,008	(5)	(7)	8,155	7,902
Credit loss (expense) / recovery	0	0	(4)		(100)	0	(1)
Total operating income	1,869	1,958	2,004	(5)	(7)	8,155	7,901
Personnel expenses	609	607	607	0	0	2,532	2,467
General and administrative expenses	263	129	153	104	72	637	918
Services (to) / from other business divisions and Corporate Center	652	582	597	12	9	2,289	2,180
of which: services from CC – Services	627	555	584	13	7	2,209	2,122
Depreciation and impairment of property, equipment and software	1	1	1	0	0	5	4
Amortization and impairment of intangible assets	1	1	1	0	0	3	5
Total operating expenses	1,526	1,319	1,359	16	12	5,465	5,574
Business division operating profit / (loss) before tax	344	639	646	(46)	(47)	2,689	2,326

Key performance indicators²

Pre-tax profit growth (%)	(46.2)	(15.5)	(8.6)			15.6	3.5
Cost / income ratio (%)	81.6	67.3	67.7			67.0	70.5
Net new money growth (%) ³	(1.5)	1.5	1.2			2.3	3.9
Gross margin on invested assets (bps)	80	84	82	(5)	(2)	86	85
Net margin on invested assets (bps)	15	27	26	(44)	(42)	28	25

Additional information

Recurring income ⁴	1,533	1,560	1,569	(2)	(2)	6,146	5,949
Recurring income as a percentage of income (%)	82.0	79.6	78.1			75.4	75.3
Average attributed equity (CHF billion) ⁵	3.4	3.5	3.5	(3)	(3)	3.5	3.4
Return on attributed equity (%)	40.5	73.0	73.8			77.4	67.9
Risk-weighted assets (fully applied, CHF billion) ⁶	25.3	26.1	25.4	(3)	0	25.3	25.4
Risk-weighted assets (phase-in, CHF billion) ⁶	25.3	26.1	25.8	(3)	(2)	25.3	25.8
Return on risk-weighted assets, gross (%) ⁷	29.1	30.2	31.3			31.5	33.8
Leverage ratio denominator (fully applied, CHF billion) ⁸	119.0	130.5	138.3	(9)	(14)	119.0	138.3
Goodwill and intangible assets (CHF billion)	1.3	1.3	1.4	0	(7)	1.3	1.4
Net new money (CHF billion)	(3.4)	0.2	3.0			12.9	34.4
Net new money adjusted (CHF billion) ⁹	(3.4)	3.5	3.0			22.8	34.4
Invested assets (CHF billion)	947	919	987	3	(4)	947	987
Client assets (CHF billion)	1,122	1,084	1,160	4	(3)	1,122	1,160
Loans, gross (CHF billion)	105.2	109.0	112.7	(3)	(7)	105.2	112.7
Due to customers (CHF billion)	172.3	176.8	191.3	(3)	(10)	172.3	191.3
Personnel (full-time equivalents)	10,239	10,185	10,337	1	(1)	10,239	10,337
Client advisors (full-time equivalents)	4,019	3,995	4,250	1	(5)	4,019	4,250

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. 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. ⁴ Recurring income consists of net interest income and recurring net fee income. ⁵ Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ⁶ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁷ Based on phase-in Basel III risk-weighted assets. ⁸ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information. ⁹ Adjusted net new money excludes the negative effect on net new money (third quarter of 2015: CHF 3.3 billion, second quarter of 2015: CHF 6.6 billion) from our balance sheet and capital optimization program.

Regional breakdown of key figures^{1,2}

<i>As of or for the quarter ended 31.12.15</i>	Europe	Asia Pacific	Switzerland	Emerging markets	<i>of which: ultra high net worth</i>	<i>of which: Global Family Office³</i>
Net new money (CHF billion)	(2.0)	1.8	0.2	(3.5)	2.2	0.8
Net new money growth (%)	(2.4)	2.8	0.5	(9.0)	1.8	4.4
Invested assets (CHF billion)	343	272	174	156	505	76
Gross margin on invested assets (bps)	74	69	92	96	52	49 ⁴
Client advisors (full-time equivalents)	1,367	1,092	771	705	728 ⁵	

¹ Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. ² Based on the Wealth Management business area structure, and excluding minor functions with 84 client advisors, CHF 2 billion of invested assets, and CHF 0.1 billion of net new money inflows in the fourth quarter 2015. ³ Joint venture between Wealth Management and the Investment Bank. Global Family Office is reported as a sub-segment of ultra high net worth and is included in the ultra high net worth figures. ⁴ Gross margin includes income booked in the Investment Bank. Gross margin only based on income booked in Wealth Management is 26 basis points. ⁵ Represents client advisors who exclusively serve ultra high net worth clients. In addition to these, other client advisors may also serve certain ultra high net worth clients, but not exclusively.

Results: 4Q15 vs 3Q15

Profit before tax was CHF 344 million in the fourth quarter of 2015, a decrease of CHF 295 million compared with the prior quarter. Adjusted profit before tax decreased by CHF 193 million to CHF 505 million, mainly reflecting CHF 148 million higher adjusted operating expenses, partly as the fourth quarter included CHF 78 million higher net charges for provisions for litigation, regulatory and similar matters. Adjusted operating income decreased by CHF 46 million, mainly due to reduced client activity and the ongoing effects of cross-border outflows, partly offset by a fee of CHF 45 million received from Personal & Corporate Banking for the shift of certain clients from Wealth Management to Personal & Corporate Banking as a result of a detailed client segmentation review. Net new money outflows were CHF 3.4 billion.

Operating income

Total operating income decreased by CHF 89 million to CHF 1,869 million. Excluding losses on the sale of subsidiaries and businesses of CHF 28 million in the fourth quarter and a CHF 15 million gain related to our investment in the SIX Group in the third quarter, adjusted operating income decreased by CHF 46 million to CHF 1,897 million. Net interest income decreased by CHF 2 million to CHF 598 million, mainly due to lower lending revenues, largely offset by higher deposit revenues. Recurring net fee income decreased by CHF 25 million to CHF 935 million, mainly reflecting lower income due to the ongoing effects of cross-border outflows. Transaction-based income decreased by CHF 2 million to CHF 364 million, mainly due to reduced client activity, primarily in Asia Pacific and emerging markets. This was largely offset by the aforementioned fee of CHF 45 million received from Personal & Corporate Banking.

Operating expenses

Total operating expenses increased by CHF 207 million to CHF 1,526 million. Excluding restructuring charges of CHF 133 million compared with CHF 74 million, adjusted operating expenses increased by CHF 148 million to CHF 1,393 million. Personnel expenses increased by CHF 2 million to CHF 609 million. Excluding net restructuring charges of CHF 3 million compared with a net credit of CHF 5 million, adjusted personnel expenses decreased by CHF 6 million to CHF 606 million, mainly due to lower expenses for variable compensation, partly offset by an expense for untaken vacation accruals compared with a release of accruals in the prior quarter. General and administrative expenses increased by CHF 134 million to CHF 263 million. Excluding restructuring charges of CHF 14 million compared with CHF 10 million, adjusted general and administrative expenses increased by CHF 130 million to CHF 249 million, mainly as net charges for provisions for litigation, regulatory and similar matters increased by CHF 78 million to CHF 79 million. In addition, the fourth quarter included a charge of CHF 13 million for the annual UK bank levy as well as charges of CHF 10 million related to the European Union's Single Resolution Fund. Net charges for services from other business divisions and Corporate Center increased by CHF 70 million to CHF 652 million. Excluding

restructuring charges of CHF 116 million compared with CHF 69 million, adjusted net charges increased by CHF 23 million to CHF 536 million, mainly due to higher charges from Group Technology.

Cost/income ratio

The cost/income ratio was 81.6% compared with 67.3%. On an adjusted basis, the cost/income ratio was 73.4% compared with 64.0%, above our target range of 55% to 65%.

Net new money

Net new money outflows were CHF 3.4 billion, which resulted in a negative annualized net new money growth rate of 1.5% compared with a positive growth rate of 1.5% on an adjusted basis in the prior quarter, both below our target range of 3% to 5%. Net new money in the fourth quarter was driven by outflows in emerging markets and Europe, partly offset by inflows in Asia Pacific and Switzerland. On a global basis, net new money from ultra high net worth clients was CHF 2.2 billion compared with CHF 4.0 billion on an adjusted basis in the prior quarter. Net new money was negatively impacted by continued client deleveraging, cross-border outflows and from balance sheet management, as well as by seasonal effects.

Invested assets

Invested assets increased by CHF 28 billion to CHF 947 billion as of 31 December 2015, due to positive market performance of CHF 21 billion and positive currency translation effects of CHF 14 billion. This was partly offset by net new money outflows of CHF 3 billion, a CHF 2 billion reduction related to our exit from the Australian domestic business that did not affect net new money, as well as a CHF 1 billion reduction related to the aforementioned shift of certain clients from Wealth Management to Personal & Corporate Banking. We currently expect a further reduction in invested assets of approximately CHF 12 billion in the first half of 2016 related to our exit from the Australian domestic business. Mandate penetration decreased to 26.4% of invested assets as of 31 December 2015 compared with 27% in the prior quarter, but increased 200 basis points year on year.

Margins on invested assets

The net margin on invested assets decreased 12 basis points to 15 basis points. On an adjusted basis, the net margin on invested assets decreased 8 basis points to 22 basis points. The gross margin on invested assets decreased 4 basis points to 80 basis points, and decreased 2 basis points to 81 basis points on an adjusted basis.

Wealth Management Americas

Wealth Management Americas – in US dollars¹

<i>USD million, except where indicated</i>	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Net interest income	326	311	280	5	16	1,215	1,067
Recurring net fee income	1,160	1,231	1,187	(6)	(2)	4,795	4,666
Transaction-based income	376	381	448	(1)	(16)	1,614	1,825
Other income	12	11	9	9	33	32	33
Income	1,874	1,935	1,924	(3)	(3)	7,657	7,590
Credit loss (expense) / recovery	0	(3)	0	(100)		(4)	16
Total operating income	1,874	1,931	1,924	(3)	(3)	7,653	7,606
Personnel expenses	1,185	1,178	1,212	1	(2)	4,746	4,741
Financial advisor compensation ²	713	726	757	(2)	(6)	2,921	2,944
Compensation commitments with recruited financial advisors ³	198	189	187	5	6	761	733
Salaries and other personnel costs	274	263	268	4	2	1,064	1,063
General and administrative expenses	348	158	153	120	127	845	597
Services (to) / from other business divisions and Corporate Center	313	313	328	0	(5)	1,252	1,234
of which: services from CC – Services	309	308	324	0	(5)	1,236	1,217
Depreciation and impairment of property, equipment and software	0	1	0	(100)		3	0
Amortization and impairment of intangible assets	13	13	13	0	0	53	52
Total operating expenses	1,860	1,663	1,707	12	9	6,899	6,625
Business division operating profit / (loss) before tax	13	268	217	(95)	(94)	754	981

Key performance indicators⁴

Pre-tax profit growth (%)	(95.1)	30.7	(14.6)			(23.1)	5.8
Cost / income ratio (%)	99.3	85.9	88.7			90.1	87.3
Net new money growth (%)	6.8	0.2	2.2			2.1	1.0
Gross margin on invested assets (bps)	74	76	75	(3)	(1)	74	76
Net margin on invested assets (bps)	1	11	8	(91)	(88)	7	10

Additional information

Recurring income ⁵	1,486	1,542	1,467	(4)	1	6,010	5,733
Recurring income as a percentage of income (%)	79.3	79.7	76.2			78.5	75.5
Average attributed equity (USD billion) ⁶	2.5	2.7	2.8	(7)	(11)	2.6	2.9
Return on attributed equity (%)	2.1	39.7	31.0			29.3	33.8
Risk-weighted assets (fully applied, USD billion) ⁷	21.9	22.9	21.8	(4)	0	21.9	21.8
Risk-weighted assets (phase-in, USD billion) ⁷	21.9	22.9	22.0	(4)	0	21.9	22.0
Return on risk-weighted assets, gross (%) ⁸	33.5	33.7	34.1			33.9	29.2
Leverage ratio denominator (fully applied, USD billion) ⁹	62.8	61.1	63.7	3	(1)	62.8	63.7
Goodwill and intangible assets (USD billion)	3.7	3.7	3.8	0	(3)	3.7	3.8
Net new money (USD billion)	16.8	0.5	5.5			21.4	10.0
Net new money including interest and dividend income (USD billion) ¹⁰	26.2	6.2	15.9			47.8	37.2
Invested assets (USD billion)	1,033	992	1,032	4	0	1,033	1,032
Client assets (USD billion)	1,084	1,042	1,087	4	0	1,084	1,087
Loans, gross (USD billion)	48.7	47.5	44.6	3	9	48.7	44.6
Due to customers (USD billion)	83.1	75.7	73.5	10	13	83.1	73.5
Recruitment loans to financial advisors	3,179	2,890	2,925	10	9	3,179	2,925
Other loans to financial advisors	418	439	374	(5)	12	418	374
Personnel (full-time equivalents)	13,611	13,329	13,322	2	2	13,611	13,322
Financial advisors (full-time equivalents)	7,140	6,989	6,997	2	2	7,140	6,997

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. ² Financial advisor compensation consists of grid-based compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated based on financial advisor productivity, firm tenure, assets and other variables. ³ Compensation commitments with recruited financial advisors represents charges related to compensation commitments granted to financial advisors at the time of recruitment which are subject to vesting requirements. ⁴ Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. ⁵ Recurring income consists of net interest income and recurring net fee income. ⁶ Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ⁷ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁸ Based on phase-in Basel III risk-weighted assets. ⁹ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information. ¹⁰ Presented in line with historical reporting practice in the US market.

Wealth Management Americas – in Swiss francs¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Net interest income	328	301	273	9	20	1,174	983
Recurring net fee income	1,167	1,193	1,156	(2)	1	4,623	4,294
Transaction-based income	379	369	437	3	(13)	1,555	1,678
Other income	12	11	9	9	33	31	30
Income	1,885	1,875	1,874	1	1	7,384	6,984
Credit loss (expense) / recovery	0	(3)	0	(100)		(4)	15
Total operating income	1,885	1,871	1,874	1	1	7,381	6,998
Personnel expenses	1,192	1,142	1,181	4	1	4,579	4,363
Financial advisor compensation ²	718	703	738	2	(3)	2,817	2,710
Compensation commitments with recruited financial advisors ³	199	183	182	9	9	735	675
Salaries and other personnel costs	275	255	261	8	5	1,027	979
General and administrative expenses	350	153	149	129	135	822	550
Services (to) / from other business divisions and Corporate Center	316	304	320	4	(1)	1,209	1,137
of which: services from CC – Services	311	299	316	4	(2)	1,193	1,121
Depreciation and impairment of property, equipment and software	0	1	0	(100)		3	0
Amortization and impairment of intangible assets	13	13	13	0	0	51	48
Total operating expenses	1,871	1,612	1,663	16	13	6,663	6,099
Business division operating profit / (loss) before tax	14	259	211	(95)	(93)	718	900

Key performance indicators⁴

Pre-tax profit growth (%)	(94.6)	35.6	(10.6)			(20.2)	4.9
Cost / income ratio (%)	99.3	86.0	88.7			90.2	87.3
Net new money growth (%)	7.0	0.2	2.2			2.1	1.1
Gross margin on invested assets (bps)	75	77	75	(3)	0	74	76
Net margin on invested assets (bps)	1	11	8	(91)	(88)	7	10

Additional information

Recurring income ⁵	1,495	1,495	1,429	0	5	5,798	5,276
Recurring income as a percentage of income (%)	79.3	79.7	76.3			78.5	75.5
Average attributed equity (CHF billion) ⁶	2.5	2.6	2.7	(4)	(7)	2.5	2.7
Return on attributed equity (%)	2.2	39.8	31.3			29.0	33.6
Risk-weighted assets (fully applied, CHF billion) ⁷	21.9	22.3	21.7	(2)	1	21.9	21.7
Risk-weighted assets (phase-in, CHF billion) ⁷	21.9	22.3	21.9	(2)	0	21.9	21.9
Return on risk-weighted assets, gross (%) ⁸	34.1	34.2	34.1			33.7	29.4
Leverage ratio denominator (fully applied, CHF billion) ⁹	62.9	59.5	63.3	6	(1)	62.9	63.3
Goodwill and intangible assets (CHF billion)	3.7	3.6	3.7	3	0	3.7	3.7
Net new money (CHF billion)	16.9	0.5	5.3			21.3	9.6
Net new money including interest and dividend income (CHF billion) ¹⁰	26.3	6.0	15.6			46.9	35.0
Invested assets (CHF billion)	1,035	967	1,027	7	1	1,035	1,027
Client assets (CHF billion)	1,085	1,016	1,081	7	0	1,085	1,081
Loans, gross (CHF billion)	48.8	46.3	44.4	5	10	48.8	44.4
Due to customers (CHF billion)	83.2	73.8	73.1	13	14	83.2	73.1
Recruitment loans to financial advisors	3,184	2,817	2,909	13	9	3,184	2,909
Other loans to financial advisors	418	428	372	(2)	12	418	372
Personnel (full-time equivalents)	13,611	13,329	13,322	2	2	13,611	13,322
Financial advisors (full-time equivalents)	7,140	6,989	6,997	2	2	7,140	6,997

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. ² Financial advisor compensation consists of grid-based compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated based on financial advisor productivity, firm tenure, assets and other variables. ³ Compensation commitments with recruited financial advisors represents charges related to compensation commitments granted to financial advisors at the time of recruitment which are subject to vesting requirements. ⁴ Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. ⁵ Recurring income consists of net interest income and recurring net fee income. ⁶ Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ⁷ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁸ Based on phase-in Basel III risk-weighted assets. ⁹ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information. ¹⁰ Presented in line with historical reporting practice in the US market.

Results: 4Q15 vs 3Q15

Profit before tax was USD 13 million in the fourth quarter of 2015 compared with USD 268 million in the third quarter, mainly reflecting USD 180 million higher net charges for provisions for litigation, regulatory and similar matters. Adjusted profit before tax decreased to USD 63 million from USD 287 million. Net new money inflows were USD 16.8 billion and mainly reflected significant inflows from recruited financial advisors.

Operating income

Total operating income decreased by USD 57 million to USD 1,874 million, primarily reflecting lower recurring net fee income. Net interest income increased by USD 15 million to USD 326 million, mainly due to higher interest rates and continued growth in loan and deposit balances. The average securities-backed lending portfolio balance increased 2% and the average mortgage portfolio balance decreased 1%. Recurring net fee income decreased by USD 71 million to USD 1,160 million, mainly due to lower managed account fees, which were calculated on decreased invested asset levels at the end of the prior quarter. Transaction-based income decreased by USD 5 million to USD 376 million.

Operating expenses

Total operating expenses increased by USD 197 million to USD 1,860 million. Excluding restructuring charges of USD 50 million compared with USD 40 million and a credit of USD 21 million related to a change to retiree benefit plans in the US in the third quarter, adjusted operating expenses increased by USD 166 million to USD 1,810 million, primarily as net charges for provisions for litigation, regulatory and similar matters increased by USD 180 million to USD 233 million. Personnel expenses increased by USD 7 million to USD 1,185 million. Excluding a credit of USD 20 million related to a change to retiree benefit plans in the third quarter, adjusted personnel expenses decreased by USD 13 million to USD 1,185 million. This decline was mainly due to lower financial advisor compensation, primarily reflecting lower compensable revenues, and lower performance-based and variable compensation expenses. General and administrative expenses increased by USD 190 million to USD 348 million, mainly due to the aforementioned increase in net charges for provisions for litigation, regulatory and similar matters and higher legal fees. Excluding restructuring charges of USD 50 million compared with USD 40 million, and a credit of USD 2 million related to a change to retiree benefit plans in the third quarter, adjusted net charges for services from other business divisions and Corporate Center declined by USD 12 million, reflecting lower charges from Corporate Center – Services.

Cost/income ratio

The cost/income ratio was 99.3% compared with 85.9%. On an adjusted basis, the cost/income ratio was 96.6% compared with 85.0% and was above our target range of 75% to 85%.

Net new money

Net new money was very strong at USD 16.8 billion, with significant inflows from newly recruited advisors, as well as USD 4.9 billion from advisors who have been with the firm for more than one year. Annualized net new money growth was 6.8% compared with 0.2%, above our target range of 2% to 4%. In the fourth quarter, financial advisor headcount increased by 151 to 7,140, driven by the hiring of experienced financial advisors. Including interest and dividend income, net new money was USD 26.2 billion compared with USD 6.2 billion in the prior quarter and included seasonally higher dividend payments.

Invested assets

Invested assets increased by USD 41 billion to USD 1,033 billion, reflecting positive market performance of USD 24 billion as well as net new money inflows of USD 17 billion. Managed account assets increased by USD 10 billion to USD 351 billion and comprised 34% of total invested assets as of 31 December 2015, unchanged from 30 September 2015.

Margins on invested assets

The net margin on invested assets was 1 basis point compared with 11 basis points and the adjusted net margin on invested assets decreased 9 basis points to 2 basis points. The gross margin on invested assets decreased 2 basis points to 74 basis points.

Personal & Corporate Banking

Personal & Corporate Banking¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Net interest income	576	566	557	2	3	2,270	2,184
Recurring net fee income	139	136	133	2	5	544	556
Transaction-based income	196	238	273	(18)	(28)	959	1,022
Other income	15	90	16	(83)	(6)	140	75
Income	926	1,031	979	(10)	(5)	3,913	3,836
Credit loss (expense) / recovery	(11)	0	(66)		(83)	(37)	(95)
Total operating income	915	1,030	913	(11)	0	3,877	3,741
Personnel expenses	211	214	190	(1)	11	873	850
General and administrative expenses	71	76	86	(7)	(17)	264	293
Services (to) / from other business divisions and Corporate Center	275	269	292	2	(6)	1,077	1,074
of which: services from CC – Services	298	298	325	0	(8)	1,180	1,196
Depreciation and impairment of property, equipment and software	3	5	5	(40)	(40)	17	17
Amortization and impairment of intangible assets	0	0	0			0	0
Total operating expenses	560	564	573	(1)	(2)	2,231	2,235
Business division operating profit / (loss) before tax	355	466	340	(24)	4	1,646	1,506

Key performance indicators²

Pre-tax profit growth (%)	(23.8)	17.4	(20.2)			9.3	3.3
Cost / income ratio (%)	60.5	54.7	58.5			57.0	58.3
Net interest margin (bps)	170	167	162	2	5	167	159
Net new business volume growth for personal banking (%)	0.6	2.5	0.6			2.4	2.3

Additional information

Average attributed equity (CHF billion) ³	3.9	3.9	4.0	0	(3)	3.9	4.1
Return on attributed equity (%)	36.4	47.8	34.0			41.9	36.7
Risk-weighted assets (fully applied, CHF billion) ⁴	34.6	34.9	33.1	(1)	5	34.6	33.1
Risk-weighted assets (phase-in, CHF billion) ⁴	34.6	34.9	34.4	(1)	1	34.6	34.4
Return on risk-weighted assets, gross (%) ⁵	10.7	11.9	11.1			11.2	11.3
Leverage ratio denominator (fully applied, CHF billion) ⁶	153.8	162.5	165.9	(5)	(7)	153.8	165.9
Goodwill and intangible assets (CHF billion)	0.0	0.0	0.0			0.0	0.0
Business volume for personal banking (CHF billion)	148	144	143	3	3	148	143
Net new business volume for personal banking (CHF billion)	0.2	0.9	0.2			3.4	3.2
Client assets (CHF billion)	444	437	434	2	2	444	434
Due to customers (CHF billion)	132.4	131.9	137.3	0	(4)	132.4	137.3
Loans, gross (CHF billion)	135.6	135.1	137.4	0	(1)	135.6	137.4
Secured loan portfolio as a percentage of total loan portfolio, gross (%)	93.9	93.6	93.1			93.9	93.1
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)	0.6	0.7	0.8			0.6	0.8
Personnel (full-time equivalents)	5,058	5,123	5,206	(1)	(3)	5,058	5,206

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. ² Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. ³ Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ⁴ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁵ Based on phase-in Basel III risk-weighted assets. ⁶ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Results: 4Q15 vs 3Q15

Profit before tax was CHF 355 million in the fourth quarter of 2015 compared with CHF 466 million in the third quarter, which included a gain of CHF 66 million related to our investment in the SIX Group. Adjusted profit before tax decreased by CHF 32 million to CHF 396 million, mainly driven by a fee of CHF 45 million paid to Wealth Management in the fourth quarter for the shift of certain clients from Wealth Management to Personal & Corporate Banking as a result of a detailed client segmentation review. The annualized net new business volume growth rate for our personal banking business was 0.6% compared with 2.5% in the prior quarter.

Operating income

Total operating income decreased by CHF 115 million to CHF 915 million. Excluding a gain of CHF 66 million related to our investment in the SIX Group in the third quarter, adjusted operating income decreased by CHF 49 million, mainly driven by the aforementioned CHF 45 million fee paid to Wealth Management. Net interest income increased by CHF 10 million to CHF 576 million, reflecting higher allocated income from Corporate Center – Group Asset and Liability Management (Group ALM). Transaction-based income decreased by CHF 42 million to CHF 196 million, primarily due to the aforementioned fee paid to Wealth Management, partly offset by higher allocated revenues from Group ALM. Net credit loss expense was CHF 11 million compared with negligible expense in the prior quarter, predominantly due to higher expenses for newly impaired positions.

Operating expenses

Total operating expenses decreased by CHF 4 million to CHF 560 million. Excluding restructuring charges of CHF 41 million compared with CHF 28 million, adjusted operating expenses decreased by CHF 17 million to CHF 519 million, reflecting decreases across all expense lines. Personnel expenses decreased by CHF 3 million to CHF 211 million, mainly reflecting lower expenses for variable compensation, partly offset by an expense for untaken vacation accruals compared with a release of accruals in the prior quarter. General and administrative expenses decreased by CHF 5 million to CHF 71 million, primarily due to charitable donations in the prior quarter. Adjusted net charges for services from other business divisions and Corporate Center, excluding restructuring charges of CHF 41 million compared with CHF 26 million, decreased by CHF 9 million to CHF 234 million.

Cost/income ratio

The cost/income ratio was 60.5% compared with 54.7%. On an adjusted basis, the cost/income ratio was 56.0% compared with 55.5% and remained within our target range of 50% to 60%.

Net interest margin

The net interest margin increased 3 basis points to 170 basis points and remained within our target range of 140 to 180 basis points.

Net new business volume growth for personal banking

The annualized net new business volume growth rate for our personal banking business was 0.6% compared with 2.5% following the typical seasonal pattern, and was below our target range of 1% to 4%. Net new client assets were positive while net new loans were slightly negative. It is our strategy to grow our business in high-quality loans moderately and selectively.

Asset Management

Asset Management¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Net management fees ²	524	479	463	9	13	1,903	1,756
Performance fees	44	23	34	91	29	154	146
Total operating income	568	502	497	13	14	2,057	1,902
Personnel expenses	199	189	179	5	11	729	643
General and administrative expenses	66	56	87	18	(24)	232	305
Services (to) / from other business divisions and Corporate Center	131	139	141	(6)	(7)	502	478
<i>of which: services from CC – Services</i>	<i>139</i>	<i>143</i>	<i>147</i>	<i>(3)</i>	<i>(5)</i>	<i>523</i>	<i>495</i>
Depreciation and impairment of property, equipment and software	1	1	1	0	0	2	2
Amortization and impairment of intangible assets	1	4	3	(75)	(67)	8	9
Total operating expenses	397	388	412	2	(4)	1,474	1,435
Business division operating profit / (loss) before tax	171	114	85	50	101	584	467

Key performance indicators³

Pre-tax profit growth (%)	50.0	(12.3)	(44.8)			25.1	(18.9)
Cost / income ratio (%)	69.9	77.3	82.9			71.7	75.4
Net new money growth excluding money market flows (%)	(6.2)	(5.1)	(3.9)			(0.1)	4.4
Gross margin on invested assets (bps)	35	31	30	13	17	32	31
Net margin on invested assets (bps)	11	7	5	57	120	9	8

Information by business line

Operating income							
Traditional Investments	297	292	294	2	1	1,143	1,118
O'Connor and Hedge Fund Solutions	38	41	41	(7)	(7)	198	210
Global Real Estate	115	102	102	13	13	403	353
Infrastructure and Private Equity	13	14	13	(7)	0	57	42
Fund Services	105	53	48	98	119	257	178
Total operating income	568	502	497	13	14	2,057	1,902

Asset Management¹ (continued)

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Gross margin on invested assets (bps)							
Traditional Investments	22	21	21	5	5	21	21
O'Connor and Hedge Fund Solutions	39	43	47	(9)	(17)	53	66
Global Real Estate	90	84	91	7	(1)	84	84
Infrastructure and Private Equity	55	62	58	(11)	(5)	62	49
Total gross margin	35	31	30	13	17	32	31
Net new money (CHF billion)							
Traditional Investments	(12.1)	(9.6)	(3.6)			(13.0)	10.7
O'Connor and Hedge Fund Solutions	0.1	0.7	(0.6)			4.3	3.3
Global Real Estate	1.0	0.6	0.7			3.4	2.3
Infrastructure and Private Equity	0.0	(0.3)	(0.4)			(0.2)	(0.5)
Total net new money	(11.0)	(8.5)	(3.8)			(5.4)	15.9
Net new money excluding money market flows	(8.9)	(7.6)	(5.8)			(0.7)	22.6
of which: from third parties	(7.6)	(7.9)	(6.4)			(7.7)	11.3
of which: from UBS's wealth management businesses	(1.3)	0.3	0.6			7.0	11.3
Money market flows	(2.1)	(0.9)	2.0			(4.7)	(6.7)
of which: from third parties	(1.8)	(2.1)	1.6			(3.4)	0.0
of which: from UBS's wealth management businesses	(0.3)	1.2	0.3			(1.3)	(6.7)
Invested assets (CHF billion)							
Traditional Investments	550	537	574	2	(4)	550	574
O'Connor and Hedge Fund Solutions	39	39	35	0	11	39	35
Global Real Estate	52	50	46	4	13	52	46
Infrastructure and Private Equity	10	9	9	11	11	10	9
Total invested assets	650	635	664	2	(2)	650	664
of which: excluding money market funds	592	576	600	3	(1)	592	600
of which: money market funds	58	59	64	(2)	(9)	58	64
Assets under administration by Fund Services							
Assets under administration (CHF billion) ⁴	407	524	520	(22)	(22)	407	520
Net new assets under administration (CHF billion) ⁵	(0.1)	6.8	13.4			24.0	43.9
Gross margin on assets under administration (bps)	9	4	4	125	125	5	4
Additional information							
Average attributed equity (CHF billion) ⁶	1.5	1.6	1.7	(6)	(12)	1.6	1.7
Return on attributed equity (%)	45.6	28.5	20.0			36.5	27.5
Risk-weighted assets (fully applied, CHF billion) ⁷	2.6	3.1	3.8	(16)	(32)	2.6	3.8
Risk-weighted assets (phase-in, CHF billion) ⁷	2.6	3.1	3.9	(16)	(33)	2.6	3.9
Return on risk-weighted assets, gross (%) ⁸	79.7	61.8	51.6			62.1	51.2
Leverage ratio denominator (fully applied, CHF billion) ⁹	2.7	15.4	14.9	(82)	(82)	2.7	14.9
Goodwill and intangible assets (CHF billion)	1.4	1.4	1.5	0	(7)	1.4	1.5
Personnel (full-time equivalents)	2,277	2,532	2,323	(10)	(2)	2,277	2,323

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. ² Net management fees include transaction fees, fund administration revenues (including net interest and trading income from lending activities and foreign exchange hedging as part of the fund services offering), gains or losses from seed money and co-investments, funding costs, gains and losses on the sale of subsidiaries and businesses and other items that are not performance fees. ³ Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. ⁴ This includes UBS and third-party fund assets, for which the fund services unit provides professional services, including fund set-up, accounting and reporting for traditional investment funds and alternative funds. ⁵ Inflows of assets under administration from new and existing funds less outflows from existing funds or fund exits. ⁶ Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ⁷ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁸ Based on phase-in Basel III risk-weighted assets. ⁹ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Results: 4Q15 vs 3Q15

Profit before tax was CHF 171 million in the fourth quarter of 2015 compared with CHF 114 million in the third quarter, mainly as the fourth quarter included a gain of CHF 56 million on the sale of our Alternative Fund Services (AFS) business. Adjusted profit before tax was CHF 153 million compared with CHF 137 million, due to higher performance fees, as well as lower operating expenses. Excluding money market flows, net new money outflows were CHF 8.9 billion compared with CHF 7.6 billion. Both quarters included CHF 15 billion of outflows, largely from lower-margin passive products, driven by client liquidity needs.

Operating income

Total operating income was CHF 568 million compared with CHF 502 million. Excluding the aforementioned gain on sale of our AFS business, adjusted operating income increased by CHF 10 million to CHF 512 million. Adjusted net management fees, excluding the aforementioned gain, decreased by CHF 11 million to CHF 468 million due to lower fees in Traditional Investments, O'Connor and Hedge Fund Solutions (HFS) and Fund Services, partly offset by increased fees in Global Real Estate. Performance fees increased by CHF 21 million to CHF 44 million, mainly driven by European equity mandates in Traditional Investments, as well as in Global Real Estate.

Approximately 25% of O'Connor and HFS performance fee-eligible assets exceeded high-water marks as of 31 December 2015, an improvement from 21% as of 30 September 2015, continuing to reflect challenging market conditions in the fourth quarter.

Operating expenses

Total operating expenses were CHF 397 million compared with CHF 388 million. Excluding restructuring charges of CHF 38 million compared with CHF 23 million, adjusted operating expenses decreased by CHF 6 million to CHF 359 million. Personnel expenses increased by CHF 10 million to CHF 199 million, mainly driven by higher salary-related costs as a result of increased staffing levels excluding the effect of the aforementioned sale of AFS, as well as an expense for untaken vacation accruals compared with a release of accruals in the prior quarter. This was partly offset by a decrease in expenses for variable compensation. Excluding restructuring charges of CHF 8 million, adjusted general and administrative expenses increased by CHF 2 million to CHF 58 million. Excluding restructuring charges of CHF 27 million compared with CHF 20 million, adjusted net charges for services from other business divisions and Corporate Center decreased by CHF 15 million to CHF 104 million, mainly due to lower charges from Group Technology and Group Operations.

Cost/income ratio

The cost/income ratio was 69.9% compared with 77.3%. On an adjusted basis, the cost/income ratio was 70.1% compared with 72.7%, above our target range of 60% to 70%.

Net new money

Excluding money market flows, net new money outflows were CHF 8.9 billion compared with CHF 7.6 billion, which resulted in a negative annualized net new money growth rate of 6.2% compared with a negative growth rate of 5.1% in the prior quarter, both below our target range of 3% to 5%. By client segment, net outflows from third parties were CHF 7.6 billion compared with CHF 7.9 billion. Both quarters included CHF 15 billion of outflows, largely from lower-margin passive products, driven by client liquidity needs. In the fourth quarter, this was partly offset by net inflows into real estate and multi-asset, predominantly from clients serviced from Switzerland. Net outflows from clients of UBS's wealth management businesses were CHF 1.3 billion compared with net new money inflows of CHF 0.3 billion. Money market net outflows were CHF 2.1 billion compared with CHF 0.9 billion.

Invested assets

Invested assets increased to CHF 650 billion as of 31 December 2015 from CHF 635 billion as of 30 September 2015 due to positive market performance of CHF 15 billion and positive currency translation effects of CHF 12 billion, partly offset by net new money outflows of CHF 11 billion. As of 31 December 2015, CHF 195 billion, or 30%, of invested assets were managed in indexed strategies and CHF 58 billion, or 9%, were money market assets. The remaining 61% of invested assets were managed in active, non-money market strategies. On a regional basis, 34% of invested assets related to clients serviced from Switzerland, 23% from the Americas, 22% from Europe, Middle East and Africa, and 21% from Asia Pacific.

Margins on invested assets

The net margin on invested assets was 11 basis points compared with 7 basis points. On an adjusted basis, the net margin was 10 basis points compared with 9 basis points. The gross margin was 35 basis points compared with 31 basis points and the adjusted gross margin was 32 basis points compared with 31 basis points.

Investment Bank

Investment Bank¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Corporate Client Solutions	650	710	704	(8)	(8)	2,960	3,189
Advisory	227	126	242	80	(6)	709	708
Equity Capital Markets	197	206	278	(4)	(29)	1,047	1,021
Debt Capital Markets	114	254	115	(55)	(1)	691	1,005
Financing Solutions	109	106	117	3	(7)	441	497
Risk Management	2	17	(47)	(88)		73	(42)
Investor Client Services	1,121	1,391	1,206	(19)	(7)	5,929	5,118
Equities	733	944	908	(22)	(19)	3,962	3,659
Foreign Exchange, Rates and Credit	388	446	298	(13)	30	1,967	1,459
Income	1,771	2,100	1,911	(16)	(7)	8,889	8,306
Credit loss (expense) / recovery	(50)	(12)	9	317		(68)	2
Total operating income	1,721	2,088	1,919	(18)	(10)	8,821	8,308
Personnel expenses	574	699	489	(18)	17	3,220	2,964
General and administrative expenses	318	172	462	85	(31)	841	2,671
Services (to) / from other business divisions and Corporate Center	740	711	741	4	0	2,817	2,711
of which: services from CC – Services	715	680	727	5	(2)	2,731	2,658
Depreciation and impairment of property, equipment and software	7	7	6	0	17	26	32
Amortization and impairment of intangible assets	3	3	4	0	(25)	24	15
Total operating expenses	1,641	1,592	1,702	3	(4)	6,929	8,392
Business division operating profit / (loss) before tax	80	496	217	(84)	(63)	1,892	(84)

Key performance indicators²

Pre-tax profit growth (%)	(83.9)	(10.0)					
Cost / income ratio (%)	92.7	75.8	89.1			78.0	101.0
Return on attributed equity (%)	4.4	27.2	11.6			25.9	(1.1)
Return on assets, gross (%)	2.7	3.1	2.7			3.2	3.2
Average VaR (1-day, 95% confidence, 5 years of historical data)	12	14	13	(14)	(8)	12	12

Additional information

Total assets (CHF billion) ³	253.5	276.1	292.3	(8)	(13)	253.5	292.3
Funded assets (CHF billion) ⁴	159.9	173.3	170.7	(8)	(6)	159.9	170.7
Average attributed equity (CHF billion) ⁵	7.3	7.3	7.5	0	(3)	7.3	7.6
Risk-weighted assets (fully applied, CHF billion) ⁶	62.9	68.2	66.7	(8)	(6)	62.9	66.7
Risk-weighted assets (phase-in, CHF billion) ⁶	62.9	68.2	67.0	(8)	(6)	62.9	67.0
Return on risk-weighted assets, gross (%) ⁷	10.8	12.8	11.8			13.6	12.9
Leverage ratio denominator (fully applied, CHF billion) ⁸	268.0	289.1	288.3	(7)	(7)	268.0	288.3
Goodwill and intangible assets (CHF billion)	0.1	0.1	0.1	0	0	0.1	0.1
Compensation ratio (%)	32.4	33.3	25.6			36.2	35.7
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)	1.5	0.4	0.3			1.5	0.3
Personnel (full-time equivalents)	5,243	5,301	5,194	(1)	1	5,243	5,194

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to retrospective adoption of new accounting standards or changes in accounting policies. 2 Refer to the "Measurement of performance" section of our Annual Report 2014 for the definitions of our key performance indicators. 3 Based on third-party view, i.e., without intercompany balances. 4 Funded assets are defined as total IFRS balance sheet assets less positive replacement values (PRV) and collateral delivered against over-the-counter (OTC) derivatives. 5 Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. 6 Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). 7 Based on phase-in Basel III risk-weighted assets. 8 Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Results: 4Q15 vs 3Q15

Profit before tax was CHF 80 million in the fourth quarter of 2015 compared with CHF 496 million in the third quarter. Adjusted profit before tax was CHF 223 million compared with CHF 614 million, mainly reflecting lower revenues in Investor Client Services and Corporate Client Solutions, and higher credit loss expense.

Operating income

Total operating income decreased 18% to CHF 1,721 million from CHF 2,088 million in the prior quarter. Investor Client Services revenues were CHF 270 million lower, reflecting lower revenues in both our Equities and Foreign Exchange, Rates and Credit businesses. Corporate Client Solutions revenues were CHF 60 million lower, mainly reflecting reduced capital market activity levels. In US dollar terms, operating income decreased 21%. Net credit loss expense increased to CHF 50 million from CHF 12 million in the prior quarter, mainly related to the energy sector. Refer to the "Risk management and control" section of this earnings release for more information.

Operating expenses

Total operating expenses increased 3% to CHF 1,641 million from CHF 1,592 million. Excluding restructuring charges of CHF 143 million compared with CHF 118 million, adjusted operating expenses increased to CHF 1,498 million from CHF 1,474 million, mainly due to a charge of CHF 98 million for the annual UK bank levy, largely offset by lower performance-related variable compensation expenses.

Personnel expenses decreased to CHF 574 million from CHF 699 million. Excluding restructuring charges of CHF 12 million in the fourth quarter, adjusted personnel expenses decreased to CHF 562 million from CHF 699 million, mainly due to a decrease in performance-related variable compensation expenses.

General and administrative expenses increased to CHF 318 million from CHF 172 million. Excluding restructuring charges of CHF 2 million compared with CHF 1 million, adjusted general and administrative expenses increased to CHF 316 million from CHF 171 million, mainly as the fourth quarter included the aforementioned charge for the annual UK bank levy, as well as increases in marketing and travel and entertainment expenses.

Net charges for services from other business divisions and Corporate Center increased to CHF 740 million from CHF 711 million. On an adjusted basis, excluding restructuring charges of CHF 129 million compared with CHF 116 million, net charges increased to CHF 611 million from CHF 595 million.

Cost / income ratio

The cost / income ratio was 92.7% compared with 75.8%. On an adjusted basis, the cost / income ratio was 84.6% compared with 70.2%, above our target range of 70% to 80%.

Funded assets

Funded assets decreased by CHF 13 billion to CHF 160 billion as of 31 December 2015. The decrease was mainly due to lower collateral trading assets, reflecting reduced need for externally sourced collateral, and client-driven reductions.

Risk-weighted assets

Fully applied risk-weighted assets (RWA) decreased by CHF 5 billion to CHF 63 billion as of 31 December 2015 and remained below our short- to medium-term expectation of CHF 85 billion. The decrease was mainly due to CHF 4 billion lower market risk RWA. Refer to the "Capital Management" section of this earnings release for more information.

Leverage ratio denominator

The fully applied Swiss systemically relevant banks (SRB) leverage ratio denominator (LRD) was CHF 268 billion as of 31 December 2015, below our short- to medium-term expectation of CHF 325 billion. From 31 December 2015 onwards, the Swiss SRB LRD calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with the former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Return on attributed equity

The annualized return on attributed equity (RoAE) for the fourth quarter was 4.4%, and 12.2% on an adjusted basis. RoAE for the full year 2015 was 25.9%, and 31.3% on an adjusted basis, above our target of over 15%.

*Operating income by business unit**Corporate Client Solutions*

Corporate Client Solutions revenues decreased 8% to CHF 650 million from CHF 710 million, primarily due to lower revenues in Debt Capital Markets, partly offset by higher Advisory revenues. In US dollar terms, revenues decreased 12%.

Advisory revenues increased to CHF 227 million from CHF 126 million, primarily resulting from increased participation in merger and acquisition transactions and higher revenues from private transactions.

Equity Capital Markets revenues decreased to CHF 197 million from CHF 206 million due to lower revenues from private transactions, offset by higher revenues from public offerings as the fee pool increased 28%.

Debt Capital Markets revenues decreased to CHF 114 million from CHF 254 million, mainly reflecting lower leveraged finance revenues as the fee pool declined 22% and due to markdowns in our lending book, as well as lower investment grade revenues, driven by an 8% decline in the global fee pool.

Investor Client Services

Investor Client Services revenues decreased 19% to CHF 1,121 million from CHF 1,391 million, mainly reflecting lower revenues in our Equities business. In US dollar terms, revenues decreased 22%.

Equities revenues decreased to CHF 733 million from CHF 944 million, primarily due to lower revenues in Derivatives, as well as in Cash. Cash revenues decreased to CHF 281 million from CHF 362 million, mainly due to lower commission income as a result of lower client activity levels. Derivatives revenues decreased to CHF 95 million from CHF 247 million, mainly driven by weaker trading revenues and lower client activity, primarily in Europe, Middle East and Africa and Asia Pacific. Financing Services revenues increased to CHF 359 million from CHF 351 million.

Foreign Exchange, Rates and Credit revenues decreased to CHF 388 million from CHF 446 million, mainly reflecting higher client activity levels in the prior quarter as volatility increased following the actions of the People's Bank of China in August 2015.

Corporate Center

Corporate Center¹

<i>CHF million, except where indicated</i>	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Total operating income	(183)	(280)	(462)	(35)	(60)	315	(823)
Personnel expenses	1,059	991	1,085	7	(2)	4,049	3,993
General and administrative expenses	1,346	1,699	1,432	(21)	(6)	5,311	4,650
Services (to) / from business divisions	(2,113)	(2,004)	(2,091)	5	1	(7,894)	(7,580)
Depreciation and impairment of property, equipment and software	248	216	206	15	20	868	762
Amortization and impairment of intangible assets	5	5	2	0	150	21	6
Total operating expenses	546	906	634	(40)	(14)	2,354	1,832
Operating profit / (loss) before tax	(729)	(1,186)	(1,096)	(39)	(33)	(2,040)	(2,655)

Additional information

Average attributed equity (CHF billion) ²	24.7	26.4	19.8	(6)	25	25.8	20.5
Total assets (CHF billion) ³	354.5	366.0	427.6	(3)	(17)	354.5	427.6
Risk-weighted assets (fully applied, CHF billion) ⁴	60.2	61.7	65.8	(2)	(9)	60.2	65.8
Risk-weighted assets (phase-in, CHF billion) ⁴	65.0	66.1	67.9	(2)	(4)	65.0	67.9
Leverage ratio denominator (fully applied, CHF billion) ⁵	291.2	289.4	327.2	1	(11)	291.2	327.2
Personnel (full-time equivalents)	23,671	23,618	23,773	0	0	23,671	23,773

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to the retrospective adoption of new accounting standards or changes in accounting policies. ² Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ³ Based on third-party view, i.e., without intercompany balances. ⁴ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁵ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Corporate Center – Services

Corporate Center – Services¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Total operating income	(54)	(38)	14	42		241	37
Personnel expenses	1,033	955	1,050	8	(2)	3,903	3,843
General and administrative expenses	1,195	1,122	1,224	7	(2)	4,483	4,123
Depreciation and impairment of property, equipment and software	248	216	206	15	20	868	762
Amortization and impairment of intangible assets	5	5	2	0	150	21	6
Total operating expenses before allocations to business divisions and other CC units	2,481	2,298	2,482	8	0	9,274	8,734
Services (to) / from business divisions and other CC units	(2,191)	(2,079)	(2,219)	5	(1)	(8,215)	(8,046)
<i>of which: services to Wealth Management</i>	<i>(627)</i>	<i>(555)</i>	<i>(584)</i>	<i>13</i>	<i>7</i>	<i>(2,209)</i>	<i>(2,122)</i>
<i>of which: services to Wealth Management Americas</i>	<i>(311)</i>	<i>(299)</i>	<i>(316)</i>	<i>4</i>	<i>(2)</i>	<i>(1,193)</i>	<i>(1,121)</i>
<i>of which: services to Personal & Corporate Banking</i>	<i>(298)</i>	<i>(298)</i>	<i>(325)</i>	<i>0</i>	<i>(8)</i>	<i>(1,180)</i>	<i>(1,196)</i>
<i>of which: services to Asset Management</i>	<i>(139)</i>	<i>(143)</i>	<i>(147)</i>	<i>(3)</i>	<i>(5)</i>	<i>(523)</i>	<i>(495)</i>
<i>of which: services to Investment Bank</i>	<i>(715)</i>	<i>(680)</i>	<i>(727)</i>	<i>5</i>	<i>(2)</i>	<i>(2,731)</i>	<i>(2,658)</i>
<i>of which: services to CC – Group ALM</i>	<i>(23)</i>	<i>(38)</i>	<i>(21)</i>	<i>(39)</i>	<i>10</i>	<i>(95)</i>	<i>(82)</i>
<i>of which: services to CC – Non-core and Legacy Portfolio</i>	<i>(81)</i>	<i>(74)</i>	<i>(112)</i>	<i>9</i>	<i>(28)</i>	<i>(314)</i>	<i>(411)</i>
Total operating expenses	291	219	263	33	11	1,059	688
Operating profit / (loss) before tax	(345)	(257)	(249)	34	39	(818)	(652)
Additional information							
Average attributed equity (CHF billion) ²	18.8	20.4	12.5	(8)	50	19.6	12.3
Total assets (CHF billion) ³	22.6	21.1	19.9	7	14	22.6	19.9
Risk-weighted assets (fully applied, CHF billion) ⁴	23.6	22.3	23.0	6	3	23.6	23.0
Risk-weighted assets (phase-in, CHF billion) ⁴	28.3	26.8	25.1	6	13	28.3	25.1
Leverage ratio denominator (fully applied, CHF billion) ⁵	4.8	3.7	(2.6)	30		4.8	(2.6)
Personnel (full-time equivalents)	23,470	23,412	23,517	0	0	23,470	23,517

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to retrospective adoption of new accounting standards or changes in accounting policies. ² Beginning in the third quarter of 2015, Group items are shown within Corporate Center – Services. Prior periods have been restated. Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ³ Based on third-party view, i.e., without intercompany balances. ⁴ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁵ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Results: 4Q15 vs 3Q15

Corporate Center – Services recorded a loss before tax of CHF 345 million in the fourth quarter of 2015 compared with a loss before tax of CHF 257 million in the prior quarter. The fourth quarter included total operating expenses remaining in Corporate Center – Services after allocations of CHF 291 million compared with CHF 219 million.

Operating income

Operating income was negative CHF 54 million compared with negative CHF 38 million and mainly related to funding costs.

Operating expenses

On a gross basis before allocations to the business divisions and other Corporate Center units, total operating expenses increased by CHF 183 million to CHF 2,481 million. Restructuring charges were CHF 396 million compared with CHF 283 million, largely related to our transitioning activities to nearshore and offshore locations. Excluding restructuring charges and a credit of CHF 2 million related to a change to retiree benefit

plans in the US in the third quarter, adjusted operating expenses before allocations increased by CHF 68 million to CHF 2,085 million.

Personnel expenses before allocations increased by CHF 78 million to CHF 1,033 million. On an adjusted basis, excluding net restructuring charges of CHF 144 million compared with CHF 116 million, as well as the aforementioned credit of CHF 2 million in the third quarter, personnel expenses increased by CHF 48 million, mainly due to an expense for untaken vacation accruals compared with a release of accruals in the prior quarter. General and administrative expenses increased by CHF 73 million to CHF 1,195 million. Excluding net restructuring charges of CHF 252 million compared with CHF 167 million, adjusted general and administrative expenses decreased by CHF 12 million, mainly as the prior quarter included higher costs related to our new brand campaign and our education initiative. Depreciation and impairment of property, equipment and software increased to CHF 248 million from CHF 216 million, mainly reflecting an increase in the depreciation of internally generated capitalized software.

Net charges for services to business divisions and other Corporate Center units were CHF 2,191 million compared with CHF 2,079 million. Excluding restructuring charges of CHF 377 million compared with CHF 281 million and a credit of CHF 2 million related to a change to retiree benefit plans in the US in the third quarter, net charges for services to business divisions and other Corporate Center units were CHF 1,814 million compared with CHF 1,800 million.

Total operating expenses remaining in Corporate Center – Services after allocations increased to CHF 291 million from CHF 219 million, largely as the full-year costs incurred by Corporate Center – Services exceeded the cost allocations to the business divisions and Non-core and Legacy Portfolio which were agreed as part of the annual business planning cycle. Furthermore, the fourth quarter included the aforementioned expense for untaken vacation accruals compared with a release of accruals in the prior quarter.

Corporate Center – Group ALM

Corporate Center – Group ALM¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Gross income excluding own credit	95	59	161	61	(41)	600	831
Allocations to business divisions and other CC units	(189)	(207)	(330)	(9)	(43)	(876)	(1,120)
of which: Wealth Management	(118)	(117)	(138)	1	(14)	(471)	(481)
of which: Wealth Management Americas	(27)	(25)	(28)	8	(4)	(104)	(116)
of which: Personal & Corporate Banking	(111)	(100)	(130)	11	(15)	(421)	(461)
of which: Asset Management	(3)	(4)	(7)	(25)	(57)	(15)	(27)
of which: Investment Bank	69	55	19	25	263	211	100
of which: CC – Services	(22)	(37)	(55)	(41)	(60)	(145)	(217)
of which: CC – Non-core and Legacy Portfolio	23	21	8	10	188	71	82
Own credit ²	35	32	70	9	(50)	553	292
Total operating income	(59)	(116)	(100)	(49)	(41)	277	2
Personnel expenses	7	8	8	(13)	(13)	30	26
General and administrative expenses	9	4	9	125	0	21	21
Depreciation and impairment of property, equipment and software	0	0	0			0	0
Amortization and impairment of intangible assets	0	0	0			0	0
Services (to) / from business divisions and other CC units	(20)	(17)	(10)	18	100	(56)	(47)
of which: Wealth Management	(10)	(13)	(4)	(23)	150	(37)	(17)
of which: Wealth Management Americas	(2)	(2)	(1)	0	100	(6)	(6)
of which: Personal & Corporate Banking	(5)	(7)	(2)	(29)	150	(19)	(8)
of which: Asset Management	0	0	(1)		(100)	0	(3)
of which: Investment Bank	(17)	(22)	(12)	(23)	42	(59)	(54)
of which: CC – Services	23	38	21	(39)	10	95	82
of which: CC – Non-core and Legacy Portfolio	(8)	(10)	(10)	(20)	(20)	(29)	(40)
Total operating expenses	(3)	(5)	6	(40)		(5)	0
Operating profit / (loss) before tax	(56)	(111)	(106)	(50)	(47)	282	2

Additional information

Average attributed equity (CHF billion) ³	3.2	3.2	3.3	0	(3)	3.3	3.2
Total assets (CHF billion) ⁴	237.5	236.9	237.9	0	0	237.5	237.9
Risk-weighted assets (fully applied, CHF billion) ⁵	6.0	7.3	7.1	(18)	(15)	6.0	7.1
Risk-weighted assets (phase-in, CHF billion) ⁵	6.0	7.3	7.1	(18)	(15)	6.0	7.1
Leverage ratio denominator (fully applied, CHF billion) ⁶	240.2	227.0	236.3	6	2	240.2	236.3
Personnel (full-time equivalents)	125	125	120	0	4	125	120

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to retrospective adoption of new accounting standards or changes in accounting policies. ² Represents own credit changes on financial liabilities designated at fair value through profit or loss. The cumulative own credit gain for such debt held on 31 December 2015 amounts to CHF 0.3 billion. This gain has reduced the fair value of financial liabilities designated at fair value recognized on our balance sheet. ³ Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ⁴ Based on third-party view, i.e., without intercompany balances. ⁵ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁶ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Results: 4Q15 vs 3Q15

Corporate Center – Group Asset and Liability Management recorded a loss before tax of CHF 56 million in the fourth quarter of 2015 compared with a loss before tax of CHF 111 million in the prior quarter.

Operating income

Gross income excluding own credit was CHF 95 million in the fourth quarter and included a loss of CHF 257 million related to the buyback of debt in a tender offer, as well as a net foreign currency translation gain of CHF 115 million related to the disposal of subsidiaries compared with a loss of CHF 27 million. Adjusted for these items, gross income excluding own credit was CHF 237 million compared with CHF 86 million.

Gross revenues from balance sheet risk management activities were CHF 432 million compared with CHF 406 million, mainly as revenues from banking book interest rate risk management performed on behalf of Wealth Management and Personal & Corporate Banking increased by CHF 21 million to CHF 207 million. Moreover, revenues related to high-quality liquid assets increased by CHF 11 million to CHF 95 million.

Hedging activities resulted in a gain of CHF 98 million compared with a loss of CHF 118 million. The fourth quarter included a gain of CHF 81 million on interest rate derivatives held to economically hedge high-quality liquid assets, driven by an increase in US dollar interest rates, compared with a loss of CHF 201 million in the prior quarter. Unlike fair value changes in hedging interest rate derivatives, which are recognized immediately through the income statement, the high-quality liquid assets that are hedged are held as financial investments classified as available-for-sale with unrealized fair value changes recorded in other comprehensive income within equity. Moreover, the fourth quarter included gains of CHF 42 million on cross-currency basis swaps held as economic hedges, compared with gains of CHF 29 million. These gains were offset by a loss of CHF 44 million related to our cash flow hedges compared with a gain of CHF 8 million.

Group ALM incurred funding costs of CHF 292 million in the fourth quarter compared with CHF 201 million in the prior quarter, mainly as the fourth quarter included a fair value gain of CHF 7 million on certain internal funding transactions compared with a gain of CHF 60 million in the prior quarter. Furthermore, funding costs increased due to the full-quarter effect of recent issuances of additional tier 1 capital and senior unsecured debt.

Allocations to the business divisions and other Corporate Center units mainly consist of income generated from interest-rate risk management activities and the investment of the Group's equity, offset by charges for liquidity and funding, various collateral management activities and costs of issuance of capital instruments.

In the fourth quarter of 2015, Group ALM allocated revenues of CHF 189 million compared with CHF 207 million. This decline was mainly due to fees paid related to the issuance during the fourth quarter of senior unsecured debt contributing to our total loss-absorbing capacity, and increased funding costs, partly offset by higher income generated from interest rate risk management activities.

Own credit on financial liabilities designated at fair value was a gain of CHF 35 million compared with CHF 32 million. In the fourth quarter of 2015, we made further enhancements to our valuation methodology for the own credit component of the fair value of financial liabilities designated at fair value. This accounting change in estimate resulted in a gain of CHF 260 million, which was largely offset by losses recognized due to a tightening of credit spreads in the fourth quarter. Additionally, we will adopt the IFRS 9 own credit presentation requirements in the first quarter of 2016. Under IFRS 9, changes in the fair value of financial liabilities designated at fair value through profit and loss related to own credit will be recognized in Other comprehensive income and will not be reclassified to the Income statement.

Group ALM retains central funding costs, certain income from hedging activities, own credit on financial liabilities designated at fair value, as well as the aforementioned loss related to the buyback of debt and foreign currency translation gains and losses related to the disposal of subsidiaries. Net operating income remaining in Group ALM was negative CHF 59 million compared with negative CHF 116 million.

Corporate Center – Non-core and Legacy Portfolio

Corporate Center – Non-core and Legacy Portfolio¹

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.15	30.9.15	31.12.14	3Q15	4Q14	31.12.15	31.12.14
Income	(72)	(114)	(378)	(37)	(81)	(195)	(863)
Credit loss (expense) / recovery ²	2	(12)	1		100	(8)	2
Total operating income	(71)	(126)	(376)	(44)	(81)	(203)	(862)
Personnel expenses	19	28	27	(32)	(30)	116	124
General and administrative expenses	142	573	199	(75)	(29)	807	507
Services (to) / from business divisions and other CC units	97	91	138	7	(30)	378	513
of which: services from CC – Services	81	74	112	9	(28)	314	411
Depreciation and impairment of property, equipment and software	0	0	0			0	0
Amortization and impairment of intangible assets	0	0	0			0	0
Total operating expenses	258	692	364	(63)	(29)	1,301	1,144
Operating profit / (loss) before tax	(329)	(818)	(741)	(60)	(56)	(1,503)	(2,005)

Additional information

Average attributed equity (CHF billion) ³	2.7	2.8	4.0	(4)	(33)	2.9	4.9
Total assets (CHF billion) ⁴	94.4	108.0	169.8	(13)	(44)	94.4	169.8
Risk-weighted assets (fully applied, CHF billion) ⁵	30.7	32.1	35.7	(4)	(14)	30.7	35.7
Risk-weighted assets (phase-in, CHF billion) ⁵	30.7	32.1	35.7	(4)	(14)	30.7	35.7
Leverage ratio denominator (fully applied, CHF billion) ⁶	46.2	58.8	93.4	(21)	(51)	46.2	93.4
Personnel (full-time equivalents)	77	82	137	(6)	(44)	77	137

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, and restatements due to retrospective adoption of new accounting standards or changes in accounting policies. ² Includes credit loss (expense) / recovery on reclassified and acquired securities. ³ Refer to the "Capital management" section of our Annual Report 2014 for more information on the equity attribution framework. ⁴ Based on third-party view, i.e., without intercompany balances. ⁵ Based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB). ⁶ Calculated in accordance with Swiss SRB rules. From 31 December 2015 onwards, the Swiss SRB leverage ratio denominator calculation is fully aligned with the BIS Basel III rules. Prior-period figures are calculated in accordance with former Swiss SRB rules and are therefore not fully comparable. Refer to the "Capital management" section of this earnings release for more information.

Results: 4Q15 vs 3Q15

Corporate Center – Non-core and Legacy Portfolio recorded a loss before tax of CHF 329 million in the fourth quarter compared with a loss before tax of CHF 818 million, mainly due to a CHF 483 million decrease in net charges for provisions for litigation, regulatory and similar matters.

Operating income

Income was negative CHF 72 million compared with negative CHF 114 million and mainly related to losses from novation and unwind activities, and to valuation losses on financial assets designated at fair value. The improved result in the fourth quarter was mainly due to gains from certain equity positions and from the settlement of litigation claims.

Operating expenses

Total operating expenses decreased to CHF 258 million from CHF 692 million, predominantly as net charges for provisions for litigation, regulatory and similar matters decreased by CHF 483 million to CHF 51 million. This decrease was partly offset by a charge of CHF 50 million for the annual UK bank levy.

Balance sheet assets

Balance sheet assets decreased to CHF 94 billion as of 31 December 2015 from CHF 108 billion. Positive replacement values (PRV) decreased by CHF 10 billion, mainly related to our over-the-counter (OTC) rates derivative exposures, where the movement was driven by our ongoing reduction activity. Within our credit portfolio, PRV were largely unchanged at approximately CHF 1 billion. Collateral delivered against OTC derivatives decreased by CHF 3 billion. Funded assets and PRV classified as Level 3 in the fair value hierarchy totaled CHF 2 billion as of 31 December 2015.

Risk-weighted assets

Fully applied risk-weighted assets decreased by CHF 1 billion to CHF 31 billion as of 31 December 2015, mainly driven by lower credit risk RWA resulting from a reduction in our derivatives exposure and lower market risk RWA, partly offset by increased operational risk RWA. Refer to the "Capital Management" section of this earnings release for more information.

Risk management and control

Credit risk exposures for the Group were overall broadly unchanged in the fourth quarter of 2015. Within the Investment Bank, we saw a strong flow of loan underwriting activity during the quarter, which gave rise to concentrated credit risk exposure, albeit of a temporary nature. This activity was predominantly investment grade, driven by strategic mergers and acquisitions. Within our wealth management businesses, margin calls related to security-backed lending decreased from the higher levels observed during the third quarter, as the global market sell-off eased in the fourth quarter.

Net credit loss expense for the quarter was CHF 59 million and, while remaining low in the context of the overall size of our lending portfolios, mainly reflected new and increased allowances for energy-related exposures in the Investment Bank.

Due to the current low price environment in commodities, exposures to certain counterparties in the energy sector currently carry more risk than in prior periods. As of 31 December 2015 our total net lending exposure to the oil and gas sector, predominantly recorded within the Investment Bank, was CHF 6.1 billion, mainly in North America. About half of this exposure was to the integrated and mid-stream segments that we expect to be less affected by the currently low energy price levels. Exposures potentially vulnerable to low energy prices are closely monitored and macro hedges are in place. Nevertheless, a sustained period of depressed energy prices could result in increased credit loss expense for this sub-segment of our portfolio.

Net credit loss expense in our personal and corporate banking business remained at low levels. Nevertheless, we remain mindful that the continued strength of the Swiss franc could have a negative effect on the economy and for exporters in particular, and we continue to closely monitor developments in the Swiss economy. Were these negative effects to materialize, they could adversely affect some of our counterparties and cause an increase in credit loss expense in future periods.

We continue to manage market risks at low levels, with volatility in our risk profile and value at risk largely driven by positions arising from client facilitation, as well as option expiries.

Although we have no significant concerns regarding our direct exposures to China, uncertainties regarding macroeconomic developments in the country, and emerging markets more broadly, as well as weakening of commodity prices, particularly oil, have given rise to increased market volatility, which could well persist throughout 2016.

The potential effects of a China-led global economic slowdown have been captured in the calculation of our post-stress fully applied common equity tier 1 (CET1) capital ratio following the replacement of the Eurozone Crisis scenario with a new Global Recession scenario as the binding scenario in our combined stress testing framework during the fourth quarter. Our objective to maintain a post-stress fully applied CET1 capital ratio of at least 10%, as well as maintaining a fully applied CET1 capital ratio of at least 13%, are conditions to return at least 50% of net profit attributable to our shareholders. As of 31 December 2015, and applying the new Global Recession scenario, our post-stress fully applied CET1 capital ratio exceeded the 10% objective.

The Global Recession scenario assumes that a hard landing in China would lead to severe contagion of Asian and emerging markets economies, while multiple debt restructurings in Europe, related direct losses for European banks and fear of a eurozone breakup would severely affect developed markets such as Switzerland, the UK and the US.

Balance sheet: 31.12.15 vs 30.9.15

As of 31 December 2015, our balance sheet assets stood at CHF 943 billion, a decrease of CHF 37 billion from 30 September 2015, mainly due to a reduction in positive replacement values (PRV) in both Corporate Center – Non-core and Legacy Portfolio and the Investment Bank. Funded assets, which represent total assets excluding positive replacement values and collateral delivered against over-the-counter derivatives, decreased by CHF 14 billion to CHF 756 billion. Excluding currency effects, funded assets decreased by approximately CHF 24 billion, primarily reflecting reductions in collateral trading, lower cash and balances with central banks and decreased trading portfolio assets.

Assets

PRV decreased by CHF 19 billion, primarily reflecting a CHF 10 billion reduction in Corporate Center – Non-core and Legacy Portfolio, mainly due to our ongoing reduction activity, and an CHF 8 billion decrease in the Investment Bank, mainly in our Equities business, reflecting a client-driven reduction in notional volumes, as well as fair value decreases. Collateral trading assets, which consist of reverse repurchase agreements and cash collateral on securities borrowed, decreased by CHF 8 billion, mainly in the Investment Bank, reflecting reduced need for externally sourced collateral and client-driven reductions. Cash and balances with central banks decreased by CHF 5 billion, primarily due to repurchases of long-term debt, as well as a rebalancing of our high-quality liquid assets. Trading portfolio assets were reduced by CHF 3 billion. Lending assets were broadly unchanged, but decreased by approximately CHF 4 billion excluding currency effects, primarily reflecting reduced Lombard lending in Wealth Management.

Liabilities

Total liabilities decreased by CHF 38 billion to CHF 886 billion as of 31 December 2015. Negative replacement values decreased by CHF 17 billion, broadly in line with the aforementioned decreases in PRV. Collateral trading liabilities declined by CHF 7 billion, primarily in Corporate Center – Group ALM. Trading portfolio liabilities decreased by CHF 6 billion, mainly due to client-driven reductions in the Investment Bank. Short-term borrowings, which include short-term debt issued and interbank borrowing, decreased by CHF 5 billion, mainly due to net maturities of certificates of deposit. Long-term debt outstanding, which consists of financial liabilities designated at fair value and long-term debt issued, decreased by CHF 3 billion. This decrease primarily resulted from the repurchase of certain senior and subordinated debt and covered bonds with an aggregate principal amount equivalent to CHF 6.1 billion through a tender offer, partly offset by the issuance of euro-denominated senior unsecured debt in an amount equivalent to CHF 1.4 billion, which will contribute to our total loss-absorbing capacity (TLAC). Customer deposits increased by CHF 4 billion, reflecting net inflows in Wealth Management Americas, partly offset by net outflows in Wealth Management.

Equity

Equity attributable to UBS Group AG shareholders increased by CHF 1,236 million to CHF 55,313 million. Total comprehensive income attributable to UBS Group AG shareholders was CHF 1,126 million, reflecting the net profit of CHF 949 million and other comprehensive income (OCI) of CHF 177 million. Fourth quarter OCI included foreign currency translation gains of CHF 452 million and net gains on defined benefit plans of CHF 202 million, partly offset by negative OCI related to cash flow hedges and financial investments classified as available-for-sale of CHF 419 million and CHF 59 million, respectively. Share premium increased by CHF 160 million mainly due to an increase in employee share-based compensation which primarily related to the amortization of deferred equity compensation awards. Net treasury share activity reduced equity attributable to UBS Group AG shareholders by CHF 50 million.

Refer to "Total comprehensive income attributable to UBS Group AG shareholders: 4Q15 vs 3Q15" in the "Group performance" section of this earnings release and to the "Statement of changes in equity" in our

fourth quarter 2015 financial supplement which is available in the section “Quarterly reporting” at www.ubs.com/investors for more information.

Intra-quarter balances

Balance sheet positions disclosed in this section represent quarter-end positions. Intra-quarter balance sheet positions fluctuate in the ordinary course of business and may differ from quarter-end positions.

Liquidity and funding management

Our liquidity and funding position remained strong during the fourth quarter of 2015. Our three-month average liquidity coverage ratio was 128% compared with 127% in the prior quarter, while our pro-forma net stable funding ratio was 106% compared with 107%.

Capital management¹

Capital ratios: 31.12.15 vs 30.9.15

Our fully applied common equity tier 1 (CET1) capital ratio increased 0.2 percentage points to 14.5%, due to a CHF 9 billion decrease in risk-weighted assets (RWA), partly offset by a CHF 0.9 billion decrease in CET1 capital. On a phase-in basis, our CET1 capital ratio increased 0.7 percentage points to 19.0%, resulting from a CHF 8 billion decrease in RWA, partly offset by a decrease of CHF 0.1 billion in CET1 capital.

Our tier 1 capital ratio increased 0.5 percentage points to 17.4% on a fully applied basis and 1.0 percentage points to 21.0% on a phase-in basis. Both increases resulted from the aforementioned changes in RWA and CET1 capital, as well as from an increase in additional tier 1 (AT1) capital.

Our total capital ratio increased 0.9 percentage points to 22.9% on a fully applied basis and 1.0 percentage points to 26.8% on a phase-in basis.

Post-stress CET1 capital ratio

Our capital returns policy targets a pay-out ratio of at least 50% of net profit attributable to our shareholders, subject to maintaining a fully applied CET1 capital ratio of at least 13% and a post-stress fully applied CET1 capital ratio of at least 10%. As of 31 December 2015, our post-stress CET1 capital ratio exceeded the 10% objective. Refer to the “Risk management and control” section of this earnings release for more information.

Eligible capital: 31.12.15 vs 30.9.15

Tier 1 capital

Our fully applied CET1 capital decreased by CHF 0.9 billion to CHF 30.0 billion, mainly reflecting accruals for dividends to shareholders for the financial year 2015 and tax effects, partly offset by the operating profit before tax and the effects of defined benefit plans. Our phase-in CET1 capital decreased slightly by CHF 0.1 billion to CHF 40.4 billion, primarily due to the same factors that contributed to the decrease in our fully applied CET1 capital, largely offset by deferred tax assets recognized for tax loss carry-forwards.

¹ Unless otherwise indicated, all information in this section is based on the Basel III framework as applicable for Swiss systemically relevant banks (SRB).

Our AT1 capital increased by CHF 0.6 billion to CHF 6.2 billion on a fully applied basis and to CHF 4.2 billion on a phase-in basis. Both increases were mainly due to high-trigger loss-absorbing deferred contingent capital plan (DCCP) awards to be granted to employees for the performance year 2015.

Tier 2 capital

Our tier 2 capital increased slightly to CHF 11.2 billion on a fully applied basis. On a phase-in basis, our tier 2 capital decreased by CHF 0.6 billion to CHF 12.2 billion, mainly due to the repurchase of certain subordinated debt as part of the aforementioned tender offer.

Risk-weighted assets: 31.12.15 vs 30.9.15

RWA decreased by CHF 9 billion to CHF 208 billion on a fully applied basis and by CHF 8 billion to CHF 212 billion on a phase-in basis. Fully applied RWA were below our short- to medium-term expectation of around CHF 250 billion. The decrease in the fourth quarter mainly reflected book size reductions of CHF 11 billion, partly offset by currency effects of CHF 2 billion and a CHF 1 billion net effect from methodology changes and regulatory add-ons mandated by our regulator.

The decrease in RWA of CHF 11 billion related to book size was driven by CHF 7 billion lower credit risk RWA related to derivative exposures, primarily reflecting the ongoing reduction activity in Corporate Center – Non-core and Legacy Portfolio, as well as client-driven reductions in notional volumes and fair value decreases, both in the Investment Bank. Furthermore, market risk RWA decreased by CHF 4 billion, primarily due to a reduction in our structural position in the Chinese onshore currency, as well as risk reductions due to market movements, primarily in the Investment Bank.

The net increase in RWA of CHF 1 billion due to methodology changes and regulatory add-ons was driven by an increase in the internal ratings-based multiplier on Investment Bank exposure to corporates and income-producing real estate, as well as an increase related to a change in the treatment of cash held at central banks and highly-rated securities held for liquidity purposes. These increases were partly offset by a decrease in market risk RWA following a reduction in backtesting exceptions occurring within a 250-day window, resulting in a lower value at risk (VaR) multiplier used to convert regulatory VaR and stressed VaR to a capital charge. Refer to the "Capital management" section of our fourth quarter 2015 financial supplement, which is available in the section "Quarterly reporting" at www.ubs.com/investors, for more information.

Sensitivity to currency movements

A significant portion of our Basel III capital and RWA is denominated in US dollars, euros, British pounds and other foreign currencies. Limits are in place for the sensitivity of both CET1 capital and the capital ratio to a $\pm 10\%$ change in value of the Swiss franc against other currencies. We estimate that a 10% depreciation of the Swiss franc against other currencies would have increased fully applied CET1 capital by CHF 933 million as of 31 December 2015 (30 September 2015: CHF 903 million) and reduced the fully applied CET1 capital ratio by 17 basis points (30 September 2015: 23 basis points). Conversely, we estimate that a 10% appreciation of the Swiss franc against other currencies would have reduced fully applied CET1 capital by CHF 844 million (30 September 2015: CHF 817 million) and increased the fully applied CET1 capital ratio by 17 basis points (30 September 2015: 23 basis points). This sensitivity does not consider foreign currency translation effects related to defined benefit plans other than those related to the currency translation of the net equity of foreign operations. As of 31 December 2015, a 1% appreciation of the US dollar against the Swiss franc would cause an increase of approximately CHF 4 billion in the leverage ratio denominator.

Incorporation of BIS LRD into the Swiss SRB leverage ratio

In November 2014, the Swiss Federal Market Supervisory Authority (FINMA) published the circular "Leverage ratio – banks." This circular aligned the calculation of the leverage ratio denominator (LRD) with the rules

issued by the Bank for International Settlements (BIS) in the “Basel III leverage ratio framework and disclosure requirements” document issued in January 2014. Effective 31 December 2015, we implemented the guidance of this FINMA circular, ahead of its mandatory effective date of 1 January 2016.

The Swiss SRB leverage ratio and Swiss SRB LRD for periods prior to 31 December 2015 are calculated in accordance with the former Swiss SRB denominator definition and are therefore not fully comparable with 31 December 2015 figures. However, comparable figures as of 30 September 2015 are provided on a pro-forma basis at the Group level.

The transition to the new Swiss SRB LRD rules resulted in an overall reduction of our LRD calculated on a spot basis, mainly due to positive effects from off-balance sheet items, as well as from changes in the scope of consolidation. These positive effects were partly offset by the effect of more stringent requirements on the treatment of securities financing transactions and derivative exposures. There is no change to the calculation of the leverage ratio numerator under the new Swiss SRB rules.

Leverage ratio: 31.12.15 vs 30.9.15

As of 31 December 2015, our Swiss SRB leverage ratio was 5.3% on a fully applied basis and 6.2% on a phase-in basis. The fully-applied LRD decreased by CHF 38 billion to CHF 898 billion from the pro-forma comparative number of CHF 936 billion and was below our short- to medium-term expectation of CHF 950 billion. The decrease in the fourth quarter mainly reflected book size reductions of CHF 37 billion and a decrease of CHF 14 billion related to methodology changes, partly offset by currency effects of CHF 13 billion.

The decrease in LRD related to book size was driven by a CHF 15 billion decline in on-balance sheet assets excluding derivatives and securities financing transactions, mainly due to lower cash and balances with central banks, resulting from the aforementioned repurchase of certain senior and subordinated debt and covered bonds as well as net maturities of short-term debt, partly offset by the issuance of long-term unsecured debt. Moreover, derivative exposures decreased by CHF 10 billion, mainly due to the ongoing reduction activity in Corporate Center – Non-core and Legacy Portfolio, as well as client-driven reductions in notional volumes and fair value decreases, both in the Investment Bank. In addition, exposures from securities financing transactions (SFT) decreased by CHF 6 billion, reflecting a reduced need for externally sourced collateral and client-driven reductions. Off-balance sheet items decreased by CHF 6 billion, mainly reflecting active portfolio management.

The decrease in LRD related to methodology changes was primarily driven by a decrease in SFT counterparty credit risk due to the consideration of incremental collateral and netting benefits, as well as a reassessment of the treatment of forward starting transactions.

Refer to the “Capital management” section of our fourth quarter 2015 financial supplement which is available in the section “Quarterly reporting” at www.ubs.com/investors for more information.

Regulatory and legal developments

Swiss Federal Department of Finance issues draft revision of Swiss too big to fail regulation

In December 2015, the Federal Department of Finance published for consultation a draft revised too big to fail (TBTF) ordinance based on the cornerstones announced by the Swiss Federal Council in October 2015. In line with the announced cornerstones, the proposal would revise the capital and leverage ratio requirements for Swiss systemically relevant banks and includes new gone concern requirements. The draft ordinance and the related explanatory report, would also, among other things, decrease the maximum capital requirement reduction for improved resolvability (from 2022 onwards) and set minimum requirements for eligibility of debt instruments as loss-absorbing capital. The consultation period runs until 15 February 2016 and the new capital rules are expected to come into force as of 1 July 2016.

Basel Committee on Banking Supervision proposes changes to the standardized approach for credit risk

The Basel Committee on Banking Supervision (BCBS) has continued its review of the capital framework to balance simplicity and risk sensitivity, and to promote comparability. The BCBS released a second consultative document on revisions to the standardized approach for credit risk in December 2015. The proposal would reintroduce the use of external credit ratings for exposures to banks and corporates and adopt a loan-to-value approach to risk weighting of real estate loans. The consultation runs until 11 March 2016 and the BCBS intends to finalize the revisions by the end of 2016.

Basel Committee on Banking Supervision issues revised market risk framework

In January 2016, the BCBS published a revised market risk framework, which defines minimum capital requirements for market risk exposures. The market risk framework includes stricter rules on the designation of instruments as either trading or banking book, a more prescriptive internal-model approach aimed at increasing consistency across banks, as well as a revised and more risk-sensitive standardized approach, which may also be used as a fall back to the internal-model approach. The BCBS will conduct further quantitative impact studies in order to monitor the effect of the capital requirements and to ensure consistency in the application of the framework. We expect Switzerland to finalize these changes in the domestic regulations no later than 1 January 2019, the deadline set by the BCBS.

UBS's fourth quarter 2015 earnings release, financial supplement and slide presentation will be available from 06:45 CET on Tuesday, 2 February 2016 at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its fourth quarter 2015 results on Tuesday, 2 February 2016. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Kirt Gardner, Group Chief Financial Officer, Caroline Stewart, Global Head of Investor Relations, and Hubertus Kuelps, Group Head of Communications & Branding.

Time

- 09:00 (CET)
- 08:00 (GMT)
- 04:00 (US EDT)

Audio webcast

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

Webcast playback

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

UBS Group AG and UBS AG

Investor contact

Switzerland: +41-44-234 41 00

Media contact

Switzerland: +41-44-234 85 00

UK: +44-207-567 47 14

Americas: +1-212-882 58 57

APAC: +852-297-1 82 00

www.ubs.com

Cautionary Statement Regarding Forward-Looking Statements

This earnings 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 planned further reduction in its Basel III risk-weighted assets (RWA) and leverage ratio denominator (LRD), and the degree to which UBS is successful in implementing changes to its business to meet changing market, regulatory and other conditions; (ii) developments in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates and interest rates and the effect of economic conditions and market developments on the financial position or creditworthiness of UBS’s clients and counterparties; (iii) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings, as well as availability and cost of funding to meet requirements for bail-in debt or loss-absorbing capital; (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that may impose, or result in, more stringent capital (including leverage ratio), liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration or other measures; (v) uncertainty as to when and to what degree the Swiss Financial Market Supervisory Authority (FINMA) will approve reductions to the incremental RWA resulting from the supplemental operational risk capital analysis mutually agreed to by UBS and FINMA, or will approve a limited reduction of capital requirements due to measures to reduce resolvability risk; (vi) the degree to which UBS is successful in implementing changes to its legal structure to improve its resolvability and meet related regulatory requirements, including changes in legal structure and reporting required to implement US enhanced prudential standards, implementing a service company model, the transfer of the Asset Management business to a holding company and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements relating to capital requirements, resolvability requirements and proposals in Switzerland and other countries for mandatory structural reform of banks, and the extent to which such changes have the intended effects; (vii) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS’s ability to compete in certain lines of business; (viii) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including measures to impose new or enhanced duties when interacting with customers or in the execution and handling of customer transactions; (ix) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses or loss of licenses or privileges as a result of regulatory or other governmental sanctions; (x) the effects on UBS’s cross-border banking business of tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xi) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiii) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xiv) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; (xv) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading and systems failures; (xvi) restrictions to the ability of subsidiaries of the Group to make loans or distributions of any kind, directly or indirectly, to UBS Group AG; (xvii) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance; and (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS’s ability to maintain its stated capital return objective. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS’s Annual Report on Form 20-F for the year ended 31 December 2014. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Basis of presentation

Information in this earnings release is presented for UBS Group AG on a consolidated basis unless otherwise specified. In preparing the financial information included in this earnings release, the same accounting policies and methods of computation have been applied as described in the UBS Group AG consolidated financial statements within UBS's Annual Report 2014, except for the changes described in this earnings release and in the "Recent developments" and "Note 1 Basis of accounting" sections of the first, second and third quarter 2015 reports. UBS Group has not finalized its Annual Report 2015 and our independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the financial information contained in this earnings release is subject to completion of year-end procedures, which may result in changes to that information. This document should be read in conjunction with UBS's Annual Report 2014 and our 2015 quarterly reports. Supplementary financial information is provided in our fourth quarter 2015 financial supplement. These documents are available at www.ubs.com/investors.

Effective January 2016, the business division Retail & Corporate has been renamed Personal & Corporate Banking (P&C). This change is reflected throughout our fourth quarter 2015 reporting. Refer to the fourth quarter 2015 financial supplement for UBS AG (consolidated) information. Information for UBS AG (consolidated) does not differ materially from UBS Group AG on a consolidated basis.

Rounding

Numbers presented throughout this earnings release 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.