

UBS Financial Services Inc.

Computation of Net Capital and Alternative
Net Capital Requirement Under 17 CFR 240.15c3-1

As of December 31, 2015

(Amounts in Thousands of Dollars)

Stockholder's equity		\$	3,027,204
Subordinated borrowings			1,550,000
Other allowable credits – Puerto Rico Flow-through capital benefit <i>(Note 1)</i>			<u>269,427</u>
Total capital and allowable subordinated borrowings			4,846,631
Deductions and/or charges:			
Non-allowable assets:			
Goodwill & intangibles	\$	565,575	
Office equipment & leasehold improvements, net		597,744	
Deferred tax assets		1,157,723	
Investment in/receivable from affiliates		190,850	
Other		759,740	
Additional charges for customers' and non-customers' security accounts		111,777	
Additional charges for customers' and non-customers' commodity accounts		32	
Aged fail-to-deliver		1,138	
Aged short security differences			
Commodity futures contracts & spot commodities–proprietary capital charges		324	
Other deductions and/or charges		<u>85,530</u>	
Total deductions and/or charges			<u>(3,470,433)</u>
Net Capital before haircuts on securities positions			1,376,198
Haircuts on securities:			
Contractual securities commitments		0	
Trading and investment securities:			
Bankers acceptances, certificates of deposit and commercial paper		357	
U.S. and Canadian government obligations		743	
State and municipal government obligations		10,645	
Corporate obligations		13,472	
Stocks and warrants		715	
Other securities		21,248	
Other		<u>230</u>	
Total haircuts on securities			<u>(47,410)</u>
Net capital		\$	<u><u>1,328,788</u></u>

UBS Financial Services Inc.

Computation of Net Capital and Alternative
Net Capital Requirement Under 17 CFR 240.15c3-1 (continued)

As of December 31, 2015
(Amounts in Thousands of Dollars)

2% of combined aggregate debit items as shown in computation for determination of reserve requirements under SEC Rule 15c3-3 prepared as of December 31, 2015	\$ 106,886
Minimum dollar net capital requirement (Note 2)	\$ 1,500
Net capital requirement (Note 3)	<u>\$ 106,886</u>
Excess net capital	<u>\$ 1,221,902</u>
Percentage of net capital to aggregate debits	<u>24.86</u>
Percentage of net capital, after anticipated capital withdrawals, to aggregate debits	<u>24.86</u>
Net capital in excess of 5% of combined aggregate debit items	<u>\$ 1,061,574</u>

Notes

1. Amount represents the portion of the capital of UBS Financial Services Inc. of Puerto Rico, a guaranteed subsidiary of the Company, allowable to be included in the Company's determination of total capital and allowable subordinated borrowings pursuant to Appendix C of 17 CFR 240.15c3-1.
2. Amount represents minimum requirement pursuant to FINRA interpretation /03 to paragraph (a)(2)(i) of 17 CFR 240.15c3-1.
3. Amount represents SEC requirement, which includes 2% of aggregate debit items and excesses related to reverse repurchase agreements per Rule 15c3-1(a)(9). Minimum CFTC net capital requirement as of December 31, 2015 was \$4,362 pursuant to CFTC Regulation 1.17 (8% of Customer Risk Maintenance Margin Requirement (\$4,252) plus 8% of Non-Customer Risk Maintenance Margin Requirement (\$110)).

There are no material differences between the amounts presented above and the amounts presented in the Company's December 31, 2015 unaudited FOCUS Part II Report filed on March 10, 2016.

UBS Financial Services Inc.

Computation of CFTC Minimum
Net Capital RequirementDecember 31, 2015
*(Amounts in Thousands of Dollars)***Net Capital Required**

Risk based requirement:

Amount of customer risk maintenance margin requirement	\$	53,154	
Enter 8% of above			\$ 4,252
Amount of non-customer risk maintenance margin requirement		1,377	
Enter 8% of above			110
Total risk based requirement	\$		<u>4,362</u>
Minimum requirement	\$		<u>1,000</u>
Minimum CFTC net capital requirement			<u>\$ 4,362</u>

There are no material differences between the amounts presented above and the amounts presented in the Company's December 31, 2015 unaudited FOCUS Part II Report filed March 10, 2016.