

UBS: 3Q18 PBT +37% YoY to CHF 1.7bn
Thursday, October 25, 2018 04:45:00 AM (GMT)

3Q18 net profit¹ +32% YoY to CHF 1.2bn; diluted EPS CHF 0.32

Adjusted² RoTE ex DTAs³ of 15.7%, +2.4p.p. YoY; adjusted² C/I ratio (3p.p.) YoY to 76%

Strong Americas performance across divisions, and Investment Bank globally

Share buyback ahead of target; strong CET1 capital ratio 13.5% and CET1 leverage ratio 3.8%; tier 1 leverage ratio 5.0%

UBS to report in US dollars from 4Q18

UBS confirmed leader in Dow Jones Sustainability Index for fourth year running

Regulatory News:

UBS delivered strong third-quarter results with reported profit before tax (PBT) up 37% year over year (YoY) to CHF 1,668m and adjusted² PBT up 15% to CHF 1,733m. Cost/income ratio of 77% was down 6 percentage points YoY; on an adjusted² basis, it was down 3 percentage points to 76%. Net profit attributable to shareholders was CHF 1,246m, up 32% from the third quarter of 2017. Adjusted² return on tangible equity (RoTE) excluding DTAs³ was 15.7% for the quarter, a 2.4 percentage point increase YoY.

Global Wealth Management's PBT increased by 3% YoY to CHF 932m, with income and expenses both increasing by 2%. Recurring net fee income and net interest income both increased YoY on a new high for invested assets, further progress on mandate penetration, as well as increased net interest margin on deposits and higher loan volumes, while transaction-based revenues declined on lower client activity. Personal & Corporate Banking PBT was CHF 413m, as growth in recurring net fee income offset the ongoing pressure from the negative interest rate environment; net new business volume growth remained strong. Asset Management reported PBT of CHF 120m, as the positive effects of higher invested assets partly offset the impact of a prior-period business sale and pressure on margins; invested assets rose to CHF 815bn, the highest in a decade. The Investment Bank delivered PBT of CHF 472m and an adjusted² return on attributed equity of 21%, on strong revenue growth in Equities and Foreign Exchange, Rates and Credit (FRC) and continued resource discipline.

During the third quarter, UBS repurchased CHF 100m of its own shares, taking total purchases to CHF 650m for this year, above the 2018 target of CHF 550m. UBS's capital position remains strong, with a CET1 capital ratio of 13.5%, a CET1 leverage ratio of 3.80%, a tier 1 (going concern) leverage ratio of 5.0%, and total loss-absorbing capacity of over CHF 80bn.

"Our results for the quarter once again highlight the benefits of our diversification. They also demonstrate that we are pursuing a focused strategy in each of our business divisions, creating value for our clients and shareholders."

Sergio P. Ermotti, Group Chief Executive Officer

Beginning in the fourth quarter of 2018, UBS Group AG will change its presentation currency to US dollars following changes in the functional currencies of UBS Group AG (formerly CHF), UBS AG's Swiss Head Office (formerly CHF) and its London Branch operations (formerly GBP). There will be no material changes to prior-period profit and loss or total equity attributable to UBS shareholders; future net interest income is expected to increase by around USD 0.3bn annually from 2019.

UBS expects to remeasure DTAs in the US and Switzerland in the fourth quarter of 2018, and offer new guidance on deferred tax recognition in the income statement at that point, with limited expected net impact on net profit after tax, IFRS equity, and CET1 capital.

Outlook

Global economic growth prospects and monetary policy normalization continue to provide a supportive backdrop to our business, although ongoing geopolitical tensions, rising protectionism and trade disputes have further dampened investor sentiment and confidence. We expect these latter trends to continue to impact Global Wealth Management clients' transaction activity in the fourth quarter; however, moderately increased levels of volatility and volumes are generally positive for our institutional business in the

Investment Bank.

Funding costs related to long-term debt and capital instruments issued to comply with regulatory funding and liquidity requirements will be higher than in the previous year, but should be broadly stable compared with the third quarter.

Our diversified business model helps us make continued progress towards achieving our strategic and financial targets.

Third quarter 2018 performance overview

UBS's third quarter adjusted² PBT was CHF 1,733m, and reported PBT was CHF 1,668m. Adjusting² items included CHF 120m of restructuring expenses, partly offset by CHF 55 million gains on sale of real estate and subsidiaries. The adjusted² cost/income ratio was 76%, down 3 percentage points from the same quarter last year. Net profit attributable to shareholders was CHF 1,246m, with diluted earnings per share of CHF 0.32. Annualized adjusted² return on tangible equity excluding DTAs³ was 15.7%, an increase of 2.4 percentage points compared with the third quarter of 2017.

Global Wealth Management (GWM) adjusted² PBT CHF 1,003m, (4%) YoY

Recurring net fee income and net interest income both increased on a new high for invested assets, further progress on mandate penetration, as well as increased net interest margin on deposits and higher loan volumes, while transaction-based revenues declined on lower client activity in all regions. Mandate penetration increased to 33.9% of invested assets, a new high for both. Loans increased by 8%. Adjusted² operating expenses increased mainly due to investments in technology and regulatory-related expenses. The adjusted² cost/income ratio was 75%. Net new money was CHF 13.5bn for the quarter. Adjusted² net margin was 17bps.

Personal & Corporate Banking (P&C) adjusted² PBT CHF 422m, (3%) YoY

Strong business momentum and management actions offset interest rate pressure. Recurring net fee income increased by 6% YoY. Expenses increased on further investments in technology and higher regulatory-related expenses. The adjusted² cost/income ratio was 56%. Annualized net new business volume growth for Personal Banking remained strong at 4.5%.

Asset Management (AM) adjusted² PBT CHF 129m, (16%) YoY

Net management fees remained broadly unchanged when normalized for a business sale in October 2017, and despite continued pressure on margins. Performance fees were lower, reflecting declines in Hedge Fund Businesses and Equities. Adjusted² operating expenses decreased on lower personnel expenses, driven by management actions. The adjusted² cost/income ratio was 71%. Invested assets reached CHF 815bn, the highest in a decade, and net new money excluding money market flows was marginally positive.

Investment Bank (IB) adjusted² PBT CHF 507m, +44% YoY

ICS revenues increased by 19%, with growth in all regions and in all Equities and FRC product lines. Corporate Client Solutions revenues were CHF 644m, down 11% from a strong third quarter of 2017, with Advisory revenues up 42% on a lower global fee pool, more than offset by lower Equity Capital Markets revenues. Operating expenses decreased slightly. The adjusted² cost/income ratio improved to 74%. Adjusted² return on attributed equity was 21%.

Corporate Center adjusted² loss before tax was CHF 327m. **Corporate Center – Services** recorded an adjusted² loss before tax of CHF 177m. **Group Asset and Liability Management** adjusted² loss before tax was CHF 126m. **Non-core and Legacy Portfolio** posted an adjusted² loss before tax of CHF 25m.

Commitment to sustainable performance

UBS is committed to creating long-term positive value for its clients, employees, investors and society. This is illustrated by the ongoing recognition UBS receives for its activities and capabilities related to sustainable investing, philanthropy, environmental and human rights policies governing client and supplier relationships, the firm's environmental footprint and community investment.

Learn about UBS's priorities to drive change that matters at ubs.com/insociety.

Confirmed leader in sustainability

For the fourth year running, UBS was named the best performer in the Diversified Financial Services and Capital Markets Industry of the Dow Jones Sustainability Index, the most widely recognized corporate sustainability rating. Also, UBS's Environmental, Social and Governance (ESG) rating was raised to AA from A by investment-research firm MSCI ESG Research, another indicator of the firm's strong progress in the area of sustainability.

In the latest PRI ratings, Asset Management received the top score in the Strategy and Governance module, moving up from an A to an A+, outranking the peer median. The PRI sets a responsible investing benchmark for asset managers and asset owners within the industry and provides a year-on-year comparative analysis. Signatories report on their responsible investment activities for those asset classes in which more than 10% of their assets are invested.

Sustainable and impact investing

In August, UBS joined the Climate Bonds Initiative (CBI) Partners Program. UBS's partnership with the CBI will further develop its data capabilities and market-building efforts within green finance and sustainable fixed income and will add diversity and expertise to CBI's Partners Network. CBI is an international organization working solely to mobilize the largest capital market of all, the USD 100trn bond market, for climate change solutions.

The UBS Global Gender Equality ETF launched earlier this year by Global Wealth Management and Asset Management has now surpassed the USD 100m milestone, reflecting the growing importance of sustainability goals such as gender equality for clients. The ETF invests in companies in the Solactive Equileap Global Gender Equality 100 Leaders Index, an equity index of 100 leading global companies with a strong record in gender diversity and sustainability. UBS channels 5% of the ETF's management fees into philanthropic projects supporting this topic, via the UBS Optimus Foundation.

Information in this news release is presented for UBS Group AG on a consolidated basis unless otherwise specified. Financial information for UBS AG (consolidated) does not differ materially from UBS Group AG (consolidated) and a comparison between UBS Group AG (consolidated) and UBS AG (consolidated) is provided at the end of this news release.

¹ Net profit attributable to shareholders.

² Adjusted results are non-GAAP financial measures as defined by SEC regulations. Refer to the "Performance by business division and Corporate Center unit – reported and adjusted" table in this news release.

³ Adjusted return on tangible equity excluding deferred tax expense/benefit and DTAs; calculated as adjusted net profit/loss attributable to shareholders excluding amortization and impairment of goodwill and intangible assets and deferred tax expense/benefit (annualized as applicable), divided by average tangible equity attributable to shareholders excluding any DTAs that do not qualify as CET1 capital.

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

For the quarter ended 30.9.18								
CHF million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	4,043	967	449	1,927	(39)	(107)	40	7,279
of which: gains on sale of real estate					30			30
of which: gains on sale of subsidiaries and businesses					25			25
Operating income (adjusted)	4,043	967	449	1,927	(94)	(107)	40	7,224
Operating expenses as reported	3,111	554	329	1,455	78	20	64	5,611
of which: personnel-related restructuring expenses ⁴	11	1	2	1	43	0	0	58
of which: non-personnel-related restructuring expenses ⁴	0	0	1	3	58	0	0	61
of which: restructuring expenses allocated from CC Services ⁴	60	8	6	31	(105)	1	(1)	0

Operating expenses (adjusted)	3,040	545	321	1,420	82	19	65	5,491
<i>of which: net expenses for litigation, regulatory and similar matters⁵</i>	28	0	0	(57)	30	0	3	3
Operating profit / (loss) before tax as reported	932	413	120	472	(118)	(127)	(24)	1,668
Operating profit / (loss) before tax (adjusted)	1,003	422	129	507	(177)	(126)	(25)	1,733

For the quarter ended 30.9.17

CHF million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	3,967	971	494	1,800	(70)	(49)	32	7,145
Operating income (adjusted)	3,967	971	494	1,800	(70)	(49)	32	7,145
Operating expenses as reported	3,065	559	366	1,531	331	18	54	5,924
<i>of which: personnel-related restructuring expenses⁴</i>	13	1	6	4	115	0	0	140
<i>of which: non-personnel-related restructuring expenses⁴</i>	22	0	5	6	111	0	0	145
<i>of which: restructuring expenses allocated from CC Services⁴</i>	104	24	15	73	(218)	1	1	0
Operating expenses (adjusted)	2,926	534	340	1,448	322	17	53	5,639
<i>of which: net expenses for litigation, regulatory and similar matters⁵</i>	26	0	(5)	(46)	247	0	(25)	197
Operating profit / (loss) before tax as reported	902	411	127	269	(401)	(67)	(22)	1,221
Operating profit / (loss) before tax (adjusted)	1,041	436	153	352	(392)	(66)	(21)	1,506

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 2 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 3 Corporate Center Services operating expenses presented in this table are after service allocations to business divisions and other Corporate Center units. 4 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives in 2018 for Global Wealth Management and Asset Management. 5 Reflects the net increase / (release) in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of the UBS Group third quarter 2018 report for more information. Also includes recoveries from third parties (third quarter of 2018: CHF 0 million; third quarter of 2017: CHF 50 million).

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

Year-to-date 30.9.18								
CHF million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	12,395	2,847	1,348	6,405	(155)	(496)	187	22,531
<i>of which: gains on sale of real estate</i>					30			30
<i>of which: gains on sale of subsidiaries and businesses</i>					25			25
<i>of which: net foreign currency translation losses⁴</i>						(15)		(15)
Operating income (adjusted)	12,395	2,847	1,348	6,405	(210)	(480)	187	22,492
Operating expenses as reported	9,298	1,647	1,021	4,775	170	59	241	17,212
<i>of which: personnel-related restructuring expenses⁵</i>	17	3	18	14	133	0	0	186

<i>of which: non-personnel-related restructuring expenses⁵</i>	15	0	7	7	147	0	0	176
<i>of which: restructuring expenses allocated from CC Services⁵</i>	145	25	20	94	(288)	2	1	0
<i>of which: gain related to changes to the Swiss pension plan⁶</i>	(61)	(35)	(10)	(5)	(114)			(225)
Operating expenses (adjusted)	9,183	1,654	985	4,664	292	57	240	17,074
<i>of which: net expenses for litigation, regulatory and similar matters⁷</i>	110	(1)	0	(57)	6	0	64	123
Operating profit / (loss) before tax as reported	3,097	1,200	327	1,630	(325)	(555)	(54)	5,320
Operating profit / (loss) before tax (adjusted)	3,213	1,193	363	1,741	(502)	(537)	(53)	5,417

Year-to-date 30.9.17

<i>CHF million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	11,905	2,864	1,422	5,924	(107)	(79)	16	21,946
<i>of which: gains on sale of financial assets at fair value through OCI⁸</i>				107				107
<i>of which: net foreign currency translation losses⁴</i>						(22)		(22)
Operating income (adjusted)	11,905	2,864	1,422	5,817	(107)	(57)	16	21,861
Operating expenses as reported	9,184	1,678	1,082	4,724	652	29	183	17,534
<i>of which: personnel-related restructuring expenses⁵</i>	28	6	11	26	301	1	0	373
<i>of which: non-personnel-related restructuring expenses⁵</i>	49	0	16	12	337	0	0	413
<i>of which: restructuring expenses allocated from CC Services⁵</i>	306	62	43	197	(615)	2	6	0
Operating expenses (adjusted)	8,801	1,611	1,012	4,488	629	26	177	16,747
<i>of which: net expenses for litigation, regulatory and similar matters⁷</i>	104	0	(4)	(45)	243	0	(58)	239
Operating profit / (loss) before tax as reported	2,721	1,185	340	1,200	(759)	(108)	(167)	4,412
Operating profit / (loss) before tax (adjusted)	3,104	1,252	410	1,329	(736)	(83)	(161)	5,114

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 2 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 3 Corporate Center Services operating expenses presented in this table are after service allocations to business divisions and other Corporate Center units. 4 Related to the disposal of foreign subsidiaries and branches. 5 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives in 2018 for Global Wealth Management and Asset Management. 6 Refer to “Note 5 Personnel expenses” in the “Consolidated financial statements” section of the UBS Group third quarter 2018 report for more information. 7 Reflects the net increase / (release) in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to “Note 15 Provisions and contingent liabilities” in the “Consolidated financial statements” section of the UBS Group third quarter 2018 report for more information. Also includes recoveries from third parties of CHF 27 million and CHF 51 million for the first nine months of 2018 and 2017, respectively. 8 Reflects a gain on sale of our remaining investment in IHS Markit in the Investment Bank. Figures presented for periods prior to 2018 relate to financial assets available for sale. With the adoption of IFRS 9 on 1 January 2018, certain financial assets were reclassified from available for sale under IAS 39 to measured at fair value through OCI under IFRS 9. Refer to “Note 1 Basis of accounting” and “Note 19 Transition to IFRS 9 as of 1 January 2018” in the “Consolidated financial statements” section of the UBS Group third quarter 2018 report for more information.

Our key figures

	As of or for the quarter ended			As of or year-to-date		
CHF million, except where indicated	30.9.18	30.6.18	31.12.17	30.9.17	30.9.18	30.9.17
Group results						
Operating income	7,279	7,554	7,122	7,145	22,531	21,946
Operating expenses	5,611	5,875	6,266	5,924	17,212	17,534
Operating profit / (loss) before tax	1,668	1,679	855	1,221	5,320	4,412
Net profit / (loss) attributable to shareholders	1,246	1,284	(2,336)	946	4,044	3,389
Diluted earnings per share (CHF) ¹	0.32	0.33	(0.63)	0.25	1.05	0.88
Key performance indicators²						
Profitability and growth						
Return on tangible equity (%)	11.3	11.6	(20.2)	8.3	12.2	9.8
Adjusted return on tangible equity excluding deferred tax expense / benefit and deferred tax assets (%)	15.7	16.7	8.6	13.3	16.7	15.5
Cost / income ratio (%)	77.0	77.5	86.9	83.0	76.2	79.8
Adjusted cost / income ratio (%) ³	75.9	75.8	83.4	79.0	75.7	76.5
Net profit growth (%)	31.7	9.3		14.4	19.3	32.0
Resources						
Common equity tier 1 capital ratio (%) ⁴	13.5	13.4	13.8	13.7	13.5	13.7
Common equity tier 1 leverage ratio (%) ⁴	3.80	3.75	3.69	3.69	3.80	3.69
Going concern leverage ratio (%) ⁴	5.0	5.0	4.7	4.7	5.0	4.7
Additional information						
Profitability						
Return on equity (%)	9.8	10.1	(17.8)	7.2	10.6	8.5
Return on risk-weighted assets, gross (%) ⁵	11.6	12.0	12.1	12.0	12.0	12.8
Return on leverage ratio denominator, gross (%) ⁵	3.2	3.4	3.3	3.3	3.4	3.4
Resources						
Total assets	932,471	944,482	915,642	913,599	932,471	913,599
Equity attributable to shareholders	51,122	50,774	51,214	53,493	51,122	53,493
Common equity tier 1 capital ⁴	34,167	33,817	32,671	32,621	34,167	32,621
Risk-weighted assets ⁴	252,247	252,373	237,494	237,963	252,247	237,963
Going concern capital ratio (%) ⁴	17.9	17.8	17.6	17.4	17.9	17.4
Total loss-absorbing capacity ratio (%) ⁴	31.8	32.3	33.0	32.9	31.8	32.9
Leverage ratio denominator ⁴	898,000	902,408	886,116	884,834	898,000	884,834
Total loss-absorbing capacity leverage ratio (%) ⁴	8.9	9.0	8.8	8.9	8.9	8.9
Liquidity coverage ratio (%) ⁶	135	144	143	142	135	142
Other						
Invested assets (CHF billion) ⁷	3,267	3,242	3,179	3,054	3,267	3,054
Personnel (full-time equivalents)	65,556	63,684	61,253	60,796	65,556	60,796
Market capitalization ⁸	59,754	59,072	69,125	63,757	59,754	63,757
Total book value per share (CHF) ⁸	13.72	13.62	13.76	14.39	13.72	14.39
Tangible book value per share (CHF) ⁸	12.02	11.90	12.04	12.67	12.02	12.67

1 Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of the UBS Group third quarter 2018 report for more information. 2 Refer to the "Measurement of performance" section of our Annual Report 2017 for the definitions of our key performance indicators. 3 Calculated as adjusted operating expenses / adjusted operating income before credit loss (expense) or recovery. 4 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of the UBS Group third quarter 2018 report for more information. 5 Calculated as operating income before credit loss (annualized as applicable) / average risk-weighted assets and average leverage ratio denominator, respectively. 6 Refer to the "Balance sheet, liquidity and funding management" section of the UBS Group third quarter 2018 report for more information. 7 Includes invested assets for Personal & Corporate Banking. 8 Refer to "UBS shares" in the "Capital management" section of the UBS Group third quarter 2018 report for more information.

Legacy Portfolio	(24)	(24)	0	(18)	(18)	0	(236)	(236)	0
Net profit / (loss)	1,249	1,140	109	1,285	1,184	101	(2,310)	(2,385)	75
of which: net profit / (loss) attributable to shareholders	1,246	1,137	109	1,284	1,183	101	(2,336)	(2,412)	76
of which: net profit / (loss) attributable to preferred noteholders								26	(26)
of which: net profit / (loss) attributable to non-controlling interests	3	3	0	1	1	0	27	0	27
Statement of comprehensive income									
Other comprehensive income	(973)	(963)	(10)	1,057	1,066	(8)	184	187	(3)
of which: attributable to shareholders	(973)	(963)	(10)	1,060	1,068	(8)	(124)	(122)	(2)
of which: attributable to preferred noteholders								307	(307)
of which: attributable to non-controlling interests	0	0	0	(2)	(2)	0	309	2	307
Total comprehensive income	276	177	99	2,342	2,250	92	(2,125)	(2,198)	73
of which: attributable to shareholders	273	174	99	2,343	2,251	92	(2,461)	(2,534)	73
of which: attributable to preferred noteholders								333	(333)
of which: attributable to non-controlling interests	3	3	0	(1)	(1)	0	336	3	333
Balance sheet									
Total assets	932,471	933,091	(619)	944,482	945,296	(813)	915,642	916,363	(721)
Total liabilities	881,311	882,917	(1,606)	893,649	895,275	(1,626)	864,371	865,588	(1,217)
Total equity	51,160	50,174	986	50,834	50,021	813	51,271	50,775	496
of which: equity attributable to shareholders	51,122	50,136	986	50,774	49,961	813	51,214	50,718	496
of which: equity attributable to non-controlling interests	38	38	0	60	60	0	57	57	0
Capital information									
Common equity tier 1 capital	34,167	34,392	(225)	33,817	33,686	132	32,671	33,240	(569)
Going concern capital	45,115	41,432	3,683	44,956	40,823	4,133	41,911	36,906	5,005
Risk-weighted assets	252,247	251,428	819	252,373	251,648	724	237,494	236,606	888

Common equity tier 1 capital ratio (%)	13.5	13.7	(0.1)	13.4	13.4	0.0	13.8	14.0	(0.2)
Going concern capital ratio (%)	17.9	16.5	1.4	17.8	16.2	1.6	17.6	15.6	2.0
Total loss-absorbing capacity ratio (%)	31.8	31.3	0.4	32.3	31.7	0.6	33.0	31.4	1.6
Leverage ratio denominator	898,000	898,894	(894)	902,408	903,467	(1,058)	886,116	887,189	(1,073)
Common equity tier 1 leverage ratio (%)	3.80	3.83	(0.02)	3.75	3.73	0.02	3.69	3.75	(0.06)
Going concern leverage ratio (%)	5.0	4.6	0.4	5.0	4.5	0.5	4.7	4.2	0.5
Total loss-absorbing capacity leverage ratio (%)	8.9	8.8	0.2	9.0	8.8	0.2	8.8	8.4	0.4

UBS's third quarter 2018 report, news release and slide presentation will be available from 06:45 CEST on Thursday, 25 October 2018, at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its third quarter 2018 results on Thursday, 25 October 2018. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Kirt Gardner, Group Chief Financial Officer, Caroline Stewart, Global Head Investor Relations, and Hubertus Kuelps, Group Head Communications & Branding.

Introduction and results

- 09:00–9:45 CEST
- 08:00–8:45 BST
- 03:00–03:45 US EDT

Media Q&A session

- 11:45–12:15 CEST
- 10:45–11:15 BST
- 05:45–06:15 US EDT

Switzerland/Europe: +41-58-310 50 07
 UK: +44-121-281 80 12
 Americas: +1-213-799 17 25
 Other locations: +41-58-310 50 07

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

Cautionary Statement Regarding Forward-Looking Statements

This news release contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, a number of

risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA), including to counteract regulatory-driven increases, leverage ratio denominator, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (ii) continuing low or negative interest rate environment, developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, and geopolitical tensions on the financial position or creditworthiness of UBS's clients and counterparties as well as on client sentiment and levels of activity; (iii) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS's business activities; (v) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements 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, to proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; (vi) uncertainty as to the extent to which the Swiss Financial Market Supervisory Authority (FINMA) will confirm limited reductions of gone concern requirements due to measures to reduce resolvability risk; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU and the potential need to make changes in UBS's legal structure and operations as a result of it; (viii) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including recently enacted and proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (x) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses or loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA; (xi) the effects on UBS's cross-border banking business of tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (xii) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters, including from changes to US taxation under the Tax Cuts and Jobs Act; (xiv) UBS's ability to implement new technologies and business methods, including digital services and technologies and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xv) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, and systems failures; (xvii) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS's operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS's ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2017. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Rounding

Numbers presented throughout this news release may not add up precisely to the totals provided in the tables and text. Starting in 2018, percentages, percent changes, and adjusted results are calculated on the basis of unrounded figures. Information on absolute changes between reporting periods, which is provided in text and that can be derived from figures displayed in the tables, is calculated on a rounded basis. For prior periods, these values are calculated on the basis of rounded figures displayed in the tables and text.

Tables

Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.

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