



Annual Report 2018

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Basis of preparation

Effective 1 October 2018 and as required by IAS 21, *The Effects of Changes in Foreign Exchange Rates*, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland has changed from Swiss francs to US dollars and the functional currency of UBS AG's London Branch operations has changed from British pounds to US dollars. In line with these changes, the presentation currency of UBS Group AG's and UBS AG's consolidated financial information has changed from Swiss francs to US dollars. We will continue to publish select financial and regulatory information in Swiss francs as part of our quarterly and annual reporting.

The select Swiss franc disclosures in this document include information prepared on the basis of US dollars values disclosed in our Annual Report 2018, translated to Swiss francs using a simplified approach. Assets, liabilities and total equity were translated to Swiss francs at closing exchange rates prevailing on

the respective balance sheet dates, and income and expenses were translated at the respective average rates prevailing for the relevant periods. As a consequence of restatements for this presentation currency change, prior period Swiss franc figures may differ from those originally published in quarterly and annual reports.

- **Refer to the "Significant accounting and financial reporting changes" section of our Annual Report 2018 for more information**
- **Refer to "Note 1 Summary of significant accounting policies" in the "Consolidated financial statements" section of our Annual Report 2018 for more information on the effects of restating to a US dollar presentation currency**

UBS Group

Select Swiss franc disclosures (unaudited)

Our key figures

	As of or for the year ended		
CHF million, except where indicated	31.12.18	31.12.17	31.12.16
Group results			
Operating income	29,501	29,063	28,378
Operating expenses	23,676	23,800	24,230
Operating profit / (loss) before tax	5,826	5,263	4,148
Net profit / (loss) attributable to shareholders	4,394	980	3,305
Diluted earnings per share (CHF) ¹	1.14	0.26	0.86
Profitability and growth²			
Return on equity (%) ³	8.6	1.9	6.1
Return on tangible equity (%) ⁴	9.9	2.3	7.1
Adjusted return on tangible equity excluding deferred tax expense / benefit and deferred tax assets (%) ⁵	12.8	13.7	11.4
Return on common equity tier 1 capital (%) ⁶	13.1	3.1	10.9
Return on risk-weighted assets, gross (%) ⁷	11.8	12.6	13.2
Return on leverage ratio denominator, gross (%) ⁷	3.3	3.3	3.2
Cost / income ratio (%) ⁸	79.9	81.5	85.3
Adjusted cost / income ratio (%) ⁹	79.5	78.2	80.8
Net profit growth (%) ¹⁰	348.4	(70.3)	(46.8)
Resources			
Total assets	942,416	915,600	934,500
Equity attributable to shareholders	52,040	51,172	53,384
Common equity tier 1 capital ¹¹	33,554	32,671	30,693
Risk-weighted assets ¹¹	259,324	237,494	222,677
Common equity tier 1 capital ratio (%) ¹¹	12.9	13.8	13.8
Going concern capital ratio (%) ¹¹	17.5	17.6	17.9
Total loss-absorbing capacity ratio (%) ¹¹	31.7	33.0	31.1
Leverage ratio denominator ¹¹	889,445	886,116	870,470
Common equity tier 1 leverage ratio (%) ¹¹	3.77	3.69	3.53
Going concern leverage ratio (%) ¹¹	5.1	4.7	4.6
Total loss-absorbing capacity leverage ratio (%) ¹¹	9.3	8.8	7.9
Liquidity coverage ratio (%) ¹²	136	143	132
Other			
Invested assets (CHF billion) ¹³	3,049	3,179	2,810
Personnel (full-time equivalents)	66,888	61,253	59,387
Market capitalization ^{14,15}	45,137	66,751	59,212
Total book value per share (CHF) ^{14,16}	14.11	13.75	14.51
Tangible book value per share (CHF) ^{14,16}	12.33	12.03	12.74

1 Refer to "Note 9 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of our Annual Report 2018 for more information. 2 Refer to the "Performance targets and measurement" section of our Annual Report 2018 for more information on our performance targets. 3 Calculated as net profit attributable to shareholders / average equity attributable to shareholders. 4 Calculated as net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets / average equity attributable to shareholders less average goodwill and intangible assets. 5 Calculated as adjusted net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets and before deferred tax expense or benefit / average equity attributable to shareholders less average goodwill and intangible assets and less average deferred tax assets that do not qualify as common equity tier 1 capital. 6 Calculated as net profit attributable to shareholders / average common equity tier 1 capital. 7 Calculated as operating income before credit loss expense or recovery / average risk-weighted assets and average leverage ratio denominator, respectively. 8 Calculated as operating expenses / operating income before credit loss expense or recovery. 9 Calculated as adjusted operating expenses / adjusted operating income before credit loss expense or recovery. 10 Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. 11 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of our Annual Report 2018 for more information. 12 Effective 1 January 2017 the reported quarterly average is the average of daily values during the quarter. The 2016 figure is based on the average of the three month-end values. Refer to the "Balance sheet, liquidity and funding management" section of our Annual Report 2018 for more information. 13 Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. 14 Refer to "UBS shares" in the "Capital management" section of our Annual Report 2018 for more information. 15 The calculation of market capitalization has been amended to reflect total shares outstanding multiplied by the share price at the end of the period. The calculation was previously based on total shares issued multiplied by the share price at the end of the period. Market capitalization has been reduced by CHF 2.0 billion as of 31 December 2018, by CHF 2.4 billion as of 31 December 2017 and by CHF 2.2 billion as of 31 December 2016 as a result. 16 Total book value per share and tangible book value per share in Swiss francs are calculated based on a translation of equity under our US dollar presentation currency. As a consequence of the restatement to a US dollar presentation currency, amounts may differ from those originally published in our quarterly and annual reports.

Events subsequent to the publication of the unaudited fourth quarter 2018 report

The 2018 results and the balance sheet as of 31 December 2018 differ from those presented in the unaudited fourth quarter 2018 report published on 22 January 2019 as a result of events adjusted for after the balance sheet date. Provisions for litigation, regulatory and similar matters increased, which reduced 2018 operating profit before tax and 2018 net profit attributable to shareholders by CHF 375 million. As a result, basic and diluted earnings per share decreased by CHF 0.10.

UBS Group AG interim consolidated financial information (unaudited)

Income statement

	For the year ended		
<i>CHF million, except per share data</i>	31.12.18	31.12.17	31.12.16
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	9,879	10,218	10,240
Interest expense from financial instruments measured at amortized cost	(6,257)	(5,296)	(4,917)
Interest income from financial instruments measured at fair value through profit or loss	6,813	3,975	3,547
Interest expense from financial instruments measured at fair value through profit or loss	(4,566)	(2,370)	(2,456)
Net interest income	5,869	6,528	6,413
Other net income from fair value changes on financial instruments	5,844	4,972	4,948
Credit loss (expense) / recovery	(115)	(128)	(37)
Fee and commission income	19,142	18,991	18,157
Fee and commission expense	(1,664)	(1,804)	(1,760)
Net fee and commission income	17,477	17,186	16,397
Other income	426	505	657
Total operating income	29,501	29,063	28,378
Personnel expenses	15,760	15,889	15,720
General and administrative expenses	6,650	6,808	7,434
Depreciation and impairment of property, equipment and software	1,201	1,033	985
Amortization and impairment of intangible assets	64	70	91
Total operating expenses	23,676	23,800	24,230
Operating profit / (loss) before tax	5,826	5,263	4,148
Tax expense / (benefit)	1,426	4,208	762
Net profit / (loss)	4,400	1,056	3,386
Net profit / (loss) attributable to non-controlling interests	7	76	82
Net profit / (loss) attributable to shareholders	4,394	980	3,305

Earnings per share (CHF)

Basic	1.18	0.26	0.89
Diluted	1.14	0.26	0.86

Balance sheet

CHF million	31.12.18	31.12.17
Assets		
Cash and balances at central banks	106,553	87,775
Loans and advances to banks	16,585	13,739
Receivables from securities financing transactions	93,750	89,633
Cash collateral receivables on derivative instruments	23,206	23,434
Loans and advances to customers	314,980	318,509
Other financial assets measured at amortized cost	22,185	36,861
Total financial assets measured at amortized cost	577,259	569,950
Financial assets at fair value held for trading	102,620	126,144
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>	<i>31,583</i>	<i>35,363</i>
Derivative financial instruments	124,093	118,227
Brokerage receivables	16,558	
Financial assets at fair value not held for trading	81,303	58,933
Total financial assets measured at fair value through profit or loss	324,575	303,304
Financial assets measured at fair value through other comprehensive income	6,555	8,665
Investments in associates	1,081	1,018
Property, equipment and software	9,191	8,829
Goodwill and intangible assets	6,535	6,398
Deferred tax assets	9,935	9,802
Other non-financial assets	7,286	7,633
Total assets	942,416	915,600
Liabilities		
Amounts due to banks	10,779	7,533
Payables from securities financing transactions	10,123	17,044
Cash collateral payables on derivative instruments	28,422	30,247
Customer deposits	412,798	408,999
Debt issued measured at amortized cost	130,053	139,551
Other financial liabilities measured at amortized cost	6,769	36,337
Total financial liabilities measured at amortized cost	598,944	639,711
Financial liabilities at fair value held for trading	28,458	30,463
Derivative financial instruments	123,615	116,133
Brokerage payables designated at fair value	37,775	
Debt issued designated at fair value	56,075	49,502
Other financial liabilities designated at fair value	33,031	16,223
Total financial liabilities measured at fair value through profit or loss	278,954	212,322
Provisions	3,435	3,133
Other non-financial liabilities	8,871	9,205
Total liabilities	890,204	864,371
Equity		
Share capital	332	329
Share premium	20,493	23,003
Treasury shares	(2,587)	(2,154)
Retained earnings	29,937	25,278
Other comprehensive income recognized directly in equity, net of tax	3,865	4,716
Equity attributable to shareholders	52,040	51,172
Equity attributable to non-controlling interests	173	57
Total equity	52,213	51,229
Total liabilities and equity	942,416	915,600

UBS Group AG key regulatory information

Liquidity coverage ratio

CHF billion, except where indicated

	Average 4Q18 ¹	Average 4Q17 ¹
High-quality liquid assets²		
Cash balances ³	95	103
Securities (on- and off-balance sheet)	77	80
Total high-quality liquid assets⁴	173	183
Cash outflows⁵		
Retail deposits and deposits from small business customers	26	26
Unsecured wholesale funding	102	104
Secured wholesale funding	76	79
Other cash outflows	41	44
Total cash outflows	245	254
Cash inflows⁵		
Secured lending	79	83
Inflows from fully performing exposures	29	33
Other cash inflows	10	10
Total cash inflows	118	126
Liquidity coverage ratio		
High-quality liquid assets	173	183
Net cash outflows	127	128
Liquidity coverage ratio (%)	136	143

¹ Calculated based on an average of 64 data points in the fourth quarter of 2018 and 63 data points in the fourth quarter of 2017. ² Calculated after the application of haircuts. ³ Includes cash and balances at central banks and other eligible balances as prescribed by FINMA. ⁴ Calculated in accordance with FINMA requirements. ⁵ Calculated after the application of inflow and outflow rates.

Swiss SRB going and gone concern information

CHF million, except where indicated	Swiss SRB, including transitional arrangements		Swiss SRB as of 1.1.20	
	31.12.18	31.12.17 ¹	31.12.18	31.12.17
Going concern capital				
Common equity tier 1 capital	33,554 ²	35,494	33,554 ²	32,671
High-trigger loss-absorbing additional tier 1 capital	9,632	6,857	9,632	6,857
Low-trigger loss-absorbing additional tier 1 capital	2,330	1,087 ³	2,330	2,383
Total loss-absorbing additional tier 1 capital	11,962	7,944	11,962	9,240
Total tier 1 capital	45,516	43,438	45,516	41,911
High-trigger loss-absorbing tier 2 capital	0	435		
Low-trigger loss-absorbing tier 2 capital ⁴	5,907	7,874		
Total tier 2 capital	5,907	8,309		
Total going concern capital	51,423	51,748	45,516	41,911
Gone concern loss-absorbing capacity⁵				
High-trigger loss-absorbing tier 2 capital				218
Low-trigger loss-absorbing tier 2 capital ⁴	758	378	6,665	8,252
Non-Basel III-compliant tier 2 capital ⁶	681	689	681	689
Total tier 2 capital	1,439	1,067	7,346	9,159
TLAC-eligible senior unsecured debt	29,485	27,233	29,485	27,233
Total gone concern loss-absorbing capacity	30,924	28,300	36,831	36,392
Total loss-absorbing capacity				
Total loss-absorbing capacity	82,347	80,048	82,347	78,303
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets	259,324	238,394	259,324	237,494
Leverage ratio denominator	889,445	887,635	889,445	886,116
Capital and loss-absorbing capacity ratios (%)				
Going concern capital ratio	19.8	21.7	17.5	17.6
of which: common equity tier 1 capital ratio	12.9	14.9	12.9	13.8
Gone concern loss-absorbing capacity ratio	11.9	11.9	14.2	15.3
Total loss-absorbing capacity ratio	31.7	33.6	31.7	33.0
Leverage ratios (%)				
Going concern leverage ratio	5.8	5.8	5.1	4.7
of which: common equity tier 1 leverage ratio	3.77	4.00	3.77	3.69
Gone concern leverage ratio	3.5	3.2	4.1	4.1
Total loss-absorbing capacity leverage ratio	9.3	9.0	9.3	8.8

¹ As of 31 December 2017, the phase-in deduction applied for the purpose of the CET1 capital calculation was 80%. These effects are fully phased in from 1 January 2018. Prudential filters applied to RWA and LRD are also fully phased in from 1 January 2018. ² IFRS 9 expected credit loss effects are considered on a phased-in basis in accordance with the FINMA guidance. Refer to "Introduction and basis for preparation" of our 31 December 2018 Pillar 3 report under "Pillar 3 disclosures" at www.ubs.com/investors for more information. ³ Low-trigger loss-absorbing additional tier 1 capital of CHF 2,383 million was partly offset by required deductions for goodwill of CHF 1,296 million. ⁴ Under the transitional rules of the Swiss SRB framework, outstanding low-trigger loss-absorbing tier 2 capital instruments are subject to amortization starting five years prior to their maturity, with the amortized portion qualifying as gone concern loss-absorbing capacity. ⁵ Instruments available to meet gone concern requirements are eligible until one year before maturity, with a haircut of 50% applied in the last year of eligibility. ⁶ Non-Basel III-compliant tier 2 capital instruments qualify as gone concern instruments.

Risk-weighted assets by business division and Corporate Center unit

CHF billion	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non-core and Legacy Portfolio	Total RWA
	31.12.18							
Credit and counterparty credit risk ¹	28.8	51.8	1.6	49.0	1.8	9.0	3.4	145.4
Non-counterparty-related risk ²	0.1	0.1	0.1	0.0	17.8	0.0	0.0	18.0
Market risk	1.3	0.0	0.0	16.5 ³	0.0	0.6	1.3	19.7
Operational risk	27.1	4.0	2.4	19.9	11.7	2.2	9.0	76.3
Total ⁴	57.2	55.9	4.1	85.4	31.3	11.8	13.6	259.3
RWA held by CC – Group ALM on behalf of business divisions and other CC units ⁵	2.3	1.1	0.1	0.4	0.0	(3.9)	0.0	0.0
RWA after allocation from CC – Group ALM to business divisions and other CC units	59.5	57.0	4.1	85.8	31.3	7.9	13.7	259.3
	31.12.17							
Credit and counterparty credit risk ¹	25.8	44.0	1.5	42.9	1.8	8.0	4.5	128.4
Non-counterparty-related risk ²	0.1	0.1	0.1	0.0	17.1	0.0	0.0	17.4
Market risk	1.6	0.0	0.0	11.7	(3.1) ³	0.7	1.3	12.3
Operational risk	27.0	4.0	2.4	19.8	13.3	2.5	10.3	79.4
Total ⁴	54.5	48.0	3.9	74.5	29.2	11.2	16.1	237.5
RWA held by CC – Group ALM on behalf of business divisions and other CC units ⁵	2.2	1.0	0.1	0.5	0.0	(3.9)	0.0	0.0
RWA after allocation from CC – Group ALM to business divisions and other CC units	56.7	49.1	4.0	75.0	29.2	7.3	16.1	237.5
	31.12.18 vs 31.12.17							
Credit and counterparty credit risk ¹	3.0	7.8	0.1	6.0	0.0	1.0	(1.1)	17.0
Non-counterparty-related risk ²	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.6
Market risk	(0.3)	0.0	0.0	4.8	3.1	(0.1)	(0.1)	7.4
Operational risk	0.1	0.0	0.0	0.0	(1.7)	(0.3)	(1.3)	(3.2)
Total ⁴	2.8	7.8	0.1	10.9	2.1	0.6	(2.5)	21.8
RWA held by CC – Group ALM on behalf of business divisions and other CC units ⁵	0.1	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0
RWA after allocation from CC – Group ALM to business divisions and other CC units	2.8	7.9	0.1	10.8	2.1	0.6	(2.5)	21.8

¹ Includes settlement risk, credit valuation adjustments, equity exposures in the banking book and securitization exposures in the banking book. ² Non-counterparty-related risk includes deferred tax assets recognized for temporary differences (31 December 2018: CHF 8.6 billion; 31 December 2017: CHF 8.4 billion), property, equipment and software (31 December 2018: CHF 9.1 billion; 31 December 2017: CHF 8.8 billion) and other items (31 December 2018: CHF 0.2 billion; 31 December 2017: CHF 0.2 billion). ³ As of 31 December 2018, the effect of portfolio diversification across businesses, which was previously reflected in Corporate Center – Services market risk RWA, was included in the Investment Bank market risk RWA. ⁴ Represents RWA held by the respective business division or Corporate Center unit. ⁵ Represents RWA held by Corporate Center – Group ALM that are directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to "Equity attribution and return on attributed equity" in this section for more information.

Leverage ratio denominator by business division and Corporate Center unit

<i>CHF billion</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non- core and Legacy Portfolio	Total
	31.12.18							
Total IFRS assets	196.7	136.5	24.0	254.2	21.4	275.4	34.1	942.3
Difference in scope of consolidation ¹	(0.2)	0.0	(21.4)	(0.4)	(0.1)	0.1	0.0	(21.9)
Less: derivative exposures and SFTs ²	(8.6)	(0.8)	0.0	(133.5)	0.0	(94.4)	(31.0)	(268.4)
On-balance sheet exposures	187.9	135.7	2.6	120.3	21.3	181.1	3.2	652.0
Derivative exposures	8.4	1.2	0.0	74.0	0.0	3.8	6.3	93.8
Securities financing transactions	2.7	0.0	0.0	31.5	0.0	93.4	1.1	128.7
Off-balance sheet items	4.9	12.7	0.0	10.4	0.1	0.4	0.0	28.5
Items deducted from Swiss SRB tier 1 capital					(13.6)			(13.6)
Total³	203.9	149.6	2.6	236.1	7.8	278.8	10.7	889.4
LRD held by CC – Group ALM on behalf of business divisions and other CC units ⁴	62.1	40.5	2.5	15.8	0.3	(122.8)	1.6	0.0
LRD after allocation from CC – Group ALM to business divisions and other CC units	266.1	190.1	5.1	251.9	8.0	156.0	12.3	889.4
	31.12.17							
Total IFRS assets	190.1	135.6	14.3	262.9	20.9	245.7	46.2	915.6
Difference in scope of consolidation ¹	(0.2)	0.0	(11.6)	(0.3)	(0.1)	0.1	(0.1)	(12.1)
Less: derivative exposures and SFTs ²	(4.8)	(1.2)	0.0	(130.6)	0.0	(78.1)	(41.9)	(256.6)
On-balance sheet exposures	185.1	134.4	2.7	132.1	20.7	167.8	4.2	646.9
Derivative exposures	8.1	1.8	0.0	73.0	0.0	5.8	9.4	98.1
Securities financing transactions	2.2	0.0	0.0	44.6	0.0	76.1	1.3	124.2
Off-balance sheet items	4.4	11.9	0.0	14.5	0.1	0.1	0.0	31.1
Items deducted from Swiss SRB tier 1 capital	0.0				(14.1)			(14.1)
Total³	199.8	148.0	2.7	264.1	6.7	249.9	14.9	886.1
LRD held by CC – Group ALM on behalf of business divisions and other CC units ⁴	62.1	38.9	2.1	19.4	0.1	(124.4)	1.7	0.0
LRD after allocation from CC – Group ALM to business divisions and other CC units	261.9	186.9	4.8	283.6	6.8	125.5	16.6	886.1
	31.12.18 vs 31.12.17							
Total IFRS assets	6.6	0.9	9.7	(8.7)	0.5	29.7	(12.1)	26.7
Difference in scope of consolidation ¹	0.0	0.0	(9.8)	(0.1)	0.1	0.0	0.1	(9.7)
Less: derivative exposures and SFTs ²	(3.9)	0.4	0.0	(3.0)	0.0	(16.3)	10.9	(11.8)
On-balance sheet exposures	2.7	1.3	(0.1)	(11.8)	0.6	13.3	(1.0)	5.1
Derivative exposures	0.4	(0.6)	0.0	1.0	0.0	(2.0)	(3.1)	(4.3)
Securities financing transactions	0.5	0.0	0.0	(13.1)	0.0	17.3	(0.1)	4.6
Off-balance sheet items	0.5	0.9	0.0	(4.1)	0.0	0.3	0.0	(2.5)
Items deducted from Swiss SRB tier 1 capital					0.5			0.5
Total³	4.1	1.6	(0.1)	(28.0)	1.1	29.0	(4.2)	3.3
LRD held by CC – Group ALM on behalf of business divisions and other CC units ⁴	0.0	1.6	0.3	(3.6)	0.2	1.5	(0.1)	0.0
LRD after allocation from CC – Group ALM to business divisions and other CC units	4.1	3.2	0.3	(31.7)	1.2	30.5	(4.4)	3.3

¹ Represents the difference between the IFRS and the regulatory scope of consolidation, which is the applicable scope for the LRD calculation. ² Consists of derivative financial instruments, cash collateral receivables on derivative instruments, receivables from securities financing transactions, and margin loans as well as prime brokerage receivables and financial assets at fair value not held for trading, both related to securities financing transactions, in accordance with the regulatory scope of consolidation, which are presented separately under Derivative exposures and Securities financing transactions. ³ Represents LRD held by the respective business division or Corporate Center unit. ⁴ Represents LRD held by Corporate Center – Group ALM that is directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to "Equity attribution and return on attributed equity" in this section for more information.

BCBS Basel III leverage ratio*CHF million, except where indicated*

Phase-in	31.12.18	30.9.18	30.6.18	31.3.18	31.12.17
Total tier 1 capital					43,438
BCBS total exposures (leverage ratio denominator)					887,635
BCBS Basel III leverage ratio (%)					4.9

Fully applied	31.12.18	30.9.18	30.6.18	31.3.18	31.12.17
Total tier 1 capital	45,516	45,115	44,956	44,026	41,911
BCBS total exposures (leverage ratio denominator)	889,445	898,000	902,408	882,469	886,116
BCBS Basel III leverage ratio (%)	5.1	5.0	5.0	5.0	4.7

UBS AG consolidated

Select Swiss franc disclosures (unaudited)

UBS AG consolidated key figures

CHF million, except where indicated	As of or for the year ended		
	31.12.18	31.12.17	31.12.16
Results			
Operating income	29,920	29,475	28,479
Operating expenses	24,610	24,481	24,352
Operating profit / (loss) before tax	5,309	4,994	4,127
Net profit / (loss) attributable to shareholders	3,997	773	3,307
Profitability and growth¹			
Return on equity (%) ²	7.9	1.5	6.1
Return on tangible equity (%) ³	9.2	1.8	7.1
Return on common equity tier 1 capital (%) ⁴	11.8	2.3	10.3
Return on risk-weighted assets, gross (%) ⁵	12.0	12.8	13.2
Return on leverage ratio denominator, gross (%) ⁵	3.4	3.4	3.2
Cost / income ratio (%) ⁶	81.9	82.7	85.4
Net profit growth (%) ⁷	417.2	(76.6)	(47.0)
Resources			
Total assets	941,990	916,322	935,590
Equity attributable to shareholders	51,380	50,676	53,898
Common equity tier 1 capital ⁸	34,006	33,240	32,447
Risk-weighted assets ⁸	258,433	236,606	223,232
Common equity tier 1 capital ratio (%) ⁸	13.2	14.0	14.5
Going concern capital ratio (%) ⁸	16.1	15.6	16.3
Total loss-absorbing capacity ratio (%) ⁸	31.3	31.4	29.6
Leverage ratio denominator ⁸	889,304	887,189	870,942
Common equity tier 1 leverage ratio (%) ⁸	3.83	3.75	3.73
Going concern leverage ratio (%) ⁸	4.7	4.2	4.2
Total loss-absorbing capacity leverage ratio (%) ⁸	9.1	8.4	7.6
Other			
Invested assets (CHF billion) ⁹	3,049	3,179	2,810
Personnel (full-time equivalents) ¹⁰	47,643	46,009	56,208

1 Refer to the "Performance targets and measurement" section of our Annual Report 2018 for more information on our performance targets. 2 Calculated as net profit attributable to shareholders / average equity attributable to shareholders. 3 Calculated as net profit attributable to shareholders before amortization and impairment of goodwill and intangible assets / average equity attributable to shareholders less average goodwill and intangible assets. 4 Calculated as net profit attributable to shareholders / average common equity tier 1 capital. 5 Calculated as operating income before credit loss expense or recovery / average risk-weighted assets and average leverage ratio denominator, respectively. 6 Calculated as operating expenses / operating income before credit loss expense or recovery. 7 Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. 8 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of our Annual Report 2018 for more information. 9 Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. 10 As of 31 December 2018, the breakdown of personnel by business division and Corporate Center unit was: Global Wealth Management: 23,554; Personal & Corporate Banking: 5,100; Asset Management: 2,273; Investment Bank: 4,928; Corporate Center – Services: 11,576; Corporate Center – Group ALM: 169; Corporate Center – Non-core and Legacy Portfolio: 44.

Comparison UBS Group AG consolidated versus UBS AG consolidated

	As of or for the year ended 31.12.18			As of or for the year ended 31.12.17		
	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)
<i>CHF million, except where indicated</i>						
Income statement						
Operating income	29,501	29,920	(419)	29,063	29,475	(412)
Operating expenses	23,676	24,610	(934)	23,800	24,481	(681)
Operating profit / (loss) before tax	5,826	5,309	517	5,263	4,994	269
of which: Global Wealth Management	3,535	3,493	42	3,503	3,455	48
of which: Personal & Corporate Banking	1,873	1,876	(3)	1,578	1,579	(1)
of which: Asset Management	440	439	1	578	578	0
of which: Investment Bank	1,598	1,554	44	1,249	1,198	51
of which: Corporate Center	(1,620)	(2,053)	433	(1,644)	(1,816)	172
of which: Services	(796)	(1,198)	402	(914)	(1,113)	199
of which: Group ALM	(677)	(707)	30	(326)	(300)	(26)
of which: Non-core and Legacy Portfolio	(147)	(149)	2	(403)	(403)	0
Net profit / (loss)	4,400	4,003	397	1,056	849	207
of which: net profit / (loss) attributable to shareholders	4,394	3,997	397	980	773	207
of which: net profit / (loss) attributable to preferred noteholders					72	(72)
of which: net profit / (loss) attributable to non-controlling interests	7	7	0	76	4	72
Statement of comprehensive income						
Other comprehensive income	(287)	(149)	(138)	1,054	1,030	24
of which: attributable to shareholders	(286)	(147)	(138)	800	775	24
of which: attributable to preferred noteholders					252	(252)
of which: attributable to non-controlling interests	(2)	(2)	0	254	3	252
Total comprehensive income	4,113	3,854	259	2,110	1,879	231
of which: attributable to shareholders	4,108	3,849	259	1,780	1,548	231
of which: attributable to preferred noteholders					324	(324)
of which: attributable to non-controlling interests	5	5	0	330	6	324
Balance sheet						
Total assets	942,416	941,990	426	915,600	916,322	(722)
Total liabilities	890,204	890,438	(234)	864,371	865,588	(1,217)
Total equity	52,213	51,553	660	51,229	50,733	496
of which: equity attributable to shareholders	52,040	51,380	660	51,172	50,676	496
of which: equity attributable to non-controlling interests	173	173	0	57	57	0
Capital information						
Common equity tier 1 capital	33,554	34,006	(452)	32,671	33,240	(569)
Going concern capital	45,516	41,680	3,835	41,911	36,906	5,005
Risk-weighted assets	259,324	258,433	891	237,494	236,606	888
Common equity tier 1 capital ratio (%)	12.9	13.2	(0.2)	13.8	14.0	(0.3)
Going concern capital ratio (%)	17.5	16.1	1.4	17.6	15.6	2.0
Total loss-absorbing capacity ratio (%)	31.7	31.3	0.5	33.0	31.4	1.6
Leverage ratio denominator	889,445	889,304	141	886,116	887,189	(1,073)
Common equity tier 1 leverage ratio (%)	3.77	3.83	(0.05)	3.69	3.75	(0.06)
Going concern leverage ratio (%)	5.1	4.7	0.4	4.7	4.2	0.6
Total loss-absorbing capacity leverage ratio (%)	9.3	9.1	0.2	8.8	8.4	0.5

UBS AG standalone

Select Swiss franc disclosures (unaudited)

Income statement

	USD million		CHF million	
	For the year ended		For the year ended	
	31.12.18	31.12.17	31.12.18	31.12.17
Interest and discount income ¹	6,439	5,635	6,347	5,493
Interest and dividend income from trading portfolio ²	2,708	2,214	2,666	2,158
Interest and dividend income from financial investments	401	229	395	224
Interest expense ³	(9,240)	(6,551)	(9,106)	(6,386)
Gross interest income	308	1,528	301	1,489
Credit loss (expense) / recovery	(54)	(118)	(54)	(115)
Net interest income	254	1,410	248	1,374
Fee and commission income from securities and investment business and other fee and commission income	2,491	2,415	2,454	2,354
Credit-related fees and commissions	152	200	150	194
Fee and commission expense	(844)	(972)	(832)	(948)
Net fee and commission income	1,799	1,642	1,772	1,601
Net trading income	4,443	3,274	4,381	3,192
Net income from disposal of financial investments	7	87	7	85
Dividend income from investments in subsidiaries and other participations	3,712	1,293	3,645	1,261
Income from real estate holdings	645	595	635	580
Sundry ordinary income	1,779	2,760	1,754	2,690
Sundry ordinary expenses	(599)	(498)	(590)	(485)
Other income from ordinary activities	5,544	4,237	5,452	4,131
Total operating income	12,040	10,563	11,853	10,297
Personnel expenses	3,456	4,234	3,407	4,128
General and administrative expenses	4,212	4,671	4,151	4,553
Subtotal operating expenses	7,667	8,905	7,558	8,680
Impairment of investments in subsidiaries and other participations	760	274	747	267
Depreciation, amortization and impairment of property, equipment, software and intangible assets	712	677	702	660
Changes in provisions and other allowances and losses	399	235	394	229
Total operating expenses	9,539	10,091	9,400	9,837
Operating profit	2,501	472	2,452	460
Extraordinary income	170	391	167	382
Extraordinary expenses	0	4	0	4
Tax expense / (benefit)	(663)	(72)	(651)	(70)
Net profit / (loss)	3,333	932	3,269	909

¹ Interest and discount income includes negative interest income on financial assets of USD 364 million (CHF 358 million) for the year ended 31 December 2018 (USD 486 million (CHF 473 million) for the year ended 31 December 2017). ² Interest and dividend income from trading portfolio includes negative interest income on trading portfolio assets of USD 70 million (CHF 69 million) for the year ended 31 December 2018 (USD 1 million (CHF 1 million) for the year ended 31 December 2017). ³ Includes negative interest expense on financial liabilities of USD 354 million (CHF 349 million) for the year ended 31 December 2018 (USD 410 million (CHF 399 million) for the year ended 31 December 2017).

Balance sheet

	USD million		CHF million	
	31.12.18	31.12.17	31.12.18	31.12.17
Assets				
Cash and balances at central banks	36,297	37,459	35,688	36,514
Due from banks	46,092	42,038	45,319	40,978
<i>of which: total loss-absorbing capacity eligible at significant regulated subsidiary level</i>	16,331	12,620	16,057	12,301
Receivables from securities financing transactions	77,893	62,945	76,587	61,358
Due from customers	117,417	132,900	115,448	129,550
<i>of which: total loss-absorbing capacity eligible at significant regulated sub-group level</i>	600	600	590	585
Mortgage loans	4,727	4,978	4,648	4,853
Trading portfolio assets	95,612	107,355	94,009	104,649
Derivative financial instruments	15,139	15,182	14,885	14,799
Financial investments	25,666	25,048	25,235	24,417
Accrued income and prepaid expenses	1,410	1,292	1,387	1,259
Investments in subsidiaries and other participations	49,528	49,202	48,698	47,962
Property, equipment and software	6,546	6,550	6,437	6,384
Goodwill and other intangible assets	22	6	22	6
Other assets	3,888	4,358	3,822	4,248
Total assets	480,238	489,313	472,184	476,977
<i>of which: subordinated assets</i>	6,009	5,486	5,908	5,348
<i>of which: subject to mandatory conversion and / or debt waiver</i>	4,332	3,091	4,260	3,013
Liabilities				
Due to banks	42,482	29,915	41,769	29,161
Payables from securities financing transactions	44,016	49,563	43,278	48,313
Due to customers	112,794	121,580	110,903	118,515
Funding received from UBS Group AG and UBS Group Funding (Switzerland) AG	41,782	33,472	41,081	32,629
Trading portfolio liabilities	23,453	24,988	23,060	24,358
Derivative financial instruments	17,268	18,765	16,979	18,292
Financial liabilities designated at fair value	56,226	52,495	55,283	51,171
<i>of which: debt issued designated at fair value</i>	54,203	48,023	53,294	46,812
<i>of which: other financial liabilities designated at fair value</i>	2,023	4,472	1,989	4,359
Bonds issued	83,743	99,086	82,339	96,588
<i>of which: total loss-absorbing capacity eligible at UBS AG level</i>	7,468	9,080	7,343	8,851
Accrued expenses and deferred income	3,350	3,434	3,294	3,347
Other liabilities	2,601	3,650	2,557	3,558
Provisions	1,416	1,125	1,392	1,097
Total liabilities	429,130	438,074	421,934	427,030
Equity				
Share capital	393	396	386	386
General reserve	36,326	36,571	35,649	35,649
<i>of which: statutory capital reserve</i>	36,326	36,571	35,649	35,649
<i>of which: capital contribution reserve¹</i>	36,326	36,571	35,649	35,649
Voluntary earnings reserve	11,054	13,340	10,946	13,004
Net profit / (loss) for the period	3,333	932	3,269	909
Total equity	51,107	51,239	50,250	49,947
Total liabilities and equity	480,238	489,313	472,184	476,977
<i>of which: subordinated liabilities</i>	18,446	14,687	18,137	14,317
<i>of which: subject to mandatory conversion and / or debt waiver</i>	17,721	13,947	17,423	13,596

Balance sheet (continued)

	USD million		CHF million	
	31.12.18	31.12.17	31.12.18	31.12.17
Off-balance sheet items				
Contingent liabilities, gross	16,019	22,380	15,750	21,815
Sub-participations	(1,675)	(1,898)	(1,647)	(1,850)
Contingent liabilities, net	14,344	20,481	14,103	19,965
<i>of which: guarantees to third parties related to subsidiaries</i>	<i>7,480</i>	<i>14,380</i>	<i>7,355</i>	<i>14,017</i>
Irrevocable loan commitments, gross	25,664	34,367	25,234	33,500
Sub-participations	(643)	(1,098)	(632)	(1,070)
Irrevocable loan commitments, net	25,021	33,269	24,601	32,430
Forward starting transactions²	8,536	13,320	8,393	12,984
<i>of which: reverse repurchase agreements</i>	<i>4,766</i>	<i>8,016</i>	<i>4,686</i>	<i>7,814</i>
<i>of which: securities borrowing agreements</i>	<i>12</i>	<i>24</i>	<i>12</i>	<i>23</i>
<i>of which: repurchase agreements</i>	<i>3,758</i>	<i>5,280</i>	<i>3,695</i>	<i>5,147</i>
Liabilities for calls on shares and other equity instruments	5	5	5	5

¹ Effective 1 January 2011, the Swiss withholding tax law provides that payments out of the capital contribution reserve are not subject to withholding tax. This law has led to interpretational differences between the Swiss Federal Tax Administration and companies about the qualifying amounts of capital contribution reserve and the disclosure in the financial statements. In view of this, the Swiss Federal Tax Administration has confirmed that UBS AG would be able to repay shareholders CHF 20.5 billion of disclosed capital contribution reserve without being subject to the withholding tax deduction that applies to dividends paid out of retained earnings. The confirmation by the Swiss Tax Administration was dated 7 June 2018. The decision about the remaining amount has been deferred to a future point in time. ² Cash to be paid in the future by either UBS AG or the counterparty.

Liquidity coverage ratio

CHF billion, except where indicated	Weighted value ¹	
	Average 4Q18 ²	Average 4Q17 ²
High-quality liquid assets	76	87
Total net cash outflows	55	66
<i>of which: cash outflows</i>	<i>168</i>	<i>188</i>
<i>of which: cash inflows</i>	<i>114</i>	<i>123</i>
Liquidity coverage ratio (%)	139	132

¹ Calculated after the application of haircuts and inflow and outflow rates. ² Calculated based on an average of 64 data points in the fourth quarter of 2018 and 63 data points in the fourth quarter of 2017.

Swiss SRB going concern requirements and information

As of 31.12.18	Swiss SRB, including transitional arrangements				Swiss SRB after transition			
CHF million, except where indicated	RWA		LRD		RWA		LRD	
Required going concern capital	in % ¹		in % ¹		in %		in %	
Common equity tier 1 capital	10.07	29,002	3.50	20,683	10.07	37,983	3.50	20,683
of which: minimum capital	4.50	12,959	1.50	8,864	4.50	16,972	1.50	8,864
of which: buffer capital	5.50	15,839	2.00	11,819	5.50	20,743	2.00	11,819
of which: countercyclical buffer ²	0.07	205			0.07	268		
Maximum additional tier 1 capital	4.30	12,383	1.50	8,864	4.30	16,217	1.50	8,864
of which: high-trigger loss-absorbing additional tier 1 minimum capital	3.50	10,079	1.50	8,864	3.50	13,200	1.50	8,864
of which: high-trigger loss-absorbing additional tier 1 buffer capital	0.80	2,304			0.80	3,017		
Total going concern capital	14.37	41,385	5.00³	29,547	14.37	54,200	5.00³	29,547
Eligible going concern capital								
Common equity tier 1 capital	16.87	48,594	8.22	48,594	12.88	48,594	8.22	48,594
High-trigger loss-absorbing additional tier 1 capital⁴	4.72	13,581	2.30	13,581	2.03	7,674	1.30	7,674
of which: high-trigger loss-absorbing additional tier 1 capital	2.66	7,674	1.30	7,674	2.03	7,674	1.30	7,674
of which: low-trigger loss-absorbing tier 2 capital	2.05	5,907	1.00	5,907				
Total going concern capital	21.59	62,175	10.52	62,175	14.92	56,268	9.52	56,268

Risk-weighted assets / leverage ratio denominator

Risk-weighted assets	287,978		377,148
Leverage ratio denominator		590,934	590,934

¹ By FINMA decree, requirements exceed those based on the transitional arrangements of the Swiss Capital Adequacy Ordinance, i.e., a total going concern capital ratio requirement of 12.86% plus the effect of countercyclical buffer (CCB) requirements of 0.07%, of which 9.46% plus the effect of CCB requirements of 0.07% must be satisfied with CET1 capital, and a total going concern leverage ratio requirement of 4%, of which 2.9% must be satisfied with CET1 capital. ² Going concern capital ratio requirements as of 31 December 2018 include CCB requirements of 0.07%. ³ Includes applicable add-ons of 1.44% for RWA and 0.5% for LRD. ⁴ Includes outstanding low-trigger loss-absorbing tier 2 capital instruments, which are available under the transitional rules of the Swiss SRB framework to meet the going concern requirements until the earlier of (i) their maturity or first call date or (ii) 31 December 2019. Outstanding low-trigger loss-absorbing tier 2 capital instruments are subject to amortization starting five years prior to their maturity.

BCBS Basel III leverage ratio (phase-in)

CHF million, except where indicated	31.12.18	30.9.18	30.6.18	31.3.18	31.12.17
Total tier 1 capital	58,606	58,234	58,643	56,759	53,223
Total exposures (leverage ratio denominator)	590,934	608,182	614,642	591,413	599,727
BCBS Basel III leverage ratio (%)	9.9	9.6	9.5	9.6	8.9

Cautionary Statement Regarding Forward-Looking Statements | This report 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) and leverage ratio denominator (LRD), including to counteract regulatory-driven increases, 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) the continuing low or negative interest rate environment in Switzerland and other jurisdictions, 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, the European Union 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, 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) UBS’s ability to maintain and improve its systems and controls for the detection and prevention of money laundering and compliance with sanctions to meet evolving regulatory requirements and expectations, in particular in the US; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU; (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, potentially large fines or monetary penalties, or the 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 as well as the amount of capital available for return to shareholders; (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; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiv) 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 2018. 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 report 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.

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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