UBS

Full year and fourth quarter

2018 results

January 22, 2019

Important information

Forward Looking Statements: This presentation contains statements that constitute "forward-looking statements," including but not limited to performance targets, expectations and ambitions, as well as management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic or business 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. For a discussion of the risks and uncertainties that may affect UBS's future results please refer to the "Risk Factors" and other sections of UBS's most recent Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission on Form 6-K, and the cautionary statement on the last page of this presentation. 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.

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Basel III RWA, LRD and capital: Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB rules as of 1.1.20 that became effective on 1.7.16, unless otherwise stated. Basel III risk-weighted assets in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20 unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III. Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20, unless otherwise stated. Refer to the "Capital management" section in the 4Q18 report for more information. Currency translation Monthly income statement items of operations with a functional currency other than the US dollar are translated with month-end rates into US dollar.

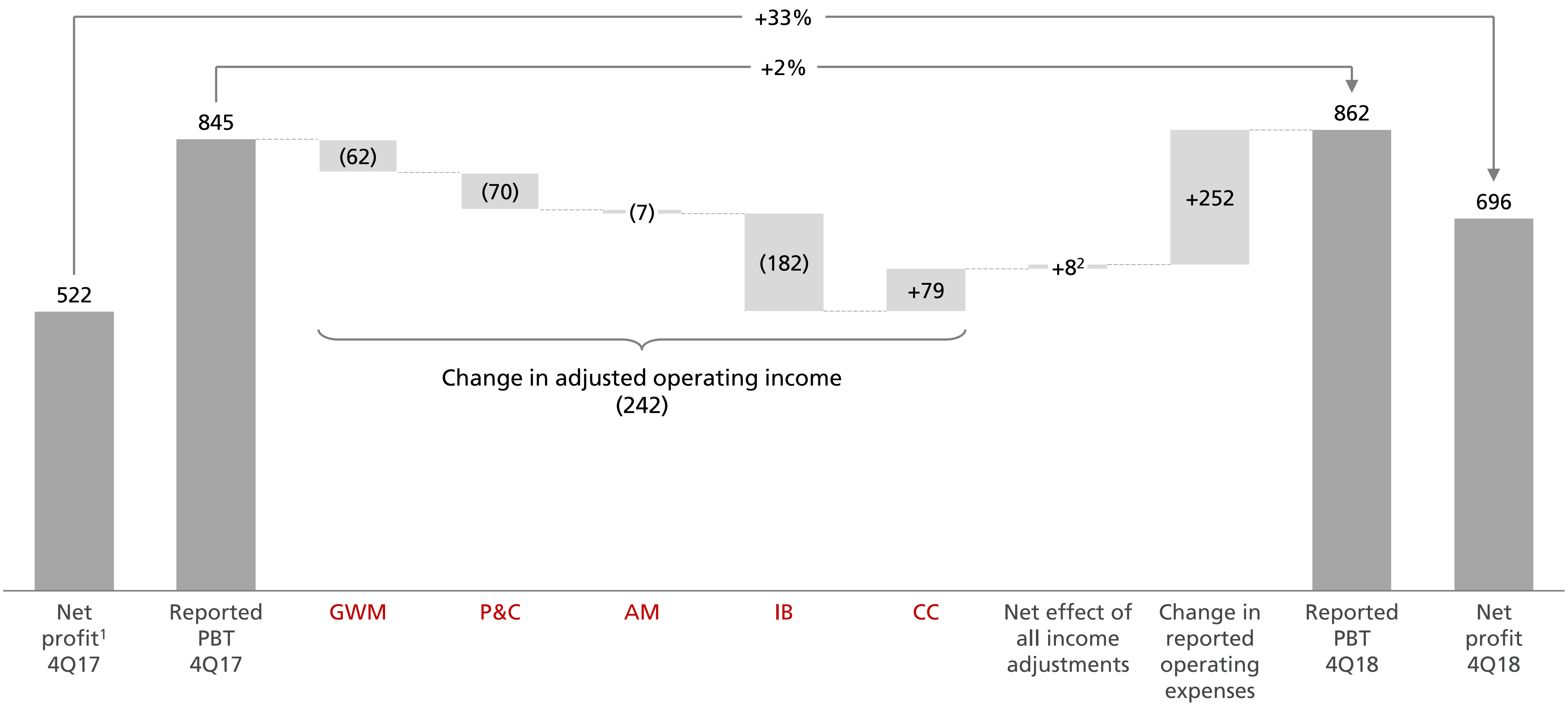
Definitions: "Litigation" refers to net additions/releases to provisions for litigation regulatory and similar matters reflected in the income statement for the relevant period.
"Net profit" refers to net profit attributable to shareholders.

Rounding: Numbers presented throughout this presentation 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 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.

4Q18 net profit +33%[1] to USD 696m

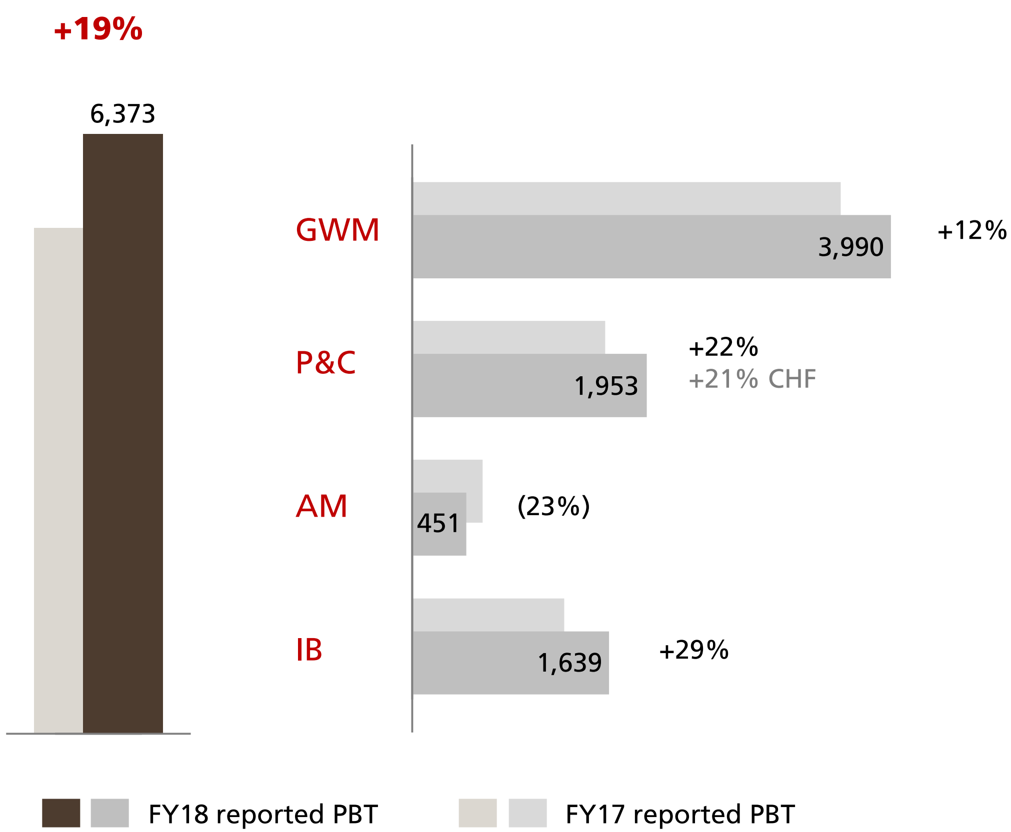
Stable PBT as 4% lower costs offset lower revenues



Numbers in USDm unless otherwise indicated; 1 4Q17 adjusted for (2,939m) net impact from US corporate tax rate reduction due to the enactment of the Tax Cuts and Jobs Act (TCJA); 2 Refer p. 11-12 of the 4Q18 report for further information

FY18 net profit +25%[1] to USD 4.9bn

Diversified business model delivered strong profit growth in variable conditions



- +9% excluding Worldline; Americas +18%, APAC +11%, UHNW +32%
- (1%) excluding Worldline, 4.2% net new business volume growth, highest on record
- +4% excluding gain on business sales; 32bn net new money including money market, 4% growth
- 18% adjusted RoAE

Returns
13.8% adj. RoTE excl. DTAs
14.2% reported RoCET1

Cost efficiency
79% cost/income ratio,
3ppts improvement YoY

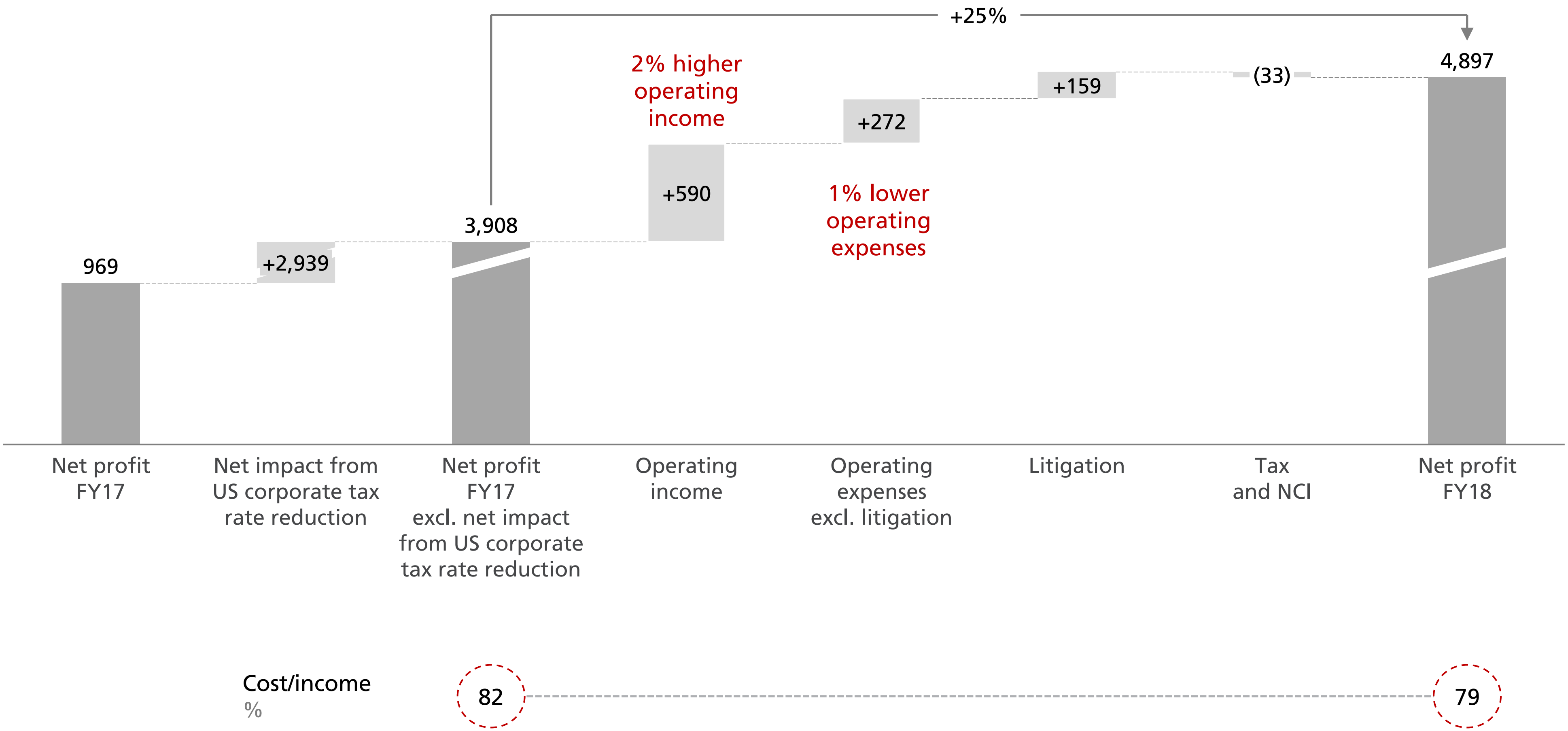
Capital strength
13.1% CET1 capital ratio
3.8% CET1 leverage ratio
5.2% going concern leverage ratio

UBS

Numbers in USDm unless otherwise indicated; 1 FY17 net profit adjusted for (2,939m) net impact from US corporate tax rate reduction due to the enactment of the Tax Cuts and Jobs Act (TCJA)

Delivering positive operating leverage

3% positive operating leverage, 1bn increase in net profit[1]



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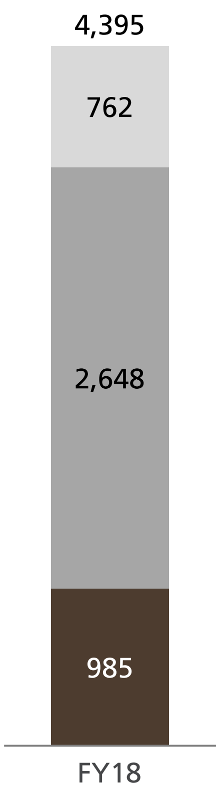
Numbers in USDm unless otherwise indicated; 1 FY17 adjusted for (2,939m) net impact from US corporate tax rate reduction due to the enactment of the Tax Cuts and Jobs Act (TCJA)

FY18 capital generation of 4.4bn

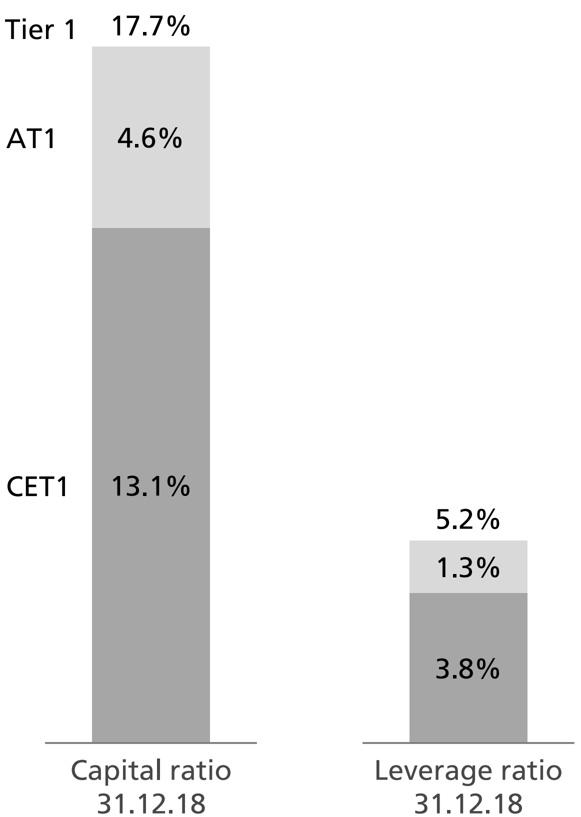
Highly capital-generative business model

Strong capital generation



- Repurchased48m shares
- Accrued dividend at CHF 0.70 per share
- Increased CET1 capital by 1.0bn

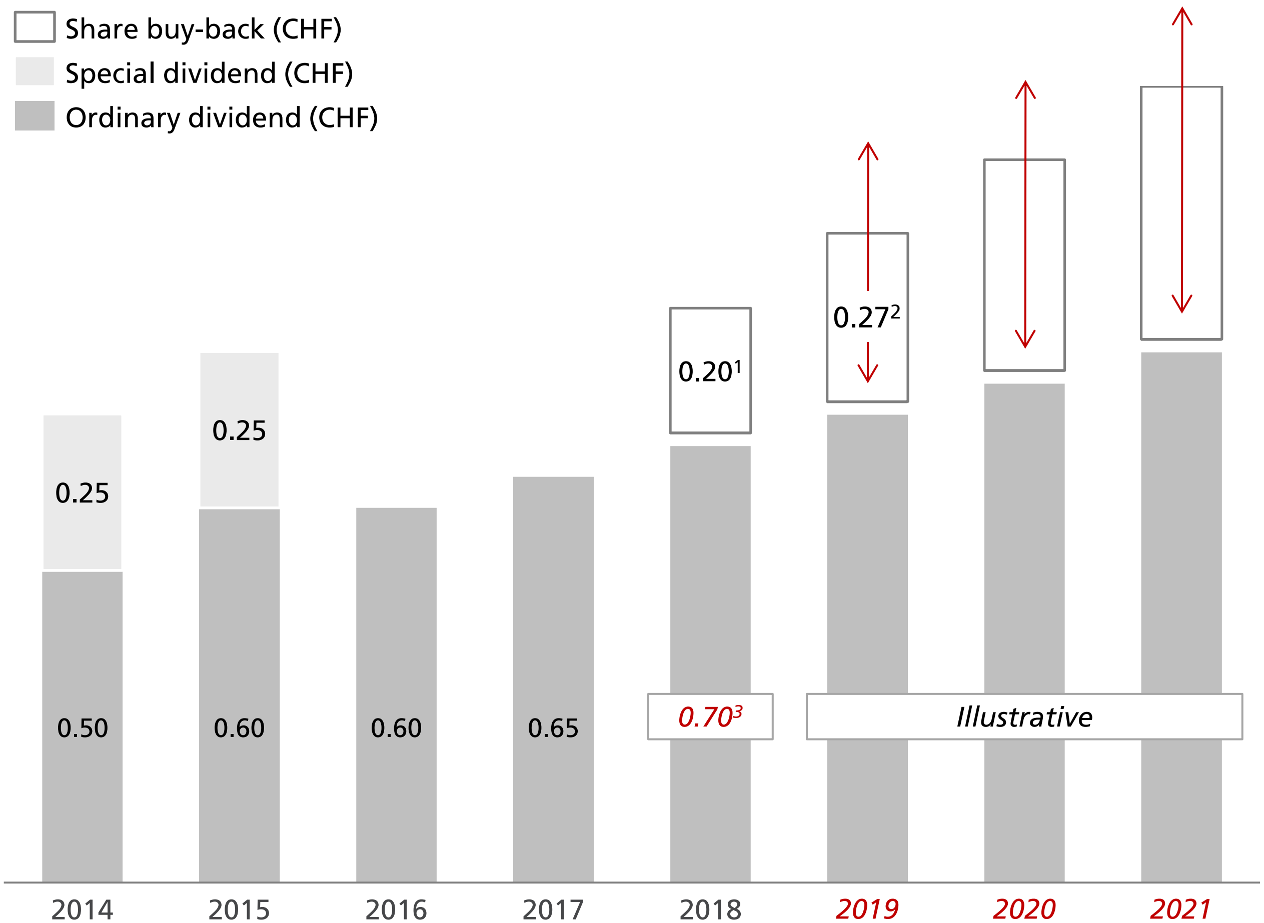
Strong capital position



Numbers in USDm unless otherwise indicated

CHF 0.70 dividend per share proposed, up 8%

Targeting buy-back of up to USD 1bn in 2019



2018 dividend and total return

- CHF 0.70 ordinary dividend per share proposed for the financial year 2018
- Dividend payout ratio 54%
- Total payout ratio including buy-back 70%

2019 share buy-back

- Target buying back up to USD 1bn in 2019, equivalent to CHF 0.27[2] per share

Committed to our capital returns policy

- Target dividend per share growth of mid-to-high single digit percent per annum
- Return excess capital after dividend accruals, likely in the form of buy-backs, after considering our outlook

Numbers in CHF unless otherwise indicated; 1 Per share value implied by dividing CHF 750m by shares outstanding as of 31.12.17; 2 Per share value implied by dividing USD 1bn by shares outstanding and exchange rate as of 31.12.18; 3 Dividend proposal subject to shareholder approval

Uniquely positioned with leading franchises

Working in partnership to grow and deliver attractive returns

Global Wealth Management

World's leading and only truly global wealth manager; #1 in global UHNW

Personal & Corporate Banking

Cornerstone of Swiss universal bank; #1 in an attractive market

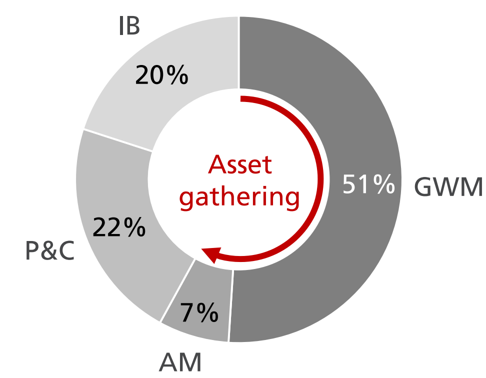
Asset Management

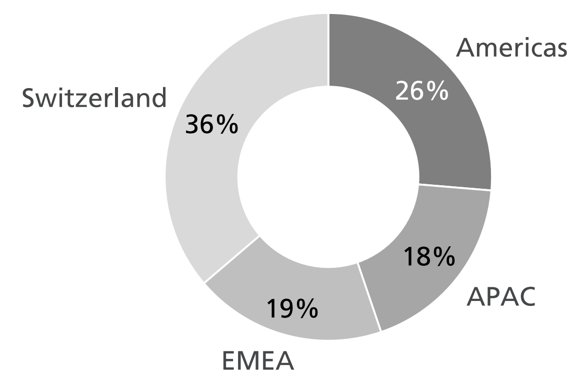
~800bn invested assets and well positioned in key growth areas

Investment Bank

Top-5 globally in areas of focus; capital-light model with attractive risk-adjusted returns

Cumulative PBT contribution[1]
2014-2018

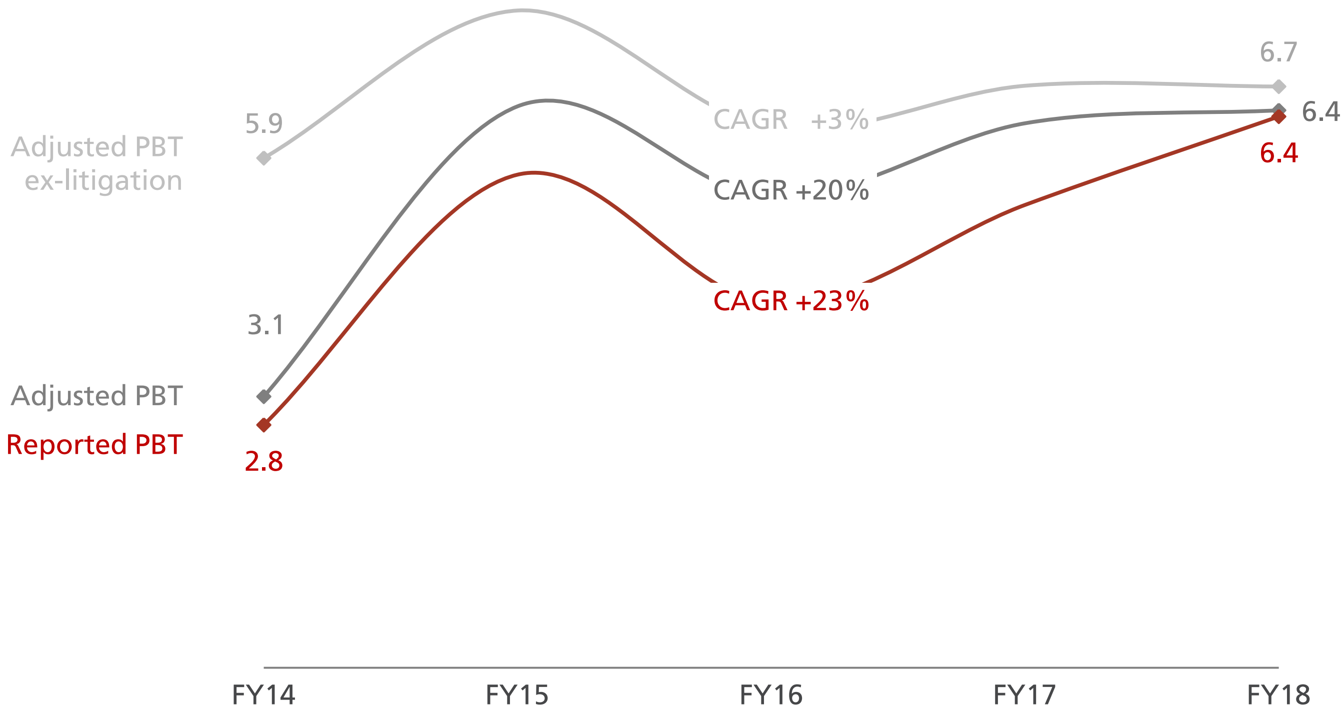




Numbers in USD and adjusted unless otherwise indicated; 1 Excluding Corporate Center in the divisional split and region "Global" in the regional split, refer to slides 37 and 38 for details on regional numbers

Delivered profits in a variety of market conditions

19bn cumulative net profits while absorbing legacy and regulatory costs, and investing for growth



19bn
cumulative net profits 2014-2018

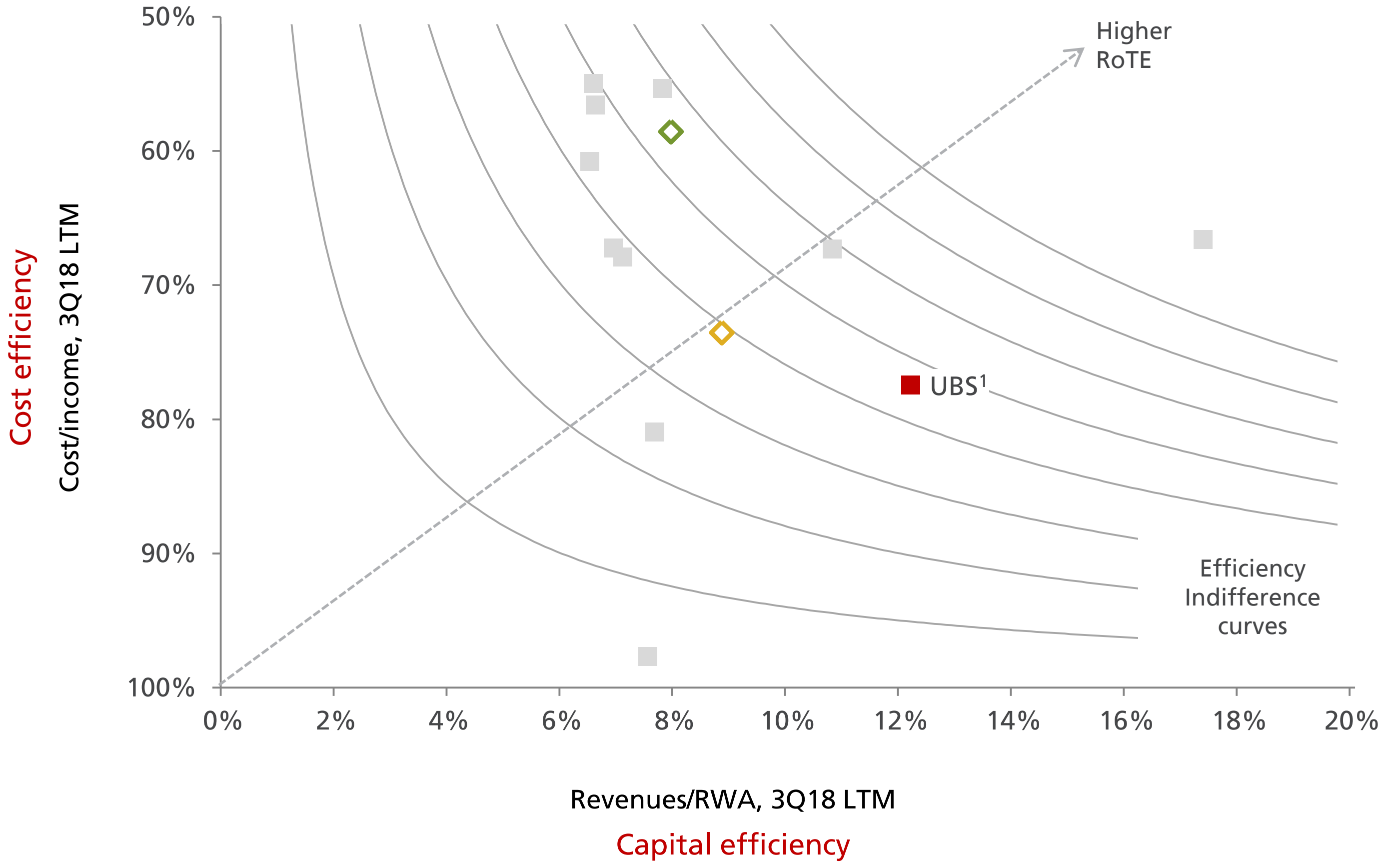
5.4bn
cumulative litigation provisions 2014-2018

3.5bn
cumulative costs for strategic regulatory initiatives and legal entity build-out 2014-2018

Numbers in USDbn unless otherwise indicated

Balancing revenue, cost and capital efficiency

Focused on sustainable performance



Business mix and geographic footprint drive comparatively high capital efficiency and structurally higher cost/income ratio

Adjusted for one-offs including litigation; not adjusted for restructuring costs; 1 FY18 broadly equal to 3Q18 LTM; 2 Bank of America, Barclays, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, JP Morgan, Julius Baer, Morgan Stanley and Standard Chartered; Julius Baer based on 2Q18 LTM

Addressing market beta headwinds

Taking actions to mitigate headwinds while remaining committed to our alpha initiatives

1 Cost efficiency

Personnel costs directly linked to revenues

Pacing discretionary investments without compromising strategy

Lower beta contribution

- Lower asset prices
- Subdued client sentiment

Lower variable compensation

Tactical cost management and discipline

Beta natural hedges

Alpha

Lower resource consumption

Resource optimization

2 Capital resource optimization

Muted client activity and client risk appetite reduce resource usage

Accelerating front-to-back resource re-alignment and leveraging improved infrastructure

Executing with discipline to deliver on our capital return objectives

UBS

Continued execution momentum

2018 highlights

- Generated 4.4bn of capital
- Repurchased CHF 750m of shares, exceeding target by CHF 200m
- Met capital requirements one year ahead of implementation
- Completed the combination of our wealth management businesses into GWM
- Reduced restructuring costs by >600m
- Executed currency change, improving NII and risk management

Further upside

- Continued improvement in cost efficiency and capital optimization
- Invested assets and banking book growth
- Exploit further synergies and collaboration across businesses

Numbers in USD unless otherwise indicated

UBS Group AG results (consolidated)

	FY17	FY18	4Q17	1Q18	2Q18	3Q18	4Q18
Total operating income	29,622	30,213	7,207	8,168	7,644	7,428	6,972
Total operating expenses	24,272	23,840	6,362	6,069	5,938	5,724	6,110
Profit before tax as reported	5,351	6,373	845	2,100	1,706	1,704	862
of which: adjusting items	(944)	(72)	(231)	106	(115)	(66)	3
of which: net restructuring expenses	*(1,192)*	*(561)*	*(387)*	*(135)*	*(115)*	*(122)*	*(188)*
of which: gain related to changes to the Swiss pension plan		*241*		*241*			
of which: expenses from modification of terms for certain DCCP awards	*(26)*		*(26)*				
of which: net FX translation gains/(losses)	*(16)*						
of which: gains on sale of financial assets at fair value through OCI	*137*		*29*				
of which: gains related to investments in associates		*460*					*460*
of which: gains on sales of subsidiaries and businesses	*153*	*25*	*153*			*25*	
of which: remeasurement loss related to UBS Securities China		*(270)*					*(270)*
of which: gains on sale of real estate		*31*				*31*	
Adjusted profit before tax	6,295	6,445	1,076	1,994	1,821	1,770	860
of which: net provisions for litigation, regulatory and similar	*(434)*	*(275)*	*(185)*	*11*	*(132)*	*(2)*	*(151)*
of which: UK bank levy	*(17)*	*(40)*	*(90)*		*45*		*(85)*
Tax expense/(benefit)	4,305	1,468	3,234	533	322	448	165
Net profit attributable to non-controlling interests	77	7	27	2	1	3	1
Net profit attributable to shareholders	969	4,897	(2,417)	1,566	1,382	1,253	696
Diluted EPS (USD)	0.25	1.27	(0.65)	0.41	0.36	0.33	0.18
Adjusted return on tangible equity ex. deferred taxes and DTAs (%)	13.7	13.8	8.3	18.3	16.4	15.8	4.9
Reported return on CET1 capital (%)	3.0	14.2	(28.8)	18.3	16.1	14.5	8.0
Total book value per share (USD)	14.11	14.45	14.11	14.27	13.73	13.98	14.45
Tangible book value per share (USD)	12.34	12.65	12.34	12.53	12.00	12.25	12.65

UBS Numbers in USDm unless otherwise indicated

Global Wealth Management

Adjusted PBT excluding litigation down 14% in a challenging market environment

Adjusted PBT excluding litigation 912m

Higher recurring fees more than offset by lower transaction-based income

Market declines impacted invested assets

Mandate penetration up YoY

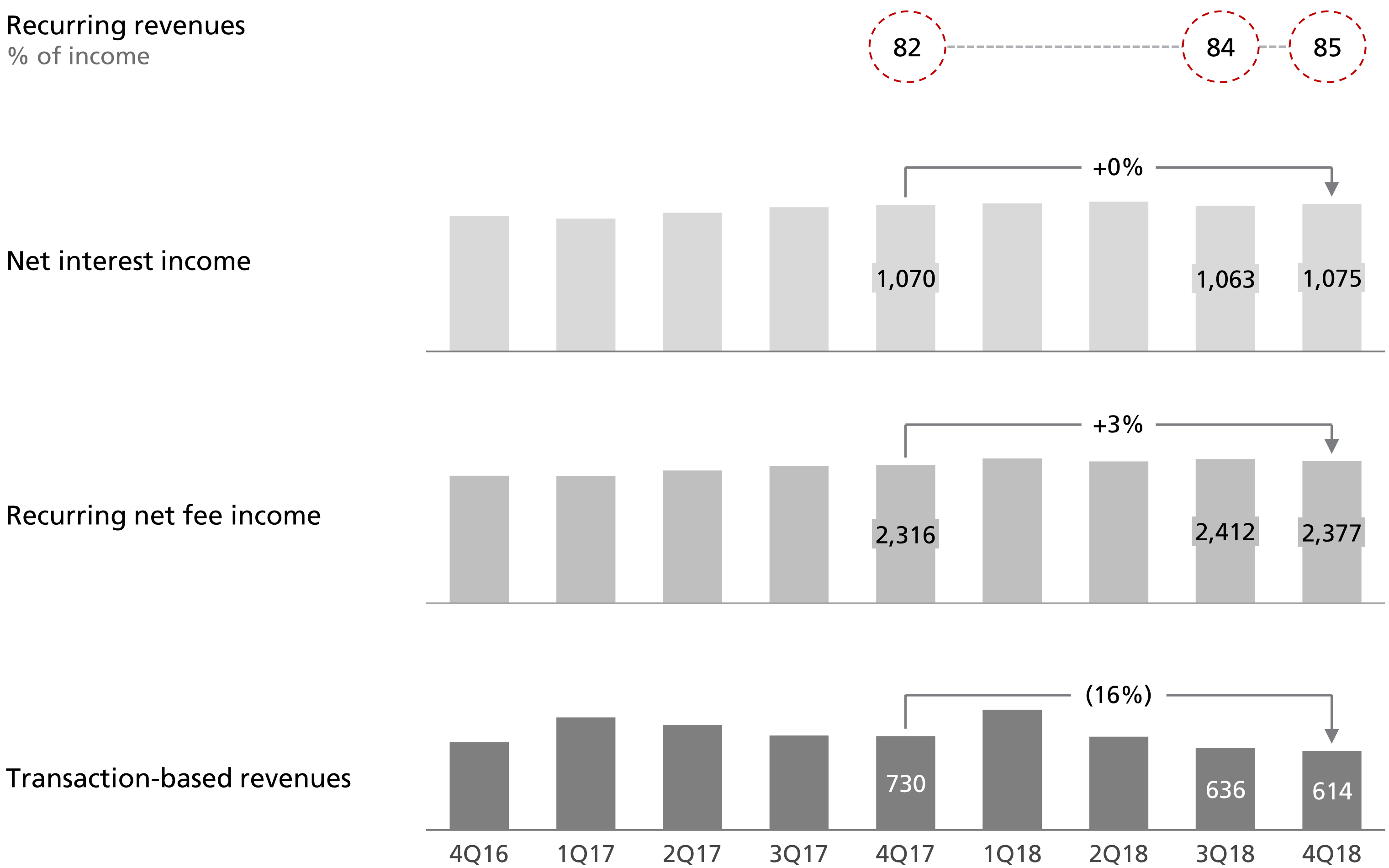
3bn lower loan balances QoQ due to client deleveraging in APAC

Cost/income ratio increased on higher litigation of 143m, up 76m, as well as continued investments in technology and risk control; QoQ increase reflects seasonally higher costs

UBS Numbers in USD and adjusted unless otherwise indicated

Global Wealth Management

Operating income resilient despite drop in transaction-based revenues



Increase in deposit revenues mostly offset by higher funding costs

4Q18 included a 20m benefit from currency change

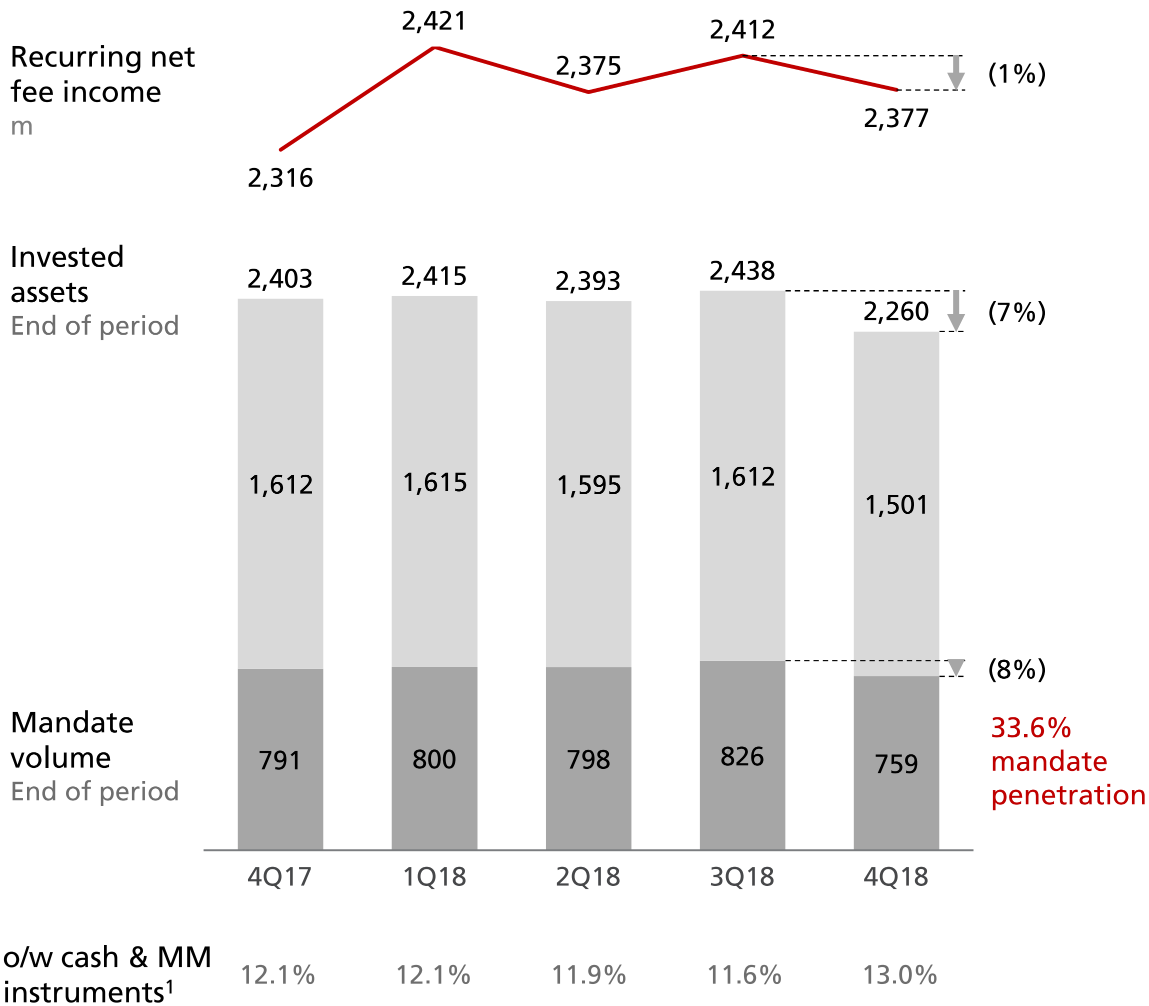
FY mandate sales more than offset the impact of lower average asset base

Muted client activity, particularly in Americas (19%) and APAC (23%); lowest in a decade

Numbers in USDm and adjusted unless otherwise indicated

Recurring net fee income

1Q19 starting on a lower recurring fee asset base



Mandate volumes by region
End of period

	4Q18	*Primary billing base*
Americas	456	Beginning of quarter balances
Rest of the world	303	Beginning of month balances
Total	759	

UBS

Numbers in USDbn unless otherwise indicated; 1 Including fiduciary investments

Global Wealth Management

YoY PBT growth in the Americas

	Americas		APAC		EMEA		Switzerland		o/w Global UHNW[1]	
	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18
Profit before tax m	+5%		(39%)		(52%) (28%) excl. litigation		(8%)		(2%)	
	342	359	174	106	304	146	176	162	179	175
Cost/income %	85	84	67	79	66	82	57	59	73	75
Invested assets bn	(5%)		(7%)		(8%)		(4%)		(3%)	
	1,263	1,200	383	357	545	500	209	200	628	608
Net new money bn	(1.6)	(3.6)	10.2	0.1	4.3	0.4	1.2	(4.5)	14.1	(4.7)

UBS

Numbers in USD and adjusted unless otherwise indicated; excludes minor functions with 3bn of invested assets and (0.4bn) of net new money in 4Q18; 1 Globally managed unit that exclusively serves UHNW clients; includes the impact from clients being moved into and out of Global UHNW

FY18 net new money

We remain confident in our ability to deliver on our net new money growth target

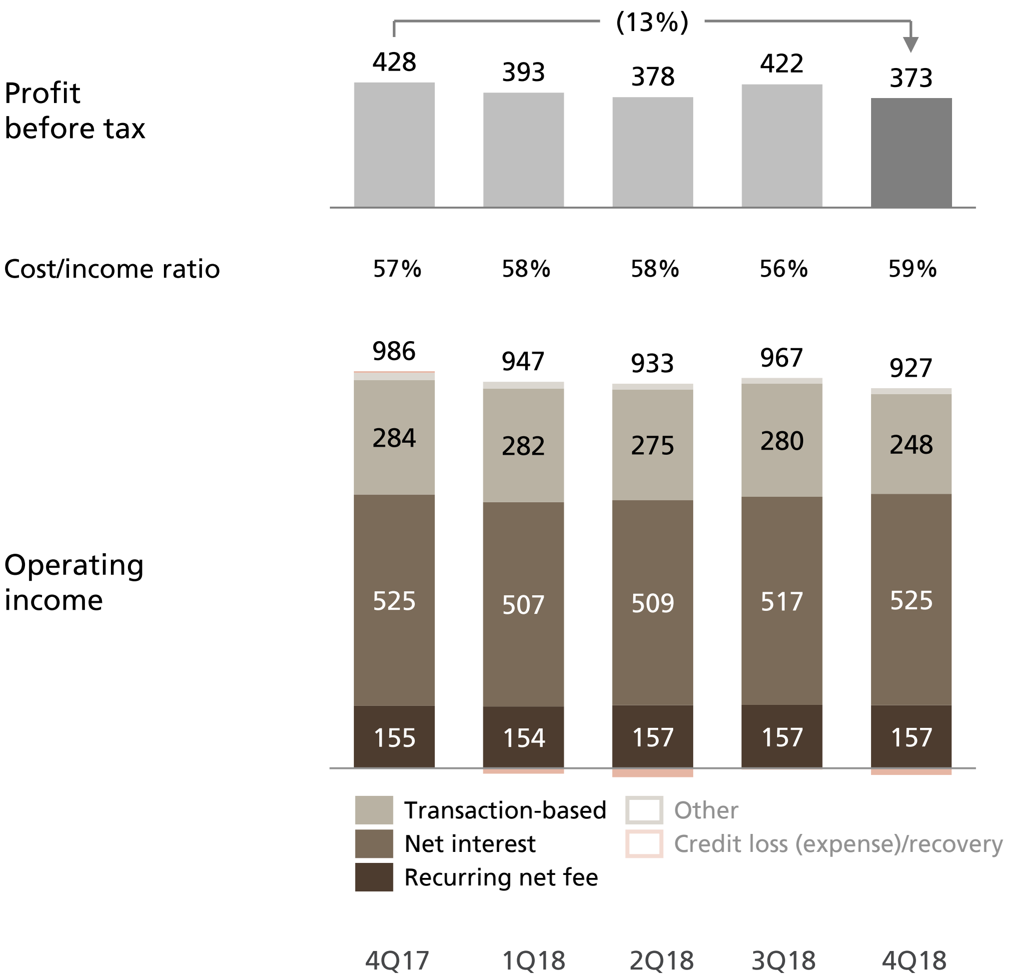
	FY18 net new money	FY18 growth rate	Planned actions
Americas	(4.1)	(0.3%)	› Grow Latin America client assets with booking center agnostic coverage model › Execute on US GFO and UHNW opportunity › Further improve same store NNM and HNW flows
APAC	17.3	4.5%	› Continued focus on lending and advisor hiring › Capture NNM from continued wealth creation
EMEA	10.3	1.9%	› Dedicated local teams to enhance prospecting and capture liquidity events › Explore lending growth opportunities
Switzerland	3.2	1.5%	› Continue to grow through new clients and share of wallet › Increase segment-specific advisor hiring
o/w Global UHNW[1]	13.3	2.1%	› Capture continued wealth creation in APAC and lending opportunities › Increase share of wallet with 100m+ clients in the Americas
GWM	24.7	1.0%	

UBS

Numbers in USDbn unless otherwise indicated; Regions exclude minor functions with (2.0bn) of net new money; 1 Globally managed unit that exclusively serves UHNW clients; includes the impact from clients being moved into and out of Global UHNW

Personal & Corporate Banking (CHF)

Solid quarter; consistently contributing to group results with good volume growth momentum



PBT decreased on lower transaction-based revenues and higher credit losses partly offset by slightly lower costs with continued investments in technology

Cost/income ratio reflects lower revenues YoY and seasonally higher costs QoQ

Decline in transaction-based revenues driven by lower corporate client fees and reclassification of certain expenses to revenues from 1Q18

Net interest income stable as improved product results offset higher funding costs and impact of lower rates

Strong net new business volume[1] at 2.2%; 4.2% for FY18, best on record

Credit loss expenses of 17m vs. net recovery in 4Q17, mainly from corporate clients with no large single loss

UBS Numbers in CHFm and adjusted unless otherwise indicated; 1 Annualized growth for Personal Banking

Asset Management

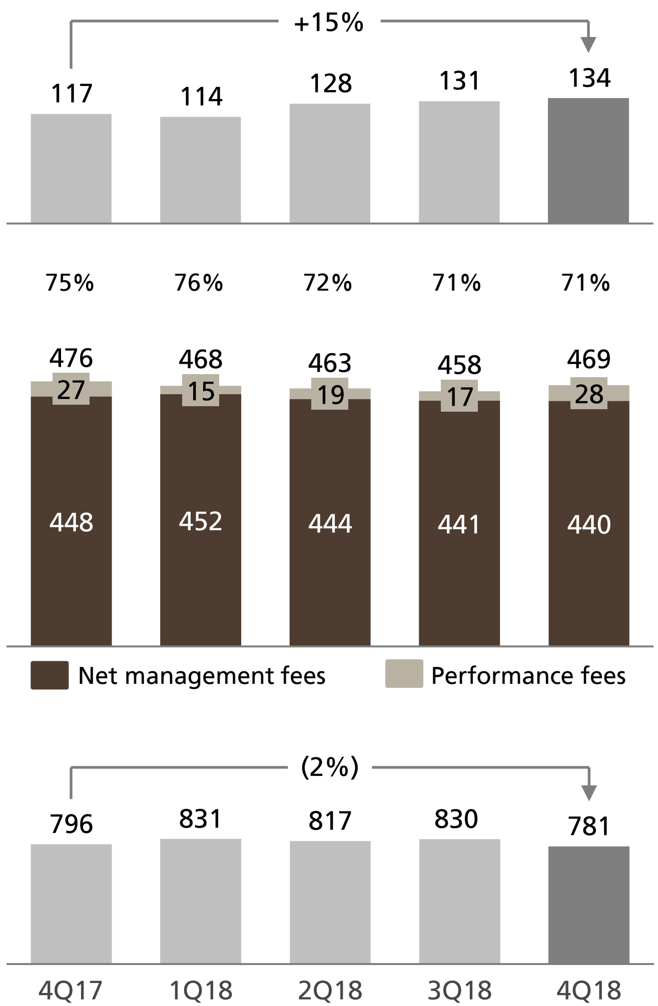
Strong quarter with 15% profit growth driven by cost actions; 32bn FY18 NNM including MM

Profit before tax

Cost/income ratio

Operating income

Invested assets
End of period, bn



First quarter with no impact from disposals;
PBT up despite lower invested assets and lower revenues

Operating expenses (7%), driven by cost actions taken earlier in the year

Management fees down slightly on lower invested assets base, driven by negative market performance

Performance fees increased marginally on higher fees from Hedge Fund Businesses and Real Estate & Private Markets, largely offset by lower performance fees in Equities

Invested assets fell on market declines;
2.1bn 4Q18 NNM outflows including money market;
32.2bn FY18 NNM inflows including money market;
4% growth

Numbers in USDm and adjusted unless otherwise indicated

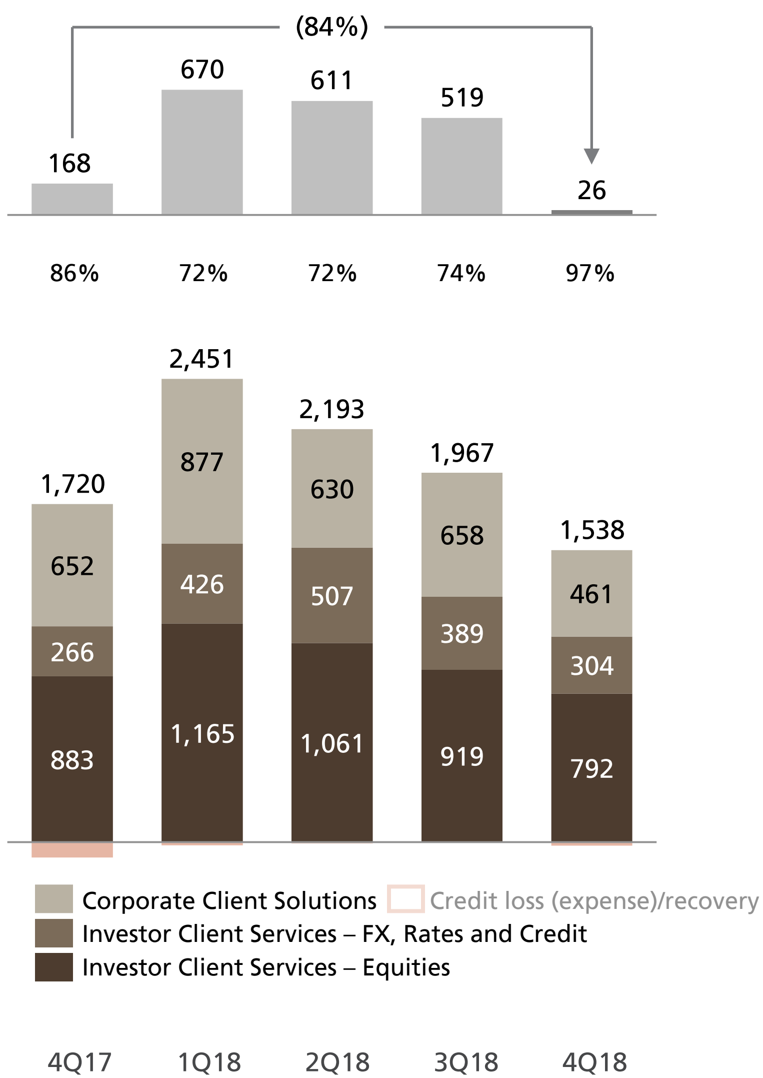
Investment Bank

FY18 return on attributed equity 18% despite very challenging fourth quarter

Profit before tax

Cost/income ratio

Operating income



PBT down in a very challenging market environment

Expenses (3%) on lower compensation

CCS (29%) driven by APAC and Americas and partly reflecting a strong 4Q17; ECM saw declines in both private and public transactions

FRC +14% driven by strong performance in FX

Equities (10%) on lower client activity; Americas held up well, EMEA stable

RWA +5bn QoQ to 87bn on higher market volatility
LRD (32bn) QoQ to 256bn on subdued client activity and lower asset values

Numbers in USDm and adjusted unless otherwise indicated

Corporate Center

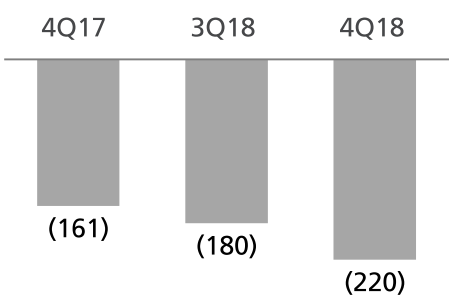
Corporate Center loss improved by 188m YoY

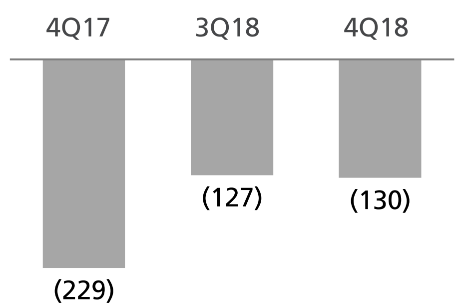
Services higher funding costs for balance sheet assets, most of which will be allocated out from 1Q19

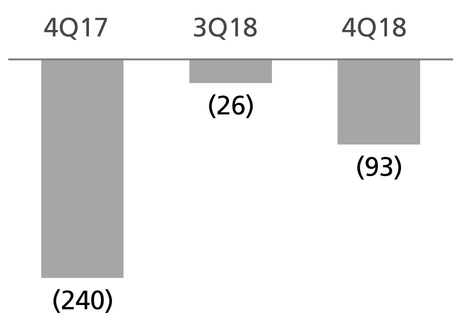
Group ALM improved spreads, increased funding allocations, partly offset by costs related to our currency change

Non-core and Legacy Portfolio lower litigation expenses

Profit before tax





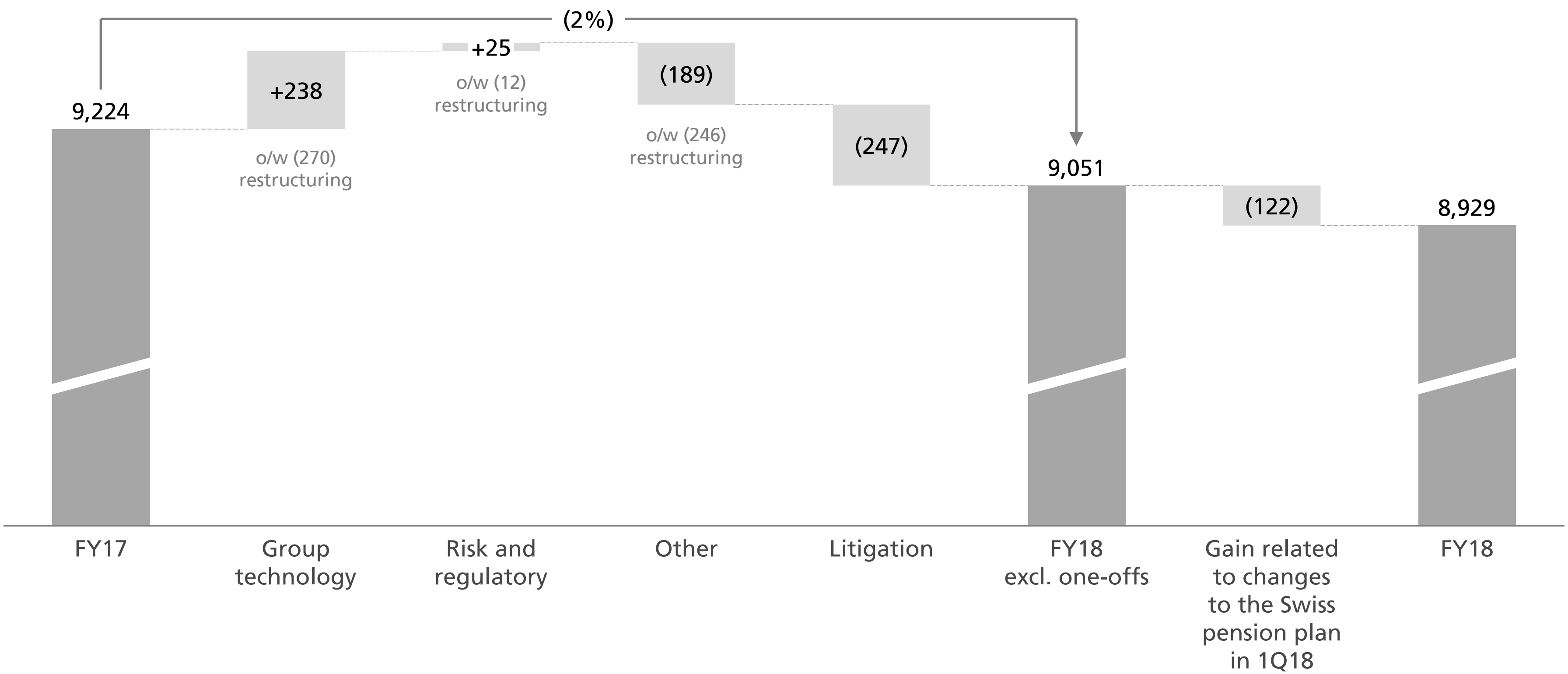


Numbers in USDm and adjusted unless otherwise indicated

Corporate Center – Services

Reduction in restructuring supporting investments in technology and net saves to the Group

Reported operating expenses before allocations



Numbers in USDm unless otherwise indicated

Changes to deferred tax assets methodology

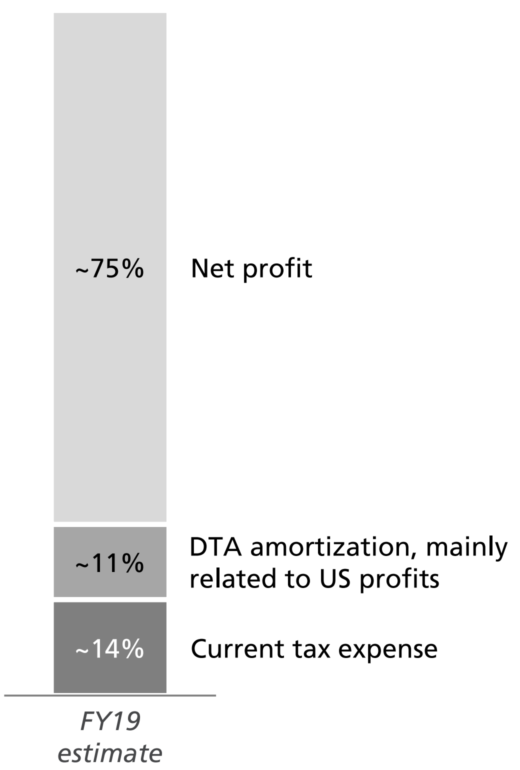
Full recognition of US DTAs in the IHC tax group[1] improves earnings predictability

Deferred tax assets balance

- Recognized DTAs for the US IHC tax group[1] to reflect the full life of the underlying tax losses, eliminating the 7-year measurement period
- Tax loss DTAs are amortized from 1Q19
- Temporary difference DTAs expected to remain above 10% of CET1 capital for the foreseeable future
- No impact on net profit expected from DTA remeasurements from 2019
- Tax losses should shield[3] forecasted earnings in the US from most cash tax liability until ~2028
- Net 275m positive impact on net profit and IFRS equity from changes made in 4Q18; no impact on CET1 capital

Profit before tax

Effective tax rate of ~25% expected for FY19, of which ~14% cash tax and CET1 relevant



Numbers in USDbn unless otherwise indicated. Refer to p. 16 of the 4Q18 report for further information; 1 Broadly equivalent to UBS Americas Inc. and subsidiaries; 2 Of which 6.0bn in the US; 3 Cash taxes in the US can still arise in certain state and local jurisdictions and in connection with future upstreamed dividends that are subject to a US withholding tax of 5%

Balance sheet assets

Strong balance sheet reflecting high asset quality and low risk profile; level 3 assets <1% of total

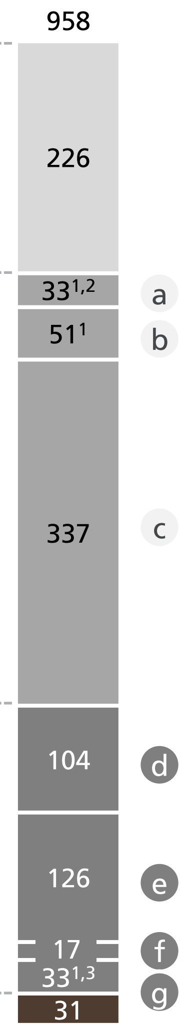
Cash at central banks, HQLA and other Group ALM liquidity buffers and reverse repos

Financial assets measured at amortized cost

Financial assets measured at fair value through P&L

Other assets

Mainly DTAs and property, equipment and software



Total assets
31.12.18

Other (a)
- Mainly posted derivatives collateral
- Includes loans to FAs

Reverse repurchase agreements (b)
- Fully collateralized

Loans and advances (c)
- ~50% mortgages, ~40% Lombard lending
- ~30bn corporate lending, of which ~50% secured; unsecured exposures mostly investment grade
- <3bps average cost of credit[4] FY14-FY18
- 16bps stage 3 loan allowance ratio as of 31.12.18

Held for trading (d)
- >80% of IB trading book are hedges of client trades
- 4Q18 IB average management VaR 10m

Derivatives (PRVs) (e)
- Would be ~16bn under US GAAP, net of NRVs and cash collateral
- 29bn in Non-core and Legacy Portfolio, principally in plain vanilla interest rate and FX swaps; vast majority collateralized

Brokerage receivables (f)
- Prime brokerage and certain GWM margin lending, fully collateralized

Not held for trading (g)
- Mainly unit-linked investments in AM, 0% risk-weighted

UBS

Numbers in USDbn unless otherwise indicated; 1 Excluding HQLA; 2 Excluding cash at central banks; 3 Excluding other Group ALM liquidity buffers and reverse repurchase agreements; 4 Defined as credit loss expense as a percentage of loans

Leveraged finance

Client-centric, capital-light and high velocity business model

Leveraged finance
% of IB revenues
FY18

Resource usage
31.12.18

Primary markets (underwriting and lending, CCS)

Underwriting

2% of IB RWA   *1% of IB LRD*

Velocity-based business model

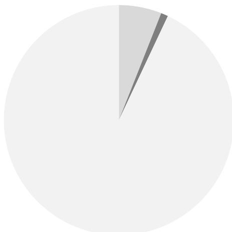
- Risk-managed based on Liquidity Adjusted Stress (LAS[1]) consumption
- Sound economic hedging where appropriate
- 19bn total deal volume in FY18
- No single exposure >0.5bn as of 31.12.18
- <5% of exposure qualifies as stale

Take-and-hold

9bn[2] leveraged loan notional as of 31.12.18

- Reduced notional by ~2bn during 2018
- Diversified by sector and region

Secondary markets (trading, FRC)



2% of IB RWA   *1% of IB LRD*

Actively de-risked during 4Q18

- Regulatory VaR reduced by ~50%
- Net credit exposure[3] reduced by ~1/3
- 94bn trading volume in FY18
- 22bn trading volume in 4Q18

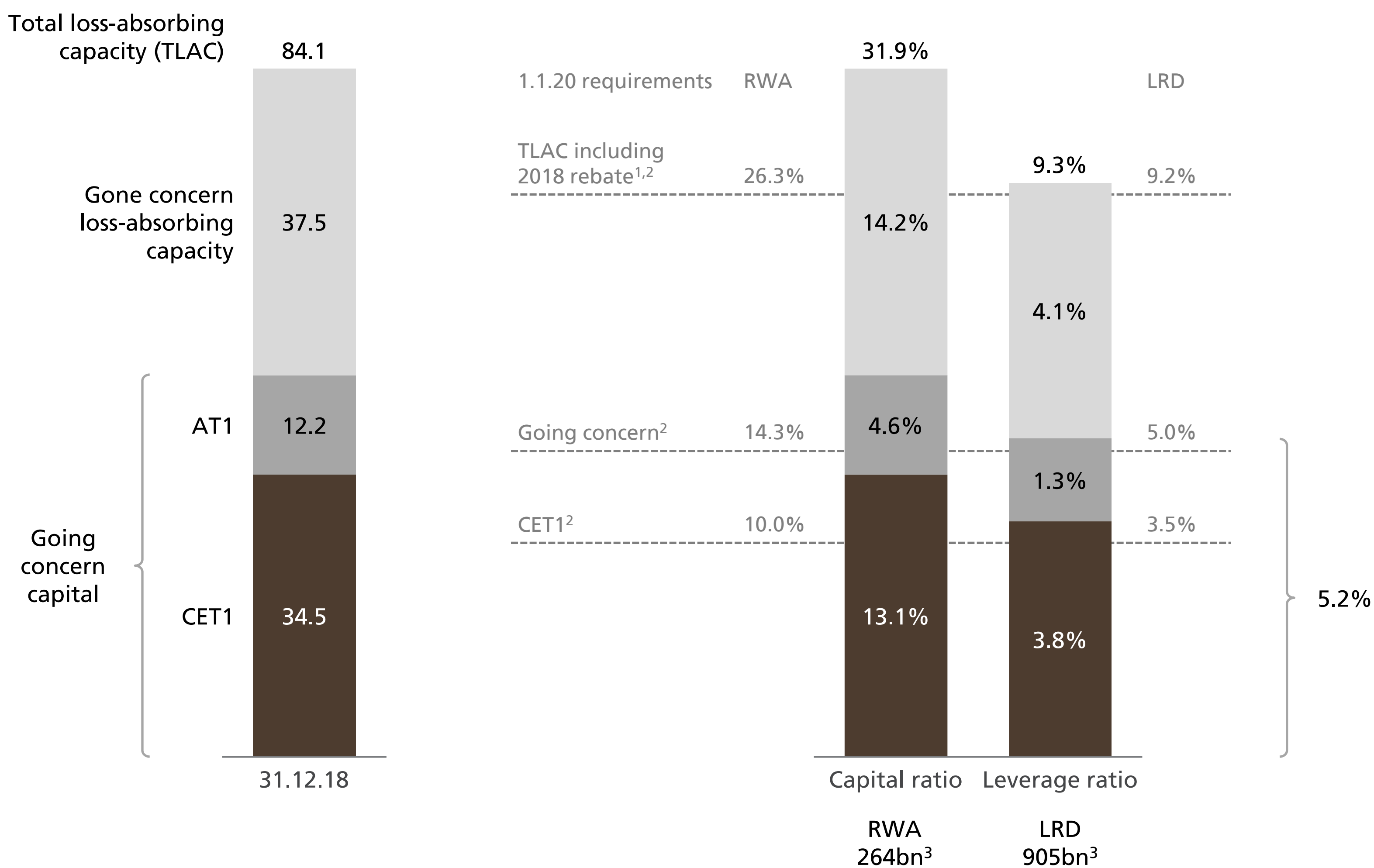
Continued to serve clients during turbulent times

UBS

Numbers in USD unless otherwise indicated; 1 Refer to p. 149 of the Annual Report 2017 for further information on LAS; 2 Net of single name hedges; 3 Defined as jump-to-zero risk; refer to p. 148 of the Annual Report 2017 for further information

Capital and leverage ratios

Meeting 2020 capital requirements



Numbers in USDbn unless otherwise indicated; 1 Refer to slide 34 for further information; 2 Excludes the effect of countercyclical buffers for capital ratio; 3 Expecting regulatory and accounting-driven increases of ~6.5bn RWA and ~3.5bn LRD in 1Q19

Key messages

Winning strategy and business model

Addressing opportunities for further improvement

Taking actions to address adverse market environment while retaining strategic integrity

Managing UBS for long-term value creation

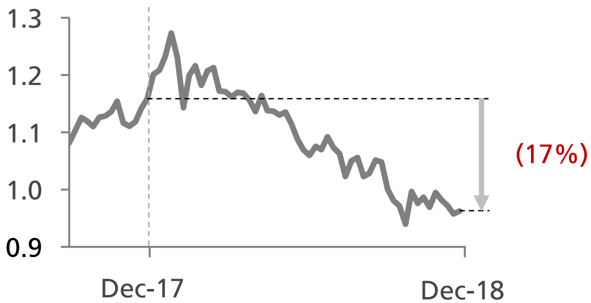
Executing with discipline to deliver sustainable growth and attractive capital returns

Appendix

UBS

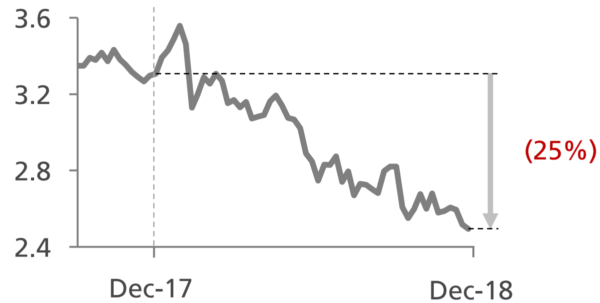
Equity market indices

Emerging Markets[1]



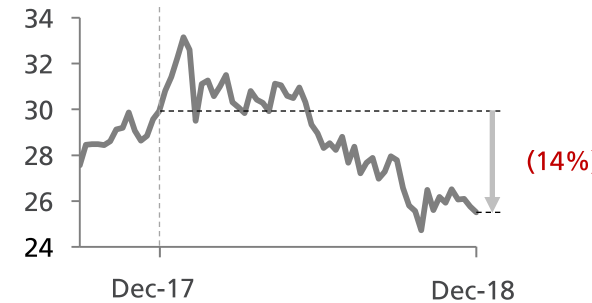
(17%)	(10%)	(8%)
12M[2]	6M[2]	3M[2]

China[1]



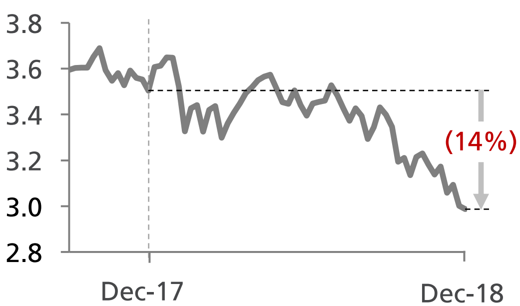
(25%) (12%) (12%)

Hong Kong[1]



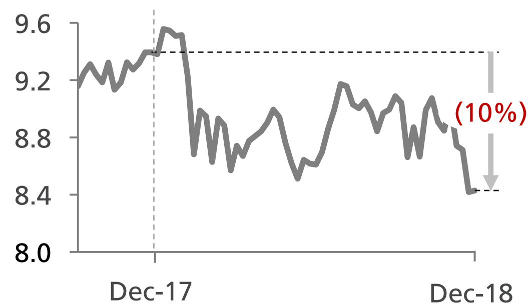
(14%) (11%) (7%)

Europe[1]



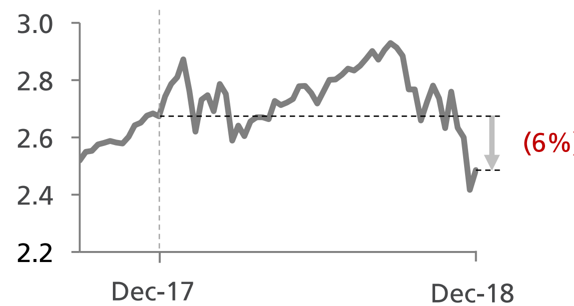
(14%) (12%) (12%)

Switzerland[1]



(10%) (2%) (7%)

United States[1]



(6%) (8%) (14%)

UBS

Numbers in thousands unless otherwise indicated; 1 Indices used: S&P500 for the US, Eurostoxx50 for Europe, SMI for Switzerland, MS Capital International EM for the Emerging Markets, Shanghai Composite for China, Hang Seng for Hong Kong; timeframe from 29.9.17 until 31.12.18; weekly; 2 Returns for the last 3-month period, 6-month period and 12-month period

FY18 Global Wealth Management

	Adjusted FY17	Adjusted FY18	Adjusted change	Reported FY17	Reported FY18	Reported change
Profit before tax (m)	4,159	4,082	(2%)	3,571	3,990	+12%
Operating income (m)	16,287	16,840	+3%	16,287	16,941	+4%
Invested assets (bn)	2,403	2,260	(6%)	2,403	2,260	(6%)
Mandate volume (bn)	791	759	(4%)	791	759	(4%)
Loans (bn)	173	175	+1%	173	175	+1%
Cost/income ratio (%)	74.4	75.7	+1.3ppts	78.0	76.4	(1.7)ppts

UBS

Numbers in USD unless otherwise indicated

FY18 Global Wealth Management

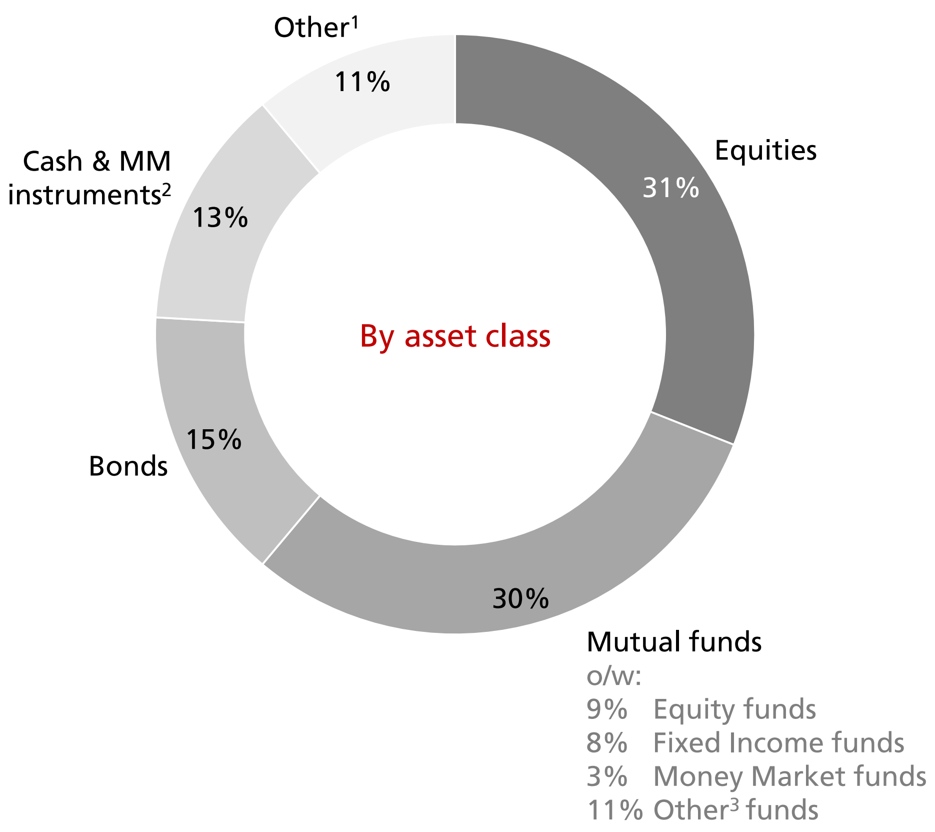
	Americas		APAC		EMEA		Switzerland		o/w Global UHNW[1]	
	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
Profit before tax m	+11%		(5%)		(14%) (7%) excl. litigation		(2%)		+18%	
	1,385	1,539	892	852	1,216	1,051	718	705	735	866
Cost/income %	84	83	61	64	66	71	55	57	73	70
Invested assets bn	(5%)		(7%)		(8%)		(4%)		(3%)	
	1,263	1,200	383	357	545	500	209	200	628	608
Net new money bn	(8.5)	(4.1)	28.9	17.3	19.5	10.3	6.2	3.2	33.5	13.3

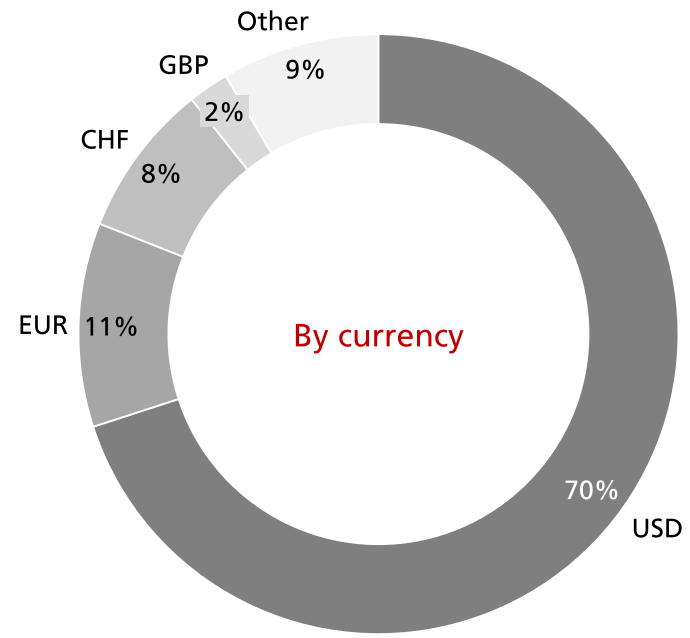
UBS

Numbers are in USD and adjusted unless otherwise indicated. Excludes minor functions with 3bn of invested assets and (2.0bn) of net new money in FY18; 1 Globally managed unit that exclusively serves UHNW clients; includes the impact from clients shifting into and out of Global UHNW

GWM invested assets composition

Invested assets
31.12.18

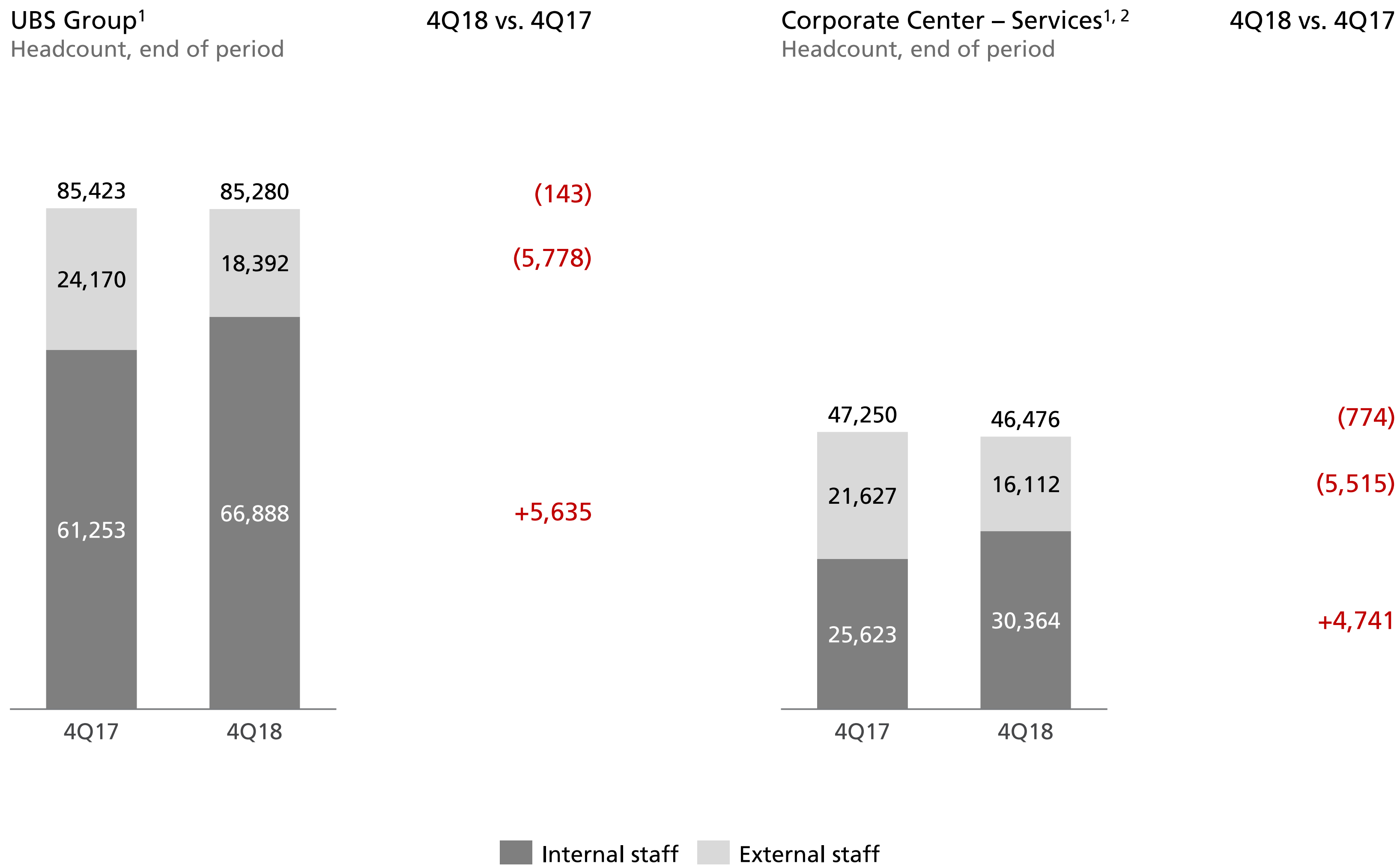




1 Mainly alternative investments and structured products; 2 Including fiduciary investments; 3 Including mixed-funds, e.g. asset allocation funds, exchange trades funds etc.

Workforce management

Insourcing roles drives improved efficiency and effectiveness



UBS

1 External staff for 4Q17 restated; 2 Includes Group COO functions including technology, operations and HR, Group CEO functions including communications and branding and regulatory relations, control functions including risk control and finance, and BoD functions including internal audit

Swiss SRB leverage ratio requirements

UBS leverage ratio balance

1.1.20 requirement

9.2% TLAC including 2018 rebate

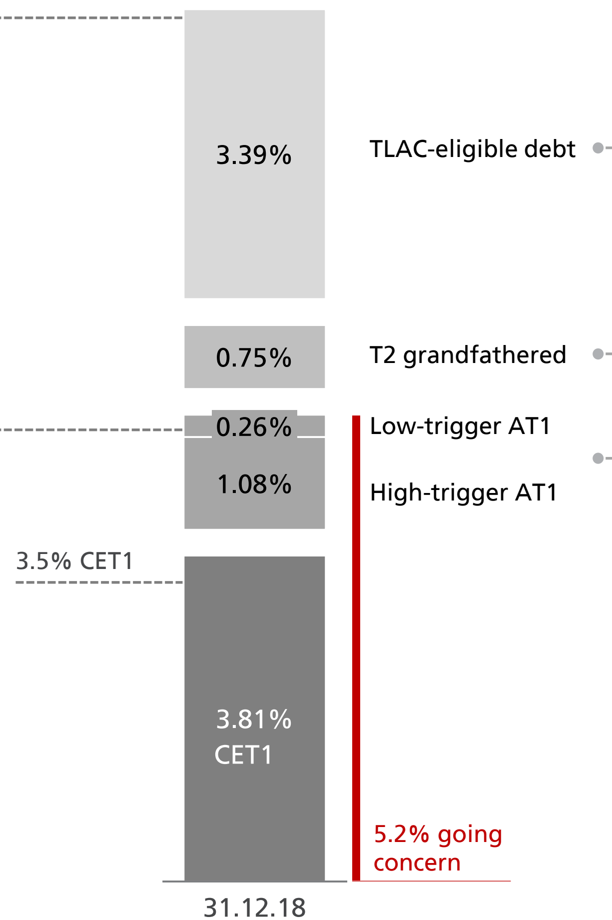
Gone concern 5.0% requirement subject to a rebate of up to 2.0 percentage points based on improved resolvability

- FINMA granted a rebate on the gone concern requirement of 40% of the maximum rebate in 2018, equivalent to 0.8 percentage points reduction for the LRD-based requirement

5.0% going concern

Going concern requirement of 5.0% can be met with a minimum of 3.5% CET1 capital and a maximum of 1.5% high-trigger AT1 capital

- Any going concern-eligible capital above this limit can be counted towards the gone concern requirement
- Where low-trigger AT1 or T2 instruments are used to meet the gone concern requirement, this requirement may be reduced by up to 1.0 percentage point for the 5.0% LRD-based ratio



TLAC-eligible senior unsecured debt 3.32% (30.0bn)

Non-Basel III-compliant tier 2 capital 0.07% (0.7bn) qualifies as gone concern instruments until one year prior to maturity, with a haircut of 50% applied to the last year of eligibility

Tier 2 grandfathered instruments 0.75% (6.8bn) can be counted towards going concern capital up to the earliest of maturity or first call date or 31.12.19. From 1.1.20, these instruments are eligible to meet the gone concern requirement until one year before maturity, with a haircut of 50% applied to the last year of eligibility; all UBS instruments outstanding have a first call and maturity date after 31.12.19

AT1 capital 1.34% (12.2bn)

- 1.08% (9.8bn) high-trigger AT1, of which 2.0bn employee deferred contingent capital plan (DCCP)
- 0.26% (2.4bn) low-trigger AT1 which can be counted towards going concern capital up to the first call date

4Q18 Reported and adjusted performance

Performance by business division and Corporate Center unit – reported and adjusted[1,2]

	For the quarter ended 31.12.18							
USD million	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	CC – Services[3]	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	4,165	1,289	469	1,538	(354)	(108)	(26)	6,972
of which: gains related to investments in associates[4]	*101*	*359*						*460*
of which: remeasurement loss related to UBS Securities China[5]					*(270)*			*(270)*
Operating income (adjusted)	4,065	930	469	1,538	(85)	(108)	(26)	6,782
Operating expenses as reported	3,372	574	355	1,585	133	23	68	6,110
of which: personnel-related restructuring expenses[6]	*17*	*1*	*5*	*1*	*70*	*0*	*0*	*95*
of which: non-personnel-related restructuring expenses[6]	*0*	*0*	*3*	*3*	*87*	*0*	*0*	*93*
of which: restructuring expenses allocated from CC – Services[6]	*59*	*17*	*13*	*69*	*(159)*	*1*	*1*	*0*
Operating expenses (adjusted)	3,296	555	335	1,512	135	22	66	5,922
of which: net expenses for litigation, regulatory and similar matters[7]	*143*	*0*	*0*	*4*	*0*	*0*	*4*	*151*
Operating profit / (loss) before tax as reported	793	715	114	(47)	(488)	(131)	(94)	862
Operating profit / (loss) before tax (adjusted)	769	375	134	26	(220)	(130)	(93)	860

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations; 2 Comparative figures in this table have been restated for the change of the presentation currency from Swiss francs to US dollars with assets, liabilities and total equity converted to US dollars at closing exchange rates prevailing on the respective balance sheet dates, and income and expenses translated at the respective average rates prevailing for the relevant periods. Comparatives may additionally differ 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 Worldline acquisition of SIX Payment Services. Refer to the "Recent developments" section of the 4Q18 report for more information; 5 Related to the increase of stake in and consolidation of UBS Securities Co. Limited, China. Refer to the "Recent developments" section of the 4Q18 report for more information; 6 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; 7 Reflects the net increase in / (release of) in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Provisions and contingent liabilities" in the "Consolidated financial information" section of the 4Q18 report for more information. Also includes recoveries from third parties of USD 1m in 4Q18

UBS

FY18 Reported and adjusted performance

Performance by business division and Corporate Center unit – reported and adjusted[1,2]

	For the year ended 31.12.18							
USD million	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	CC – Services[3]	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	16,941	4,222	1,857	8,150	(513)	(609)	165	30,213
of which: gains related to investments in associates[4]	*101*	*359*						*460*
of which: gains on sale of real estate					*31*			*31*
of which: gains on sale of subsidiaries and businesses					*25*			*25*
of which: remeasurement loss related to UBS Securities China[5]					*(270)*			*(270)*
Operating income (adjusted)	16,840	3,863	1,857	8,150	(300)	(609)	165	29,966
Operating expenses as reported	12,950	2,269	1,406	6,511	305	84	315	23,840
of which: personnel-related restructuring expenses[6]	*34*	*4*	*23*	*16*	*208*	*0*	*0*	*286*
of which: non-personnel-related restructuring expenses[6]	*16*	*0*	*10*	*11*	*238*	*0*	*0*	*275*
of which: restructuring expenses allocated from CC – Services[6]	*209*	*43*	*33*	*166*	*(456)*	*3*	*3*	*0*
of which: gain related to changes to the Swiss pension plan	*(66)*	*(38)*	*(10)*	*(5)*	*(122)*			*(241)*
Operating expenses (adjusted)	12,757	2,259	1,350	6,323	437	81	312	23,521
of which: net expenses for litigation, regulatory and similar matters[7]	*256*	*(1)*	*0*	*(54)*	*5*	*0*	*69*	*275*
Operating profit / (loss) before tax as reported	3,990	1,953	451	1,639	(818)	(693)	(150)	6,373
Operating profit / (loss) before tax (adjusted)	4,082	1,604	508	1,826	(737)	(690)	(148)	6,445

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations; 2 Comparative figures in this table have been restated for the change of the presentation currency from Swiss francs to US dollars with assets, liabilities and total equity converted to US dollars at closing exchange rates prevailing on the respective balance sheet dates, and income and expenses translated at the respective average rates prevailing for the relevant periods. Comparatives may additionally differ 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 Worldline acquisition of SIX Payment Services. Refer to the "Recent developments" section of the 4Q18 report for more information; 5 Related to the increase of stake in and consolidation of UBS Securities Co. Limited, China. Refer to the "Recent developments" section of the 4Q18 report for more information; 6 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; 7 Reflects the net increase in / (release of) in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Provisions and contingent liabilities" in the "Consolidated financial information" section of the 4Q18 report for more information. Also includes recoveries from third parties of USD 29m for FY18

UBS

Regional performance – 4Q18

		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		4Q17	4Q18	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18	4Q17	4Q18
Operating income	GWM	2.3	2.3	0.5	0.5	0.9	0.9	0.4	0.4	0.0	0.0	4.1	4.1
	P&C	-	-	-	-	-	-	1.0	0.9	-	-	1.0	0.9
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	(0.0)	(0.0)	0.5	0.5
	IB	0.7	0.6	0.5	0.3	0.4	0.5	0.1	0.2	(0.0)	(0.0)	1.7	1.5
	CC	-	-	-	-	-	-	-	-	(0.3)	(0.2)	(0.3)	(0.2)
	Group	3.0	3.0	1.2	0.9	1.4	1.4	1.7	1.7	(0.3)	(0.3)	7.0	6.8
Operating expenses	GWM	1.9	2.0	0.4	0.4	0.6	0.7	0.2	0.2	0.0	0.0	3.1	3.3
	P&C	-	-	-	-	-	-	0.6	0.6	-	-	0.6	0.6
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.4	0.3
	IB	0.5	0.5	0.4	0.3	0.5	0.5	0.1	0.1	0.1	0.0	1.6	1.5
	CC	-	-	-	-	-	-	-	-	0.3	0.2	0.3	0.2
	Group	2.5	2.5	0.8	0.8	1.2	1.3	1.0	1.0	0.4	0.3	5.9	5.9
Profit before tax	GWM	0.3	0.4	0.2	0.1	0.3	0.1	0.2	0.2	(0.0)	(0.0)	1.0	0.8
	P&C	-	-	-	-	-	-	0.4	0.4	-	-	0.4	0.4
	AM	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	(0.0)	(0.0)	0.1	0.1
	IB	0.2	0.1	0.2	(0.0)	(0.2)	(0.0)	0.0	0.1	(0.1)	(0.1)	0.2	0.0
	CC	-	-	-	-	-	-	-	-	(0.6)	(0.4)	(0.6)	(0.4)
	Group	0.6	0.5	0.4	0.1	0.2	0.1	0.7	0.7	(0.7)	(0.5)	1.1	0.9

Numbers in USDbn and adjusted unless otherwise indicated. The allocation of P&L to these regions reflects, and is consistent with, the basis on which the business is managed and its performance evaluated. These allocations involve assumptions and judgments that management considers reasonable, and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the client, and trading and portfolio management revenues are attributed to the country where the risk is managed. Expenses are allocated in line with revenues. Certain revenues and expenses, such as those related to Non-core and Legacy Portfolio, certain litigation expenses and other items, are managed at the Group level, and are included in the Global column.

Regional performance – FY18

		Americas		Asia Pacific		EMEA		Switzerland		Global		Total	
		FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
Operating income	GWM	8.8	9.2	2.3	2.4	3.6	3.6	1.6	1.6	0.0	(0.0)	16.3	16.8
	P&C	-	-	-	-	-	-	3.9	3.9	-	-	3.9	3.9
	AM	0.5	0.5	0.4	0.4	0.4	0.3	0.7	0.7	(0.1)	(0.1)	1.9	1.9
	IB	2.8	3.0	2.1	2.2	2.1	2.3	0.8	0.8	(0.1)	(0.1)	7.7	8.1
	CC	-	-	-	-	-	-	-	-	(0.5)	(0.7)	(0.5)	(0.7)
	Group	12.1	12.8	4.8	5.0	6.1	6.3	7.0	6.9	(0.6)	(0.9)	29.3	30.0
Operating expenses	GWM	7.4	7.7	1.4	1.5	2.4	2.6	0.9	0.9	0.1	0.1	12.1	12.8
	P&C	-	-	-	-	-	-	2.2	2.3	-	-	2.2	2.3
	AM	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.0	0.0	1.4	1.3
	IB	2.1	2.2	1.5	1.6	2.0	2.1	0.5	0.5	0.0	(0.0)	6.1	6.3
	CC	-	-	-	-	-	-	-	-	1.2	0.8	1.2	0.8
	Group	9.9	10.3	3.2	3.4	4.6	4.9	4.1	4.1	1.3	0.9	23.1	23.5
Profit before tax	GWM	1.4	1.5	0.9	0.9	1.2	1.1	0.7	0.7	(0.1)	(0.1)	4.2	4.1
	P&C	-	-	-	-	-	-	1.7	1.6	-	-	1.7	1.6
	AM	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3	(0.1)	(0.1)	0.5	0.5
	IB	0.7	0.9	0.5	0.6	0.1	0.2	0.2	0.3	(0.1)	(0.1)	1.5	1.8
	CC	-	-	-	-	-	-	-	-	(1.6)	(1.6)	(1.6)	(1.6)
	Group	2.2	2.5	1.6	1.6	1.5	1.4	2.9	2.9	(1.9)	(1.8)	6.3	6.4

Numbers in USDbn and adjusted unless otherwise indicated. The allocation of P&L to these regions reflects, and is consistent with, the basis on which the business is managed and its performance evaluated. These allocations involve assumptions and judgments that management considers reasonable, and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the client, and trading and portfolio management revenues are attributed to the country where the risk is managed. Expenses are allocated in line with revenues. Certain revenues and expenses, such as those related to Non-core and Legacy Portfolio, certain litigation expenses and other items, are managed at the Group level, and are included in the Global column.

Performance targets and ambitions 2019 – 2021

		Current performance		Annual targets		Ambitions	Capital/resource guidelines
		FY18	Pro-forma[1]	FY19	FY19-21	FY21	FY19-21
Group	Reported return on CET1 capital	14%		~15%		~17%	
	Adjusted cost/income ratio	78%		~77%		~72%	
	CET1 capital ratio	13%					~13%
	CET1 leverage ratio	3.8%					~3.7%
Global Wealth Management	Adjusted pre-tax profit growth	(2%)			10-15%[2]		
	Adjusted cost/income ratio	~78%	✓	~75%		~70%	
	Net new money growth	1%			2-4%		
Personal & Corporate Banking (CHF)	Adjusted pre-tax profit growth	(7%)			3-5%[2]		
	Adjusted cost/income ratio	~60%	✓	~59%		~56%	
	Net interest margin	~154	✓		145-155bps		
Asset Management	Adjusted pre-tax profit growth[3]	(1%)			~10%[2]		
	Adjusted cost/income ratio	~74%	✓	~72%		~68%	
	Net new money growth (excl. money markets)	3%			3-5%		
Investment Bank	Adjusted return on attributed equity	~13%	✓		~15%[2,4]		
	Adjusted cost/income ratio	~79%	✓	~78%		~75%	
	RWA and LRD in relation to Group	33%/28%					~1/3

UBS

Numbers in USD unless otherwise indicated; 1 Pro-forma for new capital and P&L allocation frameworks; 2 Over the cycle; 3 Excluding the impact of business exits; 4 Repositioned from a minimum return to a performance target

Cautionary statement regarding forward-looking statements

This presentation 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 and the potential need to make changes in UBS's legal structure and operations as a result of such withdrawal; (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; (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 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.

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