

22 January 2019

2018 PBT +19% to USD 6.4bn

4Q18 PBT USD 862m, +2% YoY**2018 net profit¹ USD 4.9bn, +25%²; diluted EPS USD 1.27****2018 adjusted³ PBT USD 6.4bn, +2%; adjusted³ cost/income ratio 78%****2018 adjusted³ RoTE ex DTAs⁴ 13.8%; reported RoCET1⁵ 14.2%****CET1 capital ratio 13.1% and CET1 leverage ratio 3.8%; going concern leverage ratio 5.2%****2018 ordinary dividend of CHF 0.70 per share proposed, +8%; repurchased CHF 750m of shares in 2018****Targeting share buyback of up to USD 1bn in 2019****Recognized as industry leader in sustainability across key indices and ratings**

Zurich, 22 January 2019 – UBS delivered strong full-year 2018 results with reported profit before tax (PBT) up 19% year over year (YoY) to USD 6,373m and adjusted³ PBT up 2% to USD 6,445m. The Group's cost/income ratio of 79% improved by 3 percentage points YoY; on an adjusted³ basis, it remained at 78%. Net profit attributable to shareholders was USD 4,897m, up 25% when excluding the USD 2,939m net write-down of deferred tax assets (DTAs) following the enactment of the US Tax Cuts and Jobs Act in the fourth quarter of 2017. Adjusted³ return on tangible equity (RoTE) excluding DTAs⁴ was 13.8% for 2018. Reported return on CET1 capital⁵ was strong at 14.2%.

For 2018, the Board of Directors intends to propose a dividend to UBS Group AG shareholders of CHF 0.70⁶ per share, an 8% increase on the prior year. During 2018, UBS repurchased CHF 750m of shares, above the 2018 target of CHF 550m. For 2019, UBS is targeting to repurchase up to USD 1bn of shares. UBS's capital position remains strong, with a CET1 capital ratio of 13.1%, a CET1 leverage ratio of 3.8%, a going concern leverage ratio of 5.2%, and total loss-absorbing capacity of USD 84bn.

Commenting on the fourth quarter 2018, Group Chief Executive Officer Sergio P. Ermotti said: "The strength of our strategic choices and diversified franchise once again came through in the fourth quarter, as we delivered a resilient performance despite historically tough market conditions."

Commenting on the full year, Group Chief Executive Officer Sergio P. Ermotti said: "I want to thank all UBS employees for a very successful 2018 in overall challenging conditions. We increased net profit by a billion or 25% to USD 4.9 billion, achieved a strong return on CET1 capital of 14.2%, and overdelivered on our capital return targets. We've seen some normalization in markets early in 2019, we will stay focused on balancing efficiency and investments for growth, in order to keep delivering on our capital return objectives while creating sustainable long-term value for our shareholders."

2018 Group PBT rose 19% on higher operating income and lower operating expenses. Global Wealth Management recurring net fee income and net interest income both reached the highest level in a decade, while the Investment Bank delivered higher revenues with continued disciplined resource usage.

As announced in October 2018, beginning in the fourth quarter of 2018, UBS Group AG has changed its presentation currency to US dollars following changes in the functional currencies of UBS AG's Swiss Head Office (formerly CHF) and its London Branch operations (formerly GBP). There have been no material changes to prior-period profit and loss or total equity attributable to UBS shareholders.

As previously disclosed, during the fourth quarter of 2018, UBS reviewed its approach to periodic remeasurements of its deferred tax assets (DTAs) and the timing for recognizing deferred taxes in the income statement. As a result of this review, changes were implemented that resulted in the recognition of a net tax benefit of USD 275m through the income statement. Tax-loss DTAs recorded in the US intermediate holding company tax group will begin to be amortized with effect from 1 January 2019. For 2019, UBS expects a full-year tax rate of approximately 25%.

Outlook

While global economic activity continues to moderate, the overall outlook for economic growth remains positive, and asset prices have improved from the fourth quarter of 2018. Lack of progress in resolving geopolitical tensions, rising protectionism and trade disputes along with increased volatility, which affected investor sentiment and confidence in the second half of the year and particularly in the fourth quarter of 2018, would affect client activity in the first quarter of 2019.

Lower invested assets as a result of market declines in the fourth quarter of 2018 are expected to affect recurring revenues in Global Wealth Management and Asset Management. Further improvements in market levels, as well as improvements in investor sentiment and client activity would contribute to mitigating revenue and profit growth headwinds.

We remain well positioned to capitalize on global wealth creation, which we expect will continue to sustain our strategy and financial performance. We will continue to execute our strategy with discipline, while focusing even more on balancing efficiency and investments for growth, to deliver on our capital return objectives and to create sustainable long-term value for our shareholders.

2018 performance overview

UBS's full-year 2018 adjusted³ PBT was USD 6,445m, and reported PBT was USD 6,373m. Adjusting³ items included USD 561m of restructuring expenses, a USD 241m credit to expenses related to changes to the Swiss pension plan, as well as a net gain in operating income from various items totaling USD 247m. The adjusted³ cost/income ratio was stable at 78%. Net profit attributable to shareholders was USD 4,897m, with diluted earnings per share of USD 1.27. Annualized adjusted³ return on tangible equity excluding DTAs⁴ was 13.8%.

Global Wealth Management (GWM) adjusted³ PBT USD 4,082m, (2%) YoY

Reaching ten-year highs, recurring net fee income and net interest income both increased YoY on higher invested assets during most of 2018, further progress on mandate penetration, as well as increased net interest margin on deposits and higher loan volumes. Transaction-based revenues declined on lower client activity in a challenging market environment. Mandate penetration increased to 33.6% of invested assets. Loans increased by 1%. Adjusted³ operating expenses increased mainly due to investments in technology, as well as higher regulatory-related expenses and higher provisions for litigation matters. The adjusted³ cost/income ratio was 76%. Net new money totaled USD 24.7bn for the year. Adjusted³ net margin was 17bps.

Personal & Corporate Banking (P&C) adjusted³ PBT CHF 1,566m, (7%) YoY

Growth in recurring net fee income was offset by the ongoing pressure from the negative interest rate environment and higher credit loss expenses. Operating expenses increased on continued investments in technology and higher regulatory-related expenses. The adjusted³ cost/income ratio was 58%. Annualized net new business volume growth for Personal Banking was the highest on record at 4.2%.

Asset Management (AM) adjusted³ PBT USD 508m, (5%) YoY

Despite continued pressure on margins, net management fees increased by 2% when normalized for a business sale in October 2017. Performance fees decreased, primarily reflecting declines in Equities and Hedge Fund Businesses. Adjusted³ operating expenses decreased on lower personnel expenses, primarily driven by lower variable compensation. The adjusted³ cost/income ratio was 73%. Invested assets were USD 781bn, and net new money excluding money market flows was USD 24.8bn.

Investment Bank (IB) adjusted³ PBT USD 1,826m, +20% YoY

Adjusted³ ICS revenues increased by 14%, with growth in all regions and in all Equities and FRC product lines. Despite growth in Advisory revenues, Corporate Client Solutions revenues were down 8% from a strong 2017. Adjusted³ operating expenses increased by 3% despite lower variable compensation, mainly as a result of higher technology and risk control-related expenses. The adjusted³ cost/income ratio improved to 77%. Adjusted³ return on attributed equity was 17.8%.

Corporate Center adjusted³ loss before tax was USD 1,574m. **Corporate Center – Services** recorded an adjusted³ loss before tax of USD 737m. **Group Asset and Liability Management** adjusted³ loss before tax was USD 690m. **Non-core and Legacy Portfolio** posted an adjusted³ loss before tax of USD 148m.

Fourth quarter 2018 performance overview

UBS's fourth quarter adjusted³ PBT was USD 860m, and reported PBT was USD 862m. Adjusting³ items included USD 188m of restructuring expenses, which were offset by a net gain in operating income from two items totaling USD 190m. The adjusted³ cost/income ratio was 87%, up 3 percentage points from the same quarter last year. Net profit attributable to shareholders was USD 696m, with diluted earnings per share of USD 0.18.

Global Wealth Management (GWM) adjusted³ PBT USD 769m, (22%) YoY

Recurring net fee income increased on higher mandate penetration and net interest income was broadly stable, while transaction-based revenues declined on lower client activity mainly in the Americas and APAC, due to the negative market environment. Mandate penetration increased to 33.6% of invested assets. Loans increased by 1%. Adjusted³ operating expenses increased mainly due to investments in technology, higher regulatory-related expenses, and increased provisions for litigation matters, but were partially offset by a decline in personnel expenses. The adjusted³ cost/income ratio was 81%. Net new money outflows were USD 7.9bn for the quarter. Adjusted³ net margin was 13bps.

Personal & Corporate Banking (P&C) adjusted³ PBT CHF 373m, (13%) YoY

Lower transaction-based income, together with higher credit loss expenses, drove the decline in operating income. Expenses were broadly unchanged despite continued investments in technology and higher regulatory-related expenses. The adjusted³ cost/income ratio was 59%. Annualized net new business volume growth for Personal Banking was strong for a fourth quarter at 2.2%.

Asset Management (AM) adjusted³ PBT USD 134m, +15% YoY

Net management fees reduced slightly despite the negative market environment. Performance fees were slightly higher than the prior-year quarter, as an increase in fees from Hedge Fund Businesses and Real Estate & Private Markets offset a decrease in Equities. Adjusted³ operating expenses decreased on lower general and administrative and personnel expenses, driven by management actions. The adjusted³ cost/income ratio improved to 71%. Invested assets were USD 781bn, and net new money outflows excluding money market flows were USD 4.9bn.

Investment Bank (IB) adjusted³ PBT USD 26m, (84%) YoY

FX, Rates & Credit increased by 14%, as Foreign Exchange results offset more subdued Credit revenues. Challenging market conditions affected both Equities and Corporate Client Solutions revenues. Adjusted³ operating expenses decreased, mainly on lower compensation. The fourth quarter of 2018 included USD 61m for the UK bank levy, compared with USD 76m in the fourth quarter of 2017. The adjusted³ cost/income ratio was 97%.

Corporate Center adjusted³ loss before tax was USD 443m. **Corporate Center – Services** recorded an adjusted³ loss before tax of USD 220m. **Group Asset and Liability Management** adjusted³ loss before tax was USD 130m. **Non-core and Legacy Portfolio** posted an adjusted³ loss before tax of USD 93m.

Commitment to sustainable performance

UBS is committed to creating long-term positive impact for its clients, employees, investors and society and the firm made substantial progress on this commitment in 2018. This is illustrated by recognition UBS has received throughout the year for its activities and capabilities related to sustainable investing, philanthropy, environmental and human rights policies governing client and supplier relationships, the firm's environmental footprint and community investment.

Recognized leader in sustainability

The Dow Jones Sustainability Index, the most widely recognized sustainability rating, confirmed UBS as Diversified Financial Services and Capital Markets industry group leader for the fourth year running. MSCI ESG Research upgraded UBS to 'AA' in its latest sustainability ratings, placing it in the top three of its primary peer group. Sustainalytics, the ESG ratings and research analysts, ranked UBS as an industry leader.

Sustainable and impact investing

In 2018, UBS significantly strengthened its focus on sustainable and impact investing. The firm expanded its capabilities and dedicated additional resources to this field in Asset Management, Global Wealth Management and the Investment Bank. Examples of new products include:

- Launch of the world's first 100% sustainable investing (SI) cross-asset portfolio (excl. liquidity) for private clients, which is comprised entirely of SI instruments and has surpassed USD 3.5bn in assets under management after just one year.
- In 2018, Asset Management followed its successful UK Climate Aware rules-based fund with a fund that is available for international investors. The portfolio is oriented towards companies that are better prepared for a low carbon future while reducing exposure to, rather than excluding, companies with higher carbon risk, in order to pursue strategic engagement with these companies.
- In collaboration with the Investment Bank and Global Wealth Management, the World Bank, under their International Bank for Reconstruction and Development entity, (IBRD, Aaa/AAA) is offering unsecured and unsubordinated debt securities with a return at maturity based on the performance of the Global Sustainability Signatories Index. The offering, available exclusively to UBS clients, provides access to a sustainable development bond issued by the World Bank, and to a global equity index with companies selected based on ESG ratings.

In 2018 UBS was listed as the #1 market player for sustainable investments in Switzerland with 23% of the market share for asset managers. A key achievement globally has been the substantial increase of Asset Management's ESG-integrated assets under management, which more than tripled from USD 63.5bn in 2017 to over USD 200bn in 2018.

Diversity and inclusion

UBS has come out a leader in a new ranking from Equileap, a gender equality research firm. Their 2018 report, which analyzes the gender diversity data of more than 3,000 large public companies and grades the top 200, ranks UBS 18th globally, first among Swiss firms, and in the top ten of financial companies.

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

¹ Net profit attributable to shareholders.

² Excluding the USD 2,939m (CHF 2,865m) net write-down of deferred tax assets (DTAs) following the enactment of the US Tax Cuts and Jobs Act (TCJA) in the fourth quarter of 2017.

³ Adjusted results are non-GAAP financial measures defined by SEC regulations. Refer to the "Performance by business division and Corporate Center unit – reported and adjusted" table in this news release.

⁴ Adjusted return on tangible equity excluding deferred tax expense/benefit and DTAs; calculated as adjusted net profit/loss attributable to shareholders excluding amortization and impairment of goodwill and intangible assets and deferred tax expense/benefit (annualized as applicable), divided by average tangible equity attributable to shareholders excluding any DTAs that do not qualify as CET1 capital.

⁵ Return on CET1 capital. Net profit attributable to shareholders divided by average common equity tier 1 capital.

⁶ Subject to shareholder approval at the annual general meeting on 2 May 2019, the dividend will be paid out of capital contribution reserves on 8 May 2019 to shareholders of record as of 7 May 2019. The ex-dividend date will be 6 May 2019. UBS expects that dividends will be paid out of capital contribution reserves for the foreseeable future. Dividends paid out of capital contribution reserves are not subject to the deduction of Swiss withholding tax. For US federal income tax purposes, we expect that the dividend will be paid out of current or accumulated earnings and profits.

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

	For the quarter ended 31.12.18							
<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	4,165	1,289	469	1,538	(354)	(108)	(26)	6,972
<i>of which: gains related to investments in associates⁴</i>	101	359						460
<i>of which: remeasurement loss related to UBS Securities China⁵</i>					(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
<i>of which: personnel-related restructuring expenses⁶</i>	17	1	5	1	70	0	0	95
<i>of which: non-personnel-related restructuring expenses⁶</i>	0	0	3	3	87	0	0	93
<i>of which: restructuring expenses allocated from CC – Services⁶</i>	59	17	13	69	(159)	1	1	0
Operating expenses (adjusted)	3,296	555	335	1,512	135	22	66	5,922
<i>of which: net expenses for litigation, regulatory and similar matters⁷</i>	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

	For the quarter ended 31.12.17							
<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	UBS
Operating income as reported	4,127	1,000	629	1,750	(46)	(213)	(39)	7,207
<i>of which: gains on sale of subsidiaries and businesses</i>			153					153
<i>of which: gains on sale of financial assets at fair value through OCI⁸</i>				29				29
Operating income (adjusted)	4,127	1,000	476	1,720	(46)	(213)	(39)	7,025
Operating expenses as reported	3,336	602	390	1,704	111	18	202	6,362
<i>of which: personnel-related restructuring expenses⁶</i>	10	2	5	12	134	0	0	163
<i>of which: non-personnel-related restructuring expenses⁶</i>	24	0	6	6	188	0	0	224
<i>of which: restructuring expenses allocated from CC – Services⁶</i>	162	35	20	108	(326)	1	1	0
<i>of which: expenses from modification of terms for certain DCCP awards⁹</i>				26				26
Operating expenses (adjusted)	3,139	566	359	1,553	115	16	201	5,949
<i>of which: net expenses for litigation, regulatory and similar matters⁷</i>	67	2	1	5	(1)	0	112	185
Operating profit / (loss) before tax as reported	791	398	239	46	(158)	(230)	(241)	845
Operating profit / (loss) before tax (adjusted)	988	434	117	168	(161)	(229)	(240)	1,076

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 UBS Group fourth quarter 2018 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 UBS Group fourth quarter 2018 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) 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 UBS Group fourth quarter 2018 report for more information. Also includes recoveries from third parties (fourth quarter of 2018: USD 1 million; fourth quarter of 2017: USD 2 million). 8 Includes a gain on the sale of our investment in the London Clearing House. Figures presented for periods prior to 2018 relate to financial assets available for sale. With the adoption of IFRS 9, certain financial assets were reclassified from available for sale under IAS 39 to measured at fair value through OCI under IFRS 9. 9 Relates to the removal of the service period requirement for DCCP awards granted for the performance years 2012 and 2013.

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

USD million	For the year ended 31.12.18							UBS
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	
Operating income as reported	16,941	4,222	1,857	8,150	(513)	(609)	165	30,213
<i>of which: gains related to investments in associates⁴</i>	101	359						460
<i>of which: gains on sale of real estate</i>					31			31
<i>of which: gains on sale of subsidiaries and businesses</i>					25			25
<i>of which: remeasurement loss related to UBS Securities China⁵</i>					(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
<i>of which: personnel-related restructuring expenses⁶</i>	34	4	23	16	208	0	0	286
<i>of which: non-personnel-related restructuring expenses⁶</i>	16	0	10	11	238	0	0	275
<i>of which: restructuring expenses allocated from CC – Services⁶</i>	209	43	33	166	(456)	3	3	0
<i>of which: gain related to changes to the Swiss pension plan</i>	(66)	(38)	(10)	(5)	(122)			(241)
Operating expenses (adjusted)	12,757	2,259	1,350	6,323	437	81	312	23,521
<i>of which: net expenses for litigation, regulatory and similar matters⁷</i>	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

USD million	For the year ended 31.12.17							UBS
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services ³	CC – Group ALM	CC – Non-core and Legacy Portfolio	
Operating income as reported	16,287	3,925	2,083	7,794	(157)	(288)	(22)	29,622
<i>of which: gains on sale of subsidiaries and businesses</i>			153					153
<i>of which: gains on sale of financial assets at fair value through OCI⁸</i>				137				137
<i>of which: net foreign currency translation losses⁹</i>						(16)		(16)
Operating income (adjusted)	16,287	3,925	1,929	7,658	(157)	(271)	(22)	29,349
Operating expenses as reported	12,717	2,317	1,495	6,527	779	48	388	24,272
<i>of which: personnel-related restructuring expenses⁶</i>	39	7	17	39	442	1	0	545
<i>of which: non-personnel-related restructuring expenses⁶</i>	75	0	22	18	532	0	0	647
<i>of which: restructuring expenses allocated from CC – Services⁶</i>	474	98	63	310	(954)	3	6	0
<i>of which: expenses from modification of terms for certain DCCP awards¹⁰</i>				26				26
Operating expenses (adjusted)	12,129	2,212	1,393	6,135	759	44	382	23,054
<i>of which: net expenses for litigation, regulatory and similar matters⁷</i>	174	2	(4)	(42)	252	0	52	434
Operating profit / (loss) before tax as reported	3,571	1,607	587	1,267	(935)	(336)	(411)	5,351
Operating profit / (loss) before tax (adjusted)	4,159	1,713	536	1,523	(915)	(315)	(405)	6,295

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 UBS Group fourth quarter 2018 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 UBS Group fourth quarter 2018 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) 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 UBS Group fourth quarter 2018 report for more information. Also includes recoveries from third parties of USD 29 million and USD 55 million for the years ended 31 December 2018 and 31 December 2017, respectively. 8 Includes gains on the sales of our investments in the London Clearing House and IHS Markit. Figures presented for periods prior to 2018 relate to financial assets available for sale. With the adoption of IFRS 9, certain financial assets were reclassified from available for sale under IAS 39 to measured at fair value through OCI under IFRS 9. 9 Related to the disposal of foreign branches and subsidiaries. 10 Relates to the removal of the service period requirements for DCCP awards granted for the performance years 2012 and 2013.

Our key figures

<i>USD million, except where indicated</i>	As of or for the quarter ended			As of or for the year ended	
	31.12.18	30.9.18	31.12.17	31.12.18	31.12.17
Group results					
Operating income	6,972	7,428	7,207	30,213	29,622
Operating expenses	6,110	5,724	6,362	23,840	24,272
Operating profit / (loss) before tax	862	1,704	845	6,373	5,351
Net profit / (loss) attributable to shareholders	696	1,253	(2,417)	4,897	969
Diluted earnings per share (USD) ¹	0.18	0.33	(0.65)	1.27	0.25
Key performance indicators²					
Profitability and growth					
Return on tangible equity (%)	6.2	11.2	(20.3)	10.8	2.2
Adjusted return on tangible equity excluding deferred tax expense / benefit and deferred tax assets (%)	4.9	15.8	8.3	13.8	13.7
Cost / income ratio (%)	87.0	77.0	87.2	78.6	81.6
Adjusted cost / income ratio (%) ³	86.6	75.9	83.6	78.2	78.2
Net profit growth (%)		27.6		405.3	(71.1)
Resources					
Common equity tier 1 capital ratio (%) ⁴	13.1	13.5	13.8	13.1	13.8
Common equity tier 1 leverage ratio (%) ⁴	3.81	3.80	3.69	3.81	3.69
Going concern leverage ratio (%) ⁴	5.2	5.0	4.7	5.2	4.7
Additional information					
Profitability					
Return on equity (%)	5.3	9.7	(18.0)	9.3	1.8
Return on risk-weighted assets, gross (%) ⁵	10.8	11.6	11.9	11.8	12.6
Return on leverage ratio denominator, gross (%) ⁵	3.1	3.3	3.2	3.3	3.3
Resources					
Total assets	958,489	950,192	939,279	958,489	939,279
Equity attributable to shareholders	53,309	52,094	52,495	53,309	52,495
Common equity tier 1 capital ⁴	34,501	34,816	33,516	34,501	33,516
Risk-weighted assets ⁴	263,747	257,041	243,636	263,747	243,636
Going concern capital ratio (%) ⁴	17.7	17.9	17.6	17.7	17.6
Total loss-absorbing capacity ratio (%) ⁴	31.9	31.8	33.0	31.9	33.0
Leverage ratio denominator ⁴	904,598	915,066	909,032	904,598	909,032
Total loss-absorbing capacity leverage ratio (%) ⁴	9.3	8.9	8.8	9.3	8.8
Liquidity coverage ratio (%) ⁶	136	135	143	136	143
Other					
Invested assets (USD billion) ⁷	3,101	3,330	3,262	3,101	3,262
Personnel (full-time equivalents)	66,888	65,556	61,253	66,888	61,253
Market capitalization ⁸	47,978	60,890	70,912	47,978	70,912
Total book value per share (USD) ⁹	14.45	13.98	14.11	14.45	14.11
Total book value per share (CHF) ^{8,9}	14.21	13.72	13.75	14.21	13.75
Tangible book value per share (USD) ⁹	12.65	12.25	12.34	12.65	12.34
Tangible book value per share (CHF) ^{8,9}	12.44	12.02	12.03	12.44	12.03

¹ Refer to "Earnings per share (EPS) and shares outstanding" in the "Consolidated financial information" section of the UBS Group fourth quarter 2018 report for more information. ² Refer to the "Measurement of performance" section of our Annual Report 2017 for the definitions of our key performance indicators. ³ Calculated as adjusted operating expenses / adjusted operating income before credit loss (expense) or recovery. ⁴ Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of the UBS Group fourth quarter 2018 report for more information. ⁵ Calculated as operating income before credit loss (annualized as applicable) / average risk-weighted assets and average leverage ratio denominator, respectively. ⁶ Refer to the "Balance sheet, liquidity and funding management" section of the UBS Group fourth quarter 2018 report for more information. ⁷ Includes invested assets for Personal & Corporate Banking. ⁸ Refer to "UBS shares" in the "Capital management" section of the UBS Group fourth quarter 2018 report for more information. ⁹ 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.

Income statement

<i>USD million</i>	For the quarter ended			% change from		For the year ended	
	31.12.18	30.9.18	31.12.17	3Q18	4Q17	31.12.18	31.12.17
Net interest income	1,476	1,707	1,697	(13)	(13)	6,025	6,656
Other net income from fair value changes on financial instruments	1,047	1,165	999	(10)	5	5,984	5,065
Credit loss (expense) / recovery	(53)	(10)	(91)	448	(42)	(118)	(131)
Fee and commission income	4,700	4,875	4,840	(4)	(3)	19,598	19,362
Fee and commission expense	(439)	(409)	(485)	7	(9)	(1,703)	(1,840)
Net fee and commission income	4,261	4,466	4,355	(5)	(2)	17,895	17,522
Other income	241	101	247	139	(2)	427	511
Total operating income	6,972	7,428	7,207	(6)	(3)	30,213	29,622
<i>of which: net interest income and other net income from fair value changes on financial instruments</i>	2,524	2,871	2,696	(12)	(6)	12,008	11,721
Personnel expenses	3,839	3,936	3,980	(2)	(4)	16,132	16,199
General and administrative expenses	1,911	1,462	2,088	31	(8)	6,415	6,949
Depreciation and impairment of property, equipment and software	343	310	276	10	24	1,228	1,053
Amortization and impairment of intangible assets	17	15	17	11	(1)	65	71
Total operating expenses	6,110	5,724	6,362	7	(4)	23,840	24,272
Operating profit / (loss) before tax	862	1,704	845	(49)	2	6,373	5,351
Tax expense / (benefit)	165	448	3,234	(63)	(95)	1,468	4,305
Net profit / (loss)	697	1,256	(2,389)	(45)		4,904	1,046
Net profit / (loss) attributable to non-controlling interests	1	3	27	(78)	(97)	7	77
Net profit / (loss) attributable to shareholders	696	1,253	(2,417)	(44)		4,897	969
Comprehensive income							
Total comprehensive income	1,590	809	(2,646)	97		4,612	2,113
Total comprehensive income attributable to non-controlling interests	2	4	199	(57)	(99)	5	326
Total comprehensive income attributable to shareholders	1,588	805	(2,844)	97		4,607	1,787

Comparison UBS Group AG consolidated versus UBS AG consolidated

USD million, except where indicated	As of or for the quarter ended 31.12.18			As of or for the quarter ended 30.9.18			As of or for the quarter ended 31.12.17		
	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)	UBS Group AG (consolidated)	UBS AG (consolidated)	Difference (absolute)
Income statement									
Operating income	6,972	7,083	(111)	7,428	7,526	(98)	7,207	7,329	(122)
Operating expenses	6,110	6,285	(176)	5,724	5,960	(236)	6,362	6,587	(225)
Operating profit / (loss) before tax	862	798	65	1,704	1,566	138	845	743	102
of which: Global Wealth Management	793	782	11	950	941	9	791	788	3
of which: Personal & Corporate Banking	715	716	(1)	421	422	(1)	398	398	0
of which: Asset Management	114	113	1	123	123	0	239	239	0
of which: Investment Bank	(47)	(48)	1	483	473	11	46	47	(1)
of which: Corporate Center	(713)	(765)	53	(273)	(392)	119	(629)	(729)	101
of which: Services	(488)	(530)	42	(119)	(218)	99	(158)	(255)	98
of which: Group ALM	(131)	(142)	11	(128)	(148)	20	(230)	(233)	3
of which: Non-core and Legacy Portfolio	(94)	(94)	0	(25)	(25)	0	(241)	(241)	0
Net profit / (loss)	697	655	42	1,256	1,145	111	(2,389)	(2,466)	77
of which: net profit / (loss) attributable to shareholders	696	654	42	1,253	1,142	111	(2,417)	(2,493)	77
of which: net profit / (loss) attributable to preferred noteholders								27	(27)
of which: net profit / (loss) attributable to non-controlling interests	1	1	0	3	3	0	27	0	27
Statement of comprehensive income									
Other comprehensive income	893	895	(2)	(447)	(445)	(2)	(256)	(255)	(2)
of which: attributable to shareholders	892	894	(2)	(448)	(446)	(2)	(428)	(426)	(2)
of which: attributable to preferred noteholders								170	(170)
of which: attributable to non-controlling interests	1	1	0	1	1	0	171	2	170
Total comprehensive income	1,590	1,549	41	809	700	109	(2,646)	(2,720)	75
of which: attributable to shareholders	1,588	1,548	41	805	696	109	(2,844)	(2,919)	75
of which: attributable to preferred noteholders								197	(197)
of which: attributable to non-controlling interests	2	2	0	4	4	(0)	199	2	197
Balance sheet									
Total assets	958,489	958,055	434	950,192	950,824	(632)	939,279	940,020	(741)
Total liabilities	905,004	905,242	(238)	898,060	899,696	(1,636)	886,725	887,974	(1,249)
Total equity	53,485	52,814	671	52,132	51,128	1,004	52,554	52,046	508
of which: equity attributable to shareholders	53,309	52,638	671	52,094	51,089	1,005	52,495	51,987	508
of which: equity attributable to non-controlling interests	176	176	0	39	39	0	59	59	0
Capital information									
Common equity tier 1 capital	34,501	34,990	(488)	34,816	35,046	(230)	33,516	34,100	(584)
Going concern capital	46,661	42,795	3,866	45,972	42,219	3,753	42,995	37,861	5,134
Risk-weighted assets	263,747	262,840	907	257,041	256,206	835	243,636	242,725	911
Common equity tier 1 capital ratio (%)	13.1	13.3	(0.2)	13.5	13.7	(0.2)	13.8	14.0	(0.2)
Going concern capital ratio (%)	17.7	16.3	1.4	17.9	16.5	1.4	17.6	15.6	2.0
Total loss-absorbing capacity ratio (%)	31.9	31.4	0.5	31.8	31.3	0.5	33.0	31.4	1.6
Leverage ratio denominator	904,598	904,458	140	915,066	915,977	(911)	909,032	910,133	(1,101)
Common equity tier 1 leverage ratio (%)	3.81	3.87	(0.05)	3.80	3.83	(0.03)	3.69	3.75	(0.06)
Going concern leverage ratio (%)	5.2	4.7	0.4	5.0	4.6	0.4	4.7	4.2	0.5
Total loss-absorbing capacity leverage ratio (%)	9.3	9.1	0.2	8.9	8.8	0.1	8.8	8.4	0.4

UBS's fourth quarter 2018 report, news release and slide presentation will be available from 06:45 CET on Tuesday, 22 January 2019, at www.ubs.com/quarterlyreporting.

UBS will hold a presentation of its fourth quarter 2018 results on Tuesday, 22 January 2019. The results will be presented by Sergio P. Ermotti, Group Chief Executive Officer, Kirt Gardner, Group Chief Financial Officer, Martin Osinga, Head Investor Relations ad interim, and Hubertus Kuelps, Group Head Communications & Branding.

Time

- 09:00–11:00 CET
- 08:00–10:00 GMT
- 03:00–05:00 US EST

Audio webcast

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

Webcast playback

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

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Cautionary Statement Regarding Forward-Looking Statements

This news release contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) 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.

Rounding

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

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.