UBS Group AG
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October 25, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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THE SECURITIES EXCHANGE ACT OF 1934

Date: October 25, 2018

UBS Group AG

Commission File Number: 1-36764

UBS AG

Commission File Number: 1-15060

(Registrants' Name)

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Aeschenvorstadt 1, Basel, Switzerland

(Address of principal executive offices)

Indicate by check mark whether the registrants file or will file annual reports under cover of Form 20 F or Form 40-F.

Form 20-F x Form 40-F o

This Form 6-K consists of the Third Quarter 2018 Report of UBS Group AG, which appears immediately following this page.

Our financial results

Corporate calendar UBS Group AG

Publication of the fourth quarter 2018 report:	Monday, 21 January 2019
Publication of the Annual Report 2018:	Friday, 1 March 2019
Publication of the first quarter 2019 report:	Thursday, 25 April 2019
Annual General Meeting 2019:	Thursday, 2 May 2019

Corporate calendar UBS AG*

Publication of the third quarter 2018 report:	Wednesday, 31 October 2018

*Publication dates of further quarterly and annual reports and results will be made available as part of the corporate calendar of UBS AG at www.ubs.com/investors

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Third quarter 2018 report

Our key figures

	As of or for the quarter ended				As of or year-to-date	
CHF million, except where indicated	**30.9.18**	30.6.18	31.12.17	30.9.17	30.9.18	30.9.17
Group results						
Operating income	**7,279**	7,554	7,122	7,145	22,531	21,946
Operating expenses	**5,611**	5,875	6,266	5,924	17,212	17,534
Operating profit / (loss) before tax	**1,668**	1,679	855	1,221	5,320	4,412
Net profit / (loss) attributable to shareholders	**1,246**	1,284	(2,336)	946	4,044	3,389
Diluted earnings per share (CHF)[1]	**0.32**	0.33	(0.63)	0.25	1.05	0.88
Key performance indicators[2]						
Profitability and growth						
Return on tangible equity (%)	**11.3**	11.6	(20.2)	8.3	12.2	9.8
Adjusted return on tangible equity excluding deferred tax expense / benefit and deferred tax assets (%)	**15.7**	16.7	8.6	13.3	16.7	15.5
Cost / income ratio (%)	**77.0**	77.5	86.9	83.0	76.2	79.8
Adjusted cost / income ratio (%)[3]	**75.9**	75.8	83.4	79.0	75.7	76.5
Net profit growth (%)	**31.7**	9.3		14.4	19.3	32.0
Resources						
Common equity tier 1 capital ratio (%)[4]	**13.5**	13.4	13.8	13.7	13.5	13.7
Common equity tier 1 leverage ratio (%)[4]	**3.80**	3.75	3.69	3.69	3.80	3.69
Going concern leverage ratio (%)[4]	**5.0**	5.0	4.7	4.7	5.0	4.7
Additional information						
Profitability						
Return on equity (%)	**9.8**	10.1	(17.8)	7.2	10.6	8.5
Return on risk-weighted assets, gross (%)[5]	**11.6**	12.0	12.1	12.0	12.0	12.8
Return on leverage ratio denominator, gross (%)[5]	**3.2**	3.4	3.3	3.3	3.4	3.4
Resources						
Total assets	**932,471**	944,482	915,642	913,599	932,471	913,599

Equity attributable to shareholders	**51,122**	50,774	51,214	53,493	51,122	53,493
Common equity tier 1 capital[4]	**34,167**	33,817	32,671	32,621	34,167	32,621
Risk-weighted assets[4]	**252,247**	252,373	237,494	237,963	252,247	237,963
Going concern capital ratio (%)[4]	**17.9**	17.8	17.6	17.4	17.9	17.4
Total loss-absorbing capacity ratio (%)[4]	**31.8**	32.3	33.0	32.9	31.8	32.9
Leverage ratio denominator[4]	**898,000**	902,408	886,116	884,834	898,000	884,834
Total loss-absorbing capacity leverage ratio (%)[4]	**8.9**	9.0	8.8	8.9	8.9	8.9
Liquidity coverage ratio (%)[6]	**135**	144	143	142	135	142
Other						
Invested assets (CHF billion)[7]	**3,267**	3,242	3,179	3,054	3,267	3,054
Personnel (full-time equivalents)	**65,556**	63,684	61,253	60,796	65,556	60,796
Market capitalization[8]	**59,754**	59,072	69,125	63,757	59,754	63,757
Total book value per share (CHF)[8]	**13.72**	13.62	13.76	14.39	13.72	14.39
Tangible book value per share (CHF)[8]	**12.02**	11.90	12.04	12.67	12.02	12.67

1 Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of this 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 this 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 this report for more information. 7 Includes invested assets for Personal & Corporate Banking.
8 Refer to "UBS shares" in the "Capital management" section of this report for more information.
2

UBS Group

Management report

Terms used in this report, unless the context requires otherwise

“UBS,” “UBS Group,” “UBS Group AG consolidated,” “Group,” “the Group,” “we,” “us” and “our”	UBS Group AG and its consolidated subsidiaries
“UBS AG consolidated”	UBS AG and its consolidated subsidiaries
“UBS Group AG” and “UBS Group AG standalone”	UBS Group AG on a standalone basis
“UBS AG” and “UBS AG standalone”	UBS AG on a standalone basis
“UBS Switzerland AG” and “UBS Switzerland AG standalone”	UBS Switzerland AG on a standalone basis
“UBS Limited” and “UBS Limited standalone”	UBS Limited on a standalone basis
“UBS Americas Holding LLC” and “UBS Americas Holding LLC consolidated”	UBS Americas Holding LLC and its consolidated subsidiaries

Recent developments

Changes to our functional and presentation currencies

Effective 1 October 2018 and as required by IAS 21, *The Effects of Changes in Foreign Exchange Rates*, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland has changed from Swiss francs to US dollars and the functional currency of UBS AG's London Branch operations has changed from British pounds to US dollars. In line with these changes, the presentation currency of UBS Group AG's and UBS AG's consolidated financial statements will change from Swiss francs to US dollars. Prior periods will be restated for this presentation currency change, with assets, liabilities and total equity converted to US dollars at historic 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. There will be no material changes to prior-period profit and loss or total equity attributable to UBS shareholders. The restated historical financial data time series is available under "Quarterly reporting – Time series & spreadsheets" at *www.ubs.com/investors.*

Beginning with our fourth quarter 2018 report, financial information will be presented in US dollars. In addition, we will continue to provide select financial and regulatory information in Swiss francs as part of our quarterly and annual reporting.

We expect that these functional and presentation currency changes, together with related changes to our risk management framework and certain hedging programs, should increase our reported Group net interest income by approximately USD 0.3 billion annually. Based on our US dollar balance sheet as of mid-October 2018, post implementation of the presentation and functional currency changes and related hedging activities, we estimate that a parallel +100 basis point shift in yield curves would result in a combined increase in annual net interest income of Global Wealth Management and Personal & Corporate Banking of approximately USD 0.6 billion, or USD 0.1 billion higher compared with the sensitivity as of 30 September 2018. The sensitivity of shareholders' equity to such a shift in yield curves continues to be estimated as a decrease of approximately USD 1.9 billion recognized in Other comprehensive income (OCI).

We estimate that, under a US dollar functional and presentation currency, a 10% depreciation of the US dollar against other currencies would reduce our common equity tier 1 (CET1) capital ratio by 7 basis points and our Swiss systemically relevant bank (SRB) going concern leverage ratio by 14 basis points. Conversely, we estimate that a 10% appreciation of the US dollar against other currencies would increase our CET1 capital ratio by 7 basis points and our Swiss SRB going concern leverage ratio by 15 basis points.

The aforementioned estimates are calculated based on our estimated US dollar balance sheet as of mid-October 2018 post implementation of the functional and presentation currency changes and related hedging activities.

Regulatory and legal developments

Adoption of Swiss corporate tax reform

In September 2018, the Swiss Parliament adopted corporate tax reform measures, previously known as Tax Proposal 17, that abolish preferential corporate tax treatment for holding companies and introduce a series of tax measures that are aligned to Organisation for Economic Co-operation and Development (OECD) standards, aiming to maintain Switzerland’s competitiveness as a business location. The measures include an optional relief on capital tax that compensates for the proposed elimination of the current preferential holding company capital tax rate. In addition, the cantonal share of direct federal tax revenue will be increased, giving the cantons leeway to reduce their cantonal corporate income tax rate. If a referendum is not called, most measures will take effect in 2020, with some measures already taking effect in early 2019. The changes would increase our tax liability in Switzerland by a modest amount; the changes in cantonal tax rates, if enacted, would be expected to largely offset such increase.

UK withdrawal from the EU

We have planned our response to the UK withdrawal from the EU assuming that the UK will leave the EU in March 2019 and that any transition arrangements will only become legally binding close to the exit date. Given the continuing uncertainty on transition arrangements and the potential future restrictions on providing financial services into the EU from the UK, we are in the process of obtaining regulatory approvals for the merger of UBS Limited, our UK-headquartered subsidiary, into UBS Europe SE, our German-headquartered European subsidiary. Following completion of the merger, we expect that UBS Europe SE will become subject to direct supervision by the European Central Bank.

As reported in our Annual Report 2017, certain clients and other counterparties of UBS Limited would become clients or counterparties of UBS Europe SE through a business transfer proceeding and the merger of the two entities. We have now commenced the business transfer proceeding in the UK to facilitate the transfer of client business as well as the cross-border merger proceeding. We currently expect the business transfer and merger to become effective in the first quarter of 2019, prior to the UK leaving the EU at the end of March 2019.

We anticipate that clients and other counterparties of UBS Limited who can be serviced by UBS AG, London Branch generally will be migrated to UBS AG, London Branch in the fourth quarter of 2018 and prior to the merger of UBS Limited and UBS Europe SE. In connection with the merger, a small number of roles will be relocated from the UK to other European locations. We also expect to increase the loss-absorbing capacity of UBS Europe SE to reflect the additional activities it would acquire. The timing and extent of any actions we take may vary considerably from our current plan depending on regulatory requirements and the nature of any transition or successor agreements between the UK and the EU.

Developments related to the transition away from IBOR

Efforts to transition from the interbank offered rate (IBOR) benchmarks to alternative benchmark rates are continuing. The following key developments took place in the third quarter of 2018.

– The working group on euro risk-free rates recommended ESTER (euro short-term rate) as the replacement for EONIA (Euro OverNight Index Average), which will be prohibited by the EU Benchmark Regulation after 1 January 2020.

– Futures contracts referenced to the Secured Overnight Financing Rate (SOFR), the recommended successor to US dollar LIBOR (London Interbank Offered Rate), began trading on the Chicago Mercantile Exchange.

– The Bank of England consulted on the development of Term SONIA (Sterling Overnight Index Average) Reference Rates, which are expected to become available in the second half of 2019.

– The International Swaps and Derivatives Association, as part of a Financial Conduct Authority (FCA) mandate, consulted on preferred options for LIBOR transition fallbacks for derivatives.

The FCA and the Prudential Regulation Authority have written to the CEOs of banks and insurance companies in the UK, including UBS, seeking assurance that senior managers and boards understand the risks associated with the transition away from IBOR and are taking appropriate preparatory action to transition to alternative rates before the end of 2021.

We have a substantial number of contracts linked to IBOR and have established a cross-divisional, cross-regional governance structure and change program to address the scale and complexity of the transition from 2018 to 2021.

Other developments

Increase in stake in UBS Securities China

As disclosed in our second quarter 2018 report, we submitted a preliminary application in May 2018 to increase our shareholding in our China affiliate, UBS Securities Co. Limited (UBSS), from 24.99% to 51%. The transaction is subject to completion of a share purchase from existing shareholders and regulatory approval. If we acquire majority ownership, we expect to consolidate UBSS under International Financial Reporting Standards (IFRS) and remeasure our current 24.99% holding at fair value, resulting in an estimated loss of CHF 0.3 billion in Corporate Center – Services if the disclosed offer prices are accepted. The loss will be treated as an adjusting item. CET1 capital should not be materially affected as the loss is expected to be largely offset by the release of a capital deduction for goodwill included with the initial stake.

Worldline to acquire SIX Payment Services

On 15 May 2018, SIX and Worldline signed a binding agreement to enter into a strategic partnership in the cards business. Under the agreement, SIX will transfer its existing cards business to Worldline and receive a 27% stake in Worldline. The transaction is currently expected to close in the fourth quarter of 2018. When the transaction closes, we expect to recognize in the income statement a share of the gain recognized by SIX proportional to our 17.31% equity ownership in SIX, estimated at CHF 0.4 billion subject to Worldline's share price upon closing. The gain, of which approximately 80% will be reflected in Personal & Corporate Banking and approximately 20% in Global Wealth Management, will be treated as an adjusting item. For CET1 capital, the gain may be offset by related capital deductions.

Key financial reporting and accounting changes in 2019

IFRS 16, *Leases*

We will adopt IFRS 16, *Leases* on 1 January 2019, fundamentally changing how we account for operating leases when acting as a lessee. We expect assets and liabilities to increase by approximately CHF 4 billion upon adoption with a corresponding increase in RWA and LRD, with associated modest effects on capital and leverage ratios.

→ **Refer to "Note 1 Basis of accounting" in the "Consolidated financial statements" section of this report for further information**

Changes to performance targets, allocations and in segment reporting in 2019

Changes to our performance targets

In connection with our 2018 Investor Update we announced updates to our annual performance targets, ambitions and capital and resource guidelines effective in 2019. The table on the next page shows these for the Group and the business divisions. Our updated targets and ambitions take into account the effects of the changes in Corporate Center cost allocations, equity attribution and Corporate Center segment reporting. Performance targets and ambitions exclude, where applicable, items that management believes are not representative of the underlying performance of our businesses, such as restructuring-related charges and gains and losses on sales of businesses and real estate. The performance targets assume constant foreign currency translation rates unless indicated otherwise.

Changes in Corporate Center cost allocations and equity attribution to business divisions as of the first quarter of 2019

In order to align Group and divisional performance, we will adjust our methodology for the allocation of Corporate Center expenses, funding costs and balance sheet to the business divisions. In aggregate, this will result in an increase of approximately CHF 0.7 billion in Corporate Center retained profit, offset by higher allocations to the business divisions, and lead to approximately a 2 percentage point increase in business division adjusted cost / income ratios.

Following these changes, the retained loss in Corporate Center – Services will primarily reflect funding costs for deferred tax assets, costs relating to our legal entity transformation program and other costs not attributable to or representative of the performance of the business divisions.

Furthermore, Corporate Center will allocate approximately CHF 90 billion of additional leverage ratio denominator (LRD), and associated risk-weighted assets (RWA), from Corporate Center – Group Asset and Liability Management (Group ALM) to business divisions. This is incremental to the existing LRD and RWA allocations from Corporate Center – Group ALM to the business divisions.

With this methodology update and further changes to our equity attribution framework, we expect to allocate approximately CHF 7 billion of additional attributed equity to the business divisions, of which CHF 3 billion will be allocated to the Investment Bank. The remaining attributed equity retained in Corporate Center will primarily relate to deferred tax assets and dividend accruals.

All of these changes will be effective
1 January 2019 and we will provide restated prior-period information.

Changes in Corporate Center segment reporting

Effective 1 January 2019, we will no longer separately assess the performance of Corporate Center – Non-core and Legacy Portfolio as a result of its substantially reduced size and resource consumption. Following this change, and in line with IFRS 8, *Operating Segments*, we will include the results of Corporate Center – Non-core and Legacy Portfolio with Corporate Center – Services. Prior-period information will be restated.

Targets, ambitions and capital and resource guidelines

		Targets		Ambitions	Capital / resource guidelines
		FY19	FY19–21		FY19–21
Group	Reported return on CET1 capital[1]	~15%		~17%	
	Adjusted cost/income ratio[2]	~77%		~72%	
	CET1 capital ratio[3]				~13%
	CET1 leverage ratio[4]				~3.7%
Global Wealth Management	Adjusted pre-tax profit growth[5]		10–15%[6]		
	Adjusted cost/income ratio[7]	~75%		~70%	
	Net new money growth[8]		2–4%		
Personal & Corporate Banking	Adjusted pre-tax profit growth[5]		3–5%[6]		
	Adjusted cost/income ratio[7]	~59%		~56%	
	Net interest margin		145–155bps		
Asset Management	Adjusted pre-tax profit growth[5]		~10%[6]		
	Adjusted cost/income ratio[7]	~72%		~68%	
	Net new money growth (excl. money markets)[8]		3–5%		
Investment Bank	Adjusted return on attributed equity[9]		~15%[6,10]		
	Adjusted cost/income ratio[7]	~78%		~75%	
	RWA and LRD in relation to Group[11]				~1/3

1 Net profit attributable to shareholders divided by average common equity tier 1 (CET1) capital. **2** Adjusted operating expenses divided by adjusted operating income before credit loss expense or recovery. Refer to the "Group Performance" section of this report and the UBS Group Annual Report 2017 for information on adjusting items. **3** CET1 capital divided by risk-weighted assets (RWA) calculated in accordance with the Basel III framework as applicable to Swiss systemically relevant banks (SRBs). **4** CET1 capital divided by leverage ratio denominator (LRD) calculated in accordance with Swiss SRB rules applicable as of 1 January 2020. **5** Business division adjusted profit before tax for the current period divided by business division adjusted profit before tax of comparison period, expressed as a percentage growth. For Asset Management, this metric excludes the impact of business exits. For Personal & Corporate Banking, it is measured in Swiss francs. **6** Over the cycle. **7** Business division adjusted operating expenses divided by business division adjusted operating income before credit loss expense or recovery expressed as a percentage. **8** Net new money for the current period (annualized as applicable), divided by invested assets at the beginning of the period, expressed as a percentage. For Asset Management, this metric excludes money markets from both numerator and denominator. **9** Business division adjusted operating profit before tax (annualized as applicable) divided by average attributed equity. Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for information on the attributed equity framework and to “Changes in Corporate Center cost allocations and equity attribution to business divisions as of the first quarter of 2019” in this section for changes to the framework effective 2019. **10** Repositioned from a minimum return to a performance target. **11** RWA or LRD attributed to the Investment Bank divided by total Group RWA or LRD, as applicable. Refer to the “Capital management” section of this report for information on RWA and LRD.

7

Group performance

Income statement

	For the quarter ended			% change from		Year-to-date	
CHF million	**30.9.18**	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Net interest income	**1,670**	985	1,743	70	(4)	4,399	4,855
Other net income from fair value changes on financial instruments	**1,143**	2,187	1,089	(48)	5	4,797	3,985
Credit loss (expense) / recovery	**(9)**	(28)	7	(67)		(63)	(39)
Fee and commission income	**4,779**	4,793	4,686	0	2	14,454	14,219
Fee and commission expense	**(401)**	(417)	(442)	(4)	(9)	(1,227)	(1,327)
Net fee and commission income	**4,378**	4,377	4,244	0	3	13,228	12,892
Other income	**97**	34	62	189	56	171	252
Total operating income	**7,279**	7,554	7,145	(4)	2	22,531	21,946
of which: net interest income and other net income from fair value changes on financial instruments	***2,814***	*3,172*	*2,832*	*(11)*	*(1)*	*9,196*	*8,840*
Personnel expenses	**3,858**	4,059	3,893	(5)	(1)	11,931	11,967
General and administrative expenses	**1,433**	1,516	1,760	(5)	(19)	4,374	4,754
Depreciation and impairment of property, equipment and software	**304**	284	256	7	19	860	761
Amortization and impairment of intangible assets	**15**	16	16	(6)	(4)	47	53
Total operating expenses	**5,611**	5,875	5,924	(4)	(5)	17,212	17,534
Operating profit / (loss) before tax	**1,668**	1,679	1,221	(1)	37	5,320	4,412
Tax expense / (benefit)	**419**	394	272	6	54	1,270	974
Net profit / (loss)	**1,249**	1,285	948	(3)	32	4,050	3,438
Net profit / (loss) attributable to non-controlling interests	**3**	1	2	131	67	6	49
Net profit / (loss) attributable to shareholders	**1,246**	1,284	946	(3)	32	4,044	3,389
Comprehensive income							
Total comprehensive income	**276**	2,342	1,574	(88)	(82)	3,314	2,343
Total comprehensive income attributable to non-controlling interests	**3**	(1)	31		(90)	4	92
Total comprehensive income attributable to shareholders	**273**	2,343	1,543	(88)	(82)	3,311	2,251

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

	For the quarter ended 30.9.18						
CHF million	**Global Wealth Management**	**Personal & Corporate Banking**	**Asset Manage- ment**	**Investment Bank**	**CC – Services[3]**	**CC – Group ALM**	**CC – Nor core and Legacy Portfolio**
Operating income as reported	**4,043**	**967**	**449**	**1,927**	**(39)**	**(107)**	**40**
of which: gains on sale of real estate					***30***		
of which: gains on sale of subsidiaries and businesses					***25***		
Operating income (adjusted)	**4,043**	**967**	**449**	**1,927**	**(94)**	**(107)**	**40**
Operating expenses as reported	**3,111**	**554**	**329**	**1,455**	**78**	**20**	**64**
of which: personnel-related restructuring expenses[4]	***11***	***1***	***2***	***1***	***43***	***0***	***0***
of which: non-personnel-related restructuring expenses[4]	***0***	***0***	***1***	***3***	***58***	***0***	***0***
of which: restructuring expenses allocated from CC − Services[4]	***60***	***8***	***6***	***31***	***(105)***	***1***	***(1)***
Operating expenses (adjusted)	**3,040**	**545**	**321**	**1,420**	**82**	**19**	**65**
of which: net expenses for litigation, regulatory and similar matters[5]	***28***	***0***	***0***	***(57)***	***30***	***0***	***3***
Operating profit / (loss) before tax as reported	**932**	**413**	**120**	**472**	**(118)**	**(127)**	**(24)**
Operating profit / (loss) before tax (adjusted)	**1,003**	**422**	**129**	**507**	**(177)**	**(126)**	**(25)**

	For the quarter ended 30.6.18						
CHF million	Global Wealth Management	Personal &	Asset	Investment Bank	CC –	CC –	CC – Nor

		Corporate Banking	Manage- ment		Services[3]	Group ALM	core and Legacy Portfolio
Operating income as reported	4,157	933	458	2,171	(78)	(185)	98
of which: net foreign currency translation losses[6]						*(15)*	
Operating income (adjusted)	4,157	933	458	2,171	(78)	(169)	98
Operating expenses as reported	3,120	566	357	1,602	94	21	116
of which: personnel-related restructuring expenses[4]	*3*	*1*	*15*	*2*	*43*	*0*	*0*
of which: non-personnel-related restructuring expenses[4]	*5*	*0*	*3*	*3*	*39*	*0*	*0*
of which: restructuring expenses allocated from CC − Services[4]	*39*	*9*	*8*	*32*	*(88)*	*0*	*1*
Operating expenses (adjusted)	3,073	556	331	1,566	100	20	115
of which: net expenses for litigation, regulatory and similar matters[5]	*52*	*0*	*0*	*2*	*0*	*0*	*76*
Operating profit / (loss) before tax as reported	**1,037**	**368**	**101**	**569**	**(172)**	**(206)**	**(18)**
Operating profit / (loss) before tax (adjusted)	**1,084**	**378**	**126**	**605**	**(178)**	**(190)**	**(17)**

Group performance

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

CHF 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
	For the quarter ended 30.9.17							
Operating income as reported	3,967	971	494	1,800	(70)	(49)	32	7,145
Operating income (adjusted)	3,967	971	494	1,800	(70)	(49)	32	7,145
Operating expenses as reported	3,065	559	366	1,531	331	18	54	5,924
of which: personnel-related restructuring expenses[4]	*13*	*1*	*6*	*4*	*115*	*0*	*0*	*140*
of which: non-personnel-related restructuring expenses[4]	*22*	*0*	*5*	*6*	*111*	*0*	*0*	*145*
of which: restructuring expenses allocated from CC − Services[4]	*104*	*24*	*15*	*73*	*(218)*	*1*	*1*	*0*
Operating expenses (adjusted)	2,926	534	340	1,448	322	17	53	5,639
of which: net expenses for litigation, regulatory and similar matters[5]	*26*	*0*	*(5)*	*(46)*	*247*	*0*	*(25)*	*197*
Operating profit / (loss) before tax as reported	**902**	**411**	**127**	**269**	**(401)**	**(67)**	**(22)**	**1,221**
Operating profit / (loss) before tax (adjusted)	**1,041**	**436**	**153**	**352**	**(392)**	**(66)**	**(21)**	**1,506**

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations.
2 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 3 Corporate Center − Services operating expenses presented in this table are after service allocations to business divisions and other Corporate Center units. 4

Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives in 2018 for Global Wealth Management and Asset Management.
5 Reflects the net increase / (release) in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information. Also includes recoveries from third parties (third quarter of 2018: CHF 0 million; second quarter of 2018: CHF 10 million; third quarter of 2017: CHF 50 million). 6 Related to the disposal of foreign subsidiaries and branches.

10

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

	Year-to-date 30.9.18						
CHF million	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	CC – Services[3]	CC – Group ALM	CC – Non-core and Legacy Portfolio
Operating income as reported	12,395	2,847	1,348	6,405	(155)	(496)	187
of which: gains on sale of real estate					*30*		
of which: gains on sale of subsidiaries and businesses					*25*		
of which: net foreign currency translation losses[4]						*(15)*	
Operating income (adjusted)	12,395	2,847	1,348	6,405	(210)	(480)	187
Operating expenses as reported	9,298	1,647	1,021	4,775	170	59	241
of which: personnel-related restructuring expenses[5]	*17*	*3*	*18*	*14*	*133*	*0*	*0*
of which: non-personnel-related restructuring expenses[5]	*15*	*0*	*7*	*7*	*147*	*0*	*0*
of which: restructuring expenses allocated from CC − Services[5]	*145*	*25*	*20*	*94*	*(288)*	*2*	*1*
of which: gain related to changes to the Swiss pension plan[6]	*(61)*	*(35)*	*(10)*	*(5)*	*(114)*		
Operating expenses (adjusted)	9,183	1,654	985	4,664	292	57	240
of which: net expenses for litigation, regulatory and similar matters[7]	*110*	*(1)*	*0*	*(57)*	*6*	*0*	*64*
Operating profit / (loss) before tax as reported	3,097	1,200	327	1,630	(325)	(555)	(54)
	3,213	1,193	363	1,741	(502)	(537)	(53)

Operating profit / (loss) before tax (adjusted)

	Year-to-date 30.9.17						
CHF million	Global Wealth Management	Personal & Corporate Banking	Asset Manage- ment	Investment Bank	CC – Services[3]	CC – Group ALM	CC – Non core and Legacy Portfolio
Operating income as reported	11,905	2,864	1,422	5,924	(107)	(79)	16
of which: gains on sale of financial assets at fair value through OCI[8]				*107*			
of which: net foreign currency translation losses[4]						*(22)*	
Operating income (adjusted)	11,905	2,864	1,422	5,817	(107)	(57)	16
Operating expenses as reported	9,184	1,678	1,082	4,724	652	29	183
of which: personnel-related restructuring expenses[5]	*28*	*6*	*11*	*26*	*301*	*1*	*0*
of which: non-personnel-related restructuring expenses[5]	*49*	*0*	*16*	*12*	*337*	*0*	*0*
of which: restructuring expenses allocated from CC − Services[5]	*306*	*62*	*43*	*197*	*(615)*	*2*	*6*
Operating expenses (adjusted)	8,801	1,611	1,012	4,488	629	26	177
of which: net expenses for litigation, regulatory and similar matters[7]	*104*	*0*	*(4)*	*(45)*	*243*	*0*	*(58)*
Operating profit / (loss) before tax as reported	**2,721**	**1,185**	**340**	**1,200**	**(759)**	**(108)**	**(167)**
Operating profit / (loss) before tax (adjusted)	**3,104**	**1,252**	**410**	**1,329**	**(736)**	**(83)**	**(161)**

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 2 Comparative f this table may differ from those originally published in quarterly and annual reports due to adjustmen 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 Cer Services operating expenses presented in this table are after service allocations to business divisions other Corporate Center units. 4 Related to the disposal of foreign subsidiaries and branches. 5 Re restructuring expenses related to legacy cost programs as well as expenses for new restructuring init 2018 for Global Wealth Management and Asset Management. 6 Refer to "Note 5 Personnel expense "Consolidated financial statements" section of this report for more information. 7 Reflects the net in (release) in provisions for litigation, regulatory and similar matters recognized in the income stateme to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of for more information. Also includes recoveries from third parties of CHF 27 million and CHF 51 million first nine months of 2018 and 2017, respectively. 8 Reflects a gain on sale of our remaining investm IHS Markit in the Investment Bank. Figures presented for periods prior to 2018 relate to financial asse available for sale. With the adoption of IFRS 9 on 1 January 2018, certain financial assets were reclass from available for sale under IAS 39 to measured at fair value through OCI under IFRS 9. Refer to "No of accounting" and "Note 19 Transition to IFRS 9 as of 1 January 2018" in the "Consolidated financial section of this report for more information.

Results: 3Q18 vs 3Q17

Profit before tax increased by CHF 447 million or 37% to CHF 1,668 million, reflecting a decrease in operating expenses and higher operating income. Operating income increased by CHF 134 million or 2%, mainly reflecting CHF 134 million higher net fee and commission income. Operating expenses decreased by CHF 313 million or 5%, primarily due to CHF 327 million lower general and administrative expenses.

In addition to reporting our results in accordance with International Financial Reporting Standards (IFRS), we report adjusted results that exclude items that management believes are not representative of the underlying performance of our businesses. Such adjusted results are non-GAAP financial measures as defined by US Securities and Exchange Commission (SEC) regulations. Following the completion of our CHF 2.1 billion cost reduction program at the end of 2017, which we refer to as our “legacy cost programs” in this report, we expect residual restructuring expenses incurred in connection with legacy cost programs, as well as expenses relating to new restructuring initiatives, of approximately CHF 0.5 billion for the full year 2018 and approximately CHF 0.2 billion in 2019.

For the purpose of determining adjusted results for the third quarter of 2018, we excluded gains of CHF 30 million on sale of real estate and gains of CHF 25 million on sale of subsidiaries and businesses, as well as net restructuring expenses of CHF 120 million related to legacy cost programs and new restructuring initiatives. For the third quarter of 2017, we excluded net restructuring expenses of CHF 285 million.

On this adjusted basis, profit before tax for the third quarter of 2018 increased by CHF 227 million or 15% to CHF 1,733 million, driven by CHF 148 million or 3% lower operating expenses and a CHF 79 million or 1% increase in operating income. In US dollar terms, adjusted profit before tax increased 14%.

Operating income: 3Q18 vs 3Q17

Total operating income increased by CHF 134 million or 2% to CHF 7,279 million. On an adjusted basis, total operating income increased by CHF 79 million or 1% to CHF 7,224 million, mainly reflecting a CHF 134 million increase in net fee and commission income.

Net interest income and other net income from fair value changes on financial instruments

	For the quarter ended			% change from		Year-to-date	
CHF million	**30.9.18**	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income (AC / FVOCI)	**873**	910	1,214	(4)	(28)	2,723	3,675
Net interest income from financial instruments measured at fair value through profit or loss (FVTPL)	**798**	75	529	963	51	1,676	1,180
Other net income from fair value changes on financial instruments	**1,143**	2,187	1,089	(48)	5	4,797	3,985
Total	**2,814**	3,172	2,832	(11)	(1)	9,196	8,840
Global Wealth Management	**1,234**	1,315	1,259	(6)	(2)	3,844	3,766
of which: net interest income	***1,042***	*1,081*	*1,015*	*(4)*	*3*	*3,141*	*2,969*
of which: transaction-based income from foreign exchange and other intermediary activity[1]	***192***	*234*	*244*	*(18)*	*(21)*	*703*	*797*
Personal & Corporate Banking	**616**	606	617	2	0	1,832	1,831
of which: net interest income	***517***	*509*	*522*	*2*	*(1)*	*1,533*	*1,561*
of which: transaction-based income from foreign exchange and other intermediary activity[1]	***99***	*97*	*95*	*2*	*4*	*299*	*270*
Asset Management	**(7)**	(3)	(4)	97	88	(15)	(15)
Investment Bank[2]	**1,071**	1,363	1,018	(21)	5	3,885	3,302
Corporate Client Solutions	***203***	*254*	*295*	*(20)*	*(31)*	*852*	*804*
Investor Client Services	***868***	*1,109*	*723*	*(22)*	*20*	*3,033*	*2,498*
Corporate Center[2]	**(102)**	(109)	(59)	(6)	72	(350)	(44)
CC – Services	***(50)***	*(48)*	*(33)*	*3*	*53*	*(104)*	*(33)*
CC – Group ALM	***(93)***	*(159)*	*(15)*	*(42)*	*531*	*(434)*	*15*
CC – Non-core and Legacy Portfolio	***41***	*98*	*(12)*	*(58)*		*189*	*(27)*

1 Mainly includes spread-related income in connection with client-driven transactions, foreign currency translation effects and income and expenses from precious metals, which are included in the income statement line "Other net income from fair value changes on financial instruments." The amounts reported on this line are one component of "Transaction-based income" in the management discussion and analysis of Global Wealth Management and Personal & Corporate Banking in the "UBS business divisions and Corporate Center" section of this report. 2 Investment Bank and Corporate Center information is provided at the business line level rather than by financial statement reporting line in order to reflect the underlying business activities, which is consistent with the structure of their management discussion and analysis in the "UBS business divisions and Corporate Center" section of this report.

Net interest income and other net income from fair value changes on financial instruments

Total combined net interest income and other net income from fair value changes on financial instruments decreased by CHF 18 million to CHF 2,814 million, mainly driven by decreases in Corporate Center and Global Wealth Management, partly offset by an increase in the Investment Bank.

Global Wealth Management

In Global Wealth Management, net interest income increased by CHF 27 million to CHF 1,042 million, primarily due to an increase in net interest margin on deposits as well as higher loan volumes. This was partly offset by lower allocated treasury-related income from Corporate Center – Group Asset and Liability Management (Group ALM).

Transaction-based income from foreign exchange and other intermediary activity decreased by CHF 52 million to CHF 192 million, mainly due to lower client activity in all regions.

Personal & Corporate Banking

In Personal & Corporate Banking, net interest income decreased by CHF 5 million to CHF 517 million, mainly due to lower allocated treasury-related income from Group ALM, partly offset by higher deposit revenues.

Transaction-based income from foreign exchange and other intermediary activity was broadly unchanged at CHF 99 million.

Investment Bank

In the Investment Bank, net interest income and other net income from fair value changes on financial instruments increased by CHF 53 million to CHF 1,071 million. This was driven by a CHF 145 million increase in Investor Client Services, primarily in Foreign Exchange, Rates and Credit, mainly due to higher client activity levels and improved trading performance. In addition, net interest income and other net income from fair value changes on financial instruments increased in Equities, reflecting higher revenues across all products and regions. These increases were partly offset by a CHF 92 million decrease in Corporate Client Solutions, mainly reflecting lower revenues in Equity Capital Markets.

Corporate Center

In Corporate Center, net interest income and other net income from fair value changes on financial instruments decreased by CHF 43 million, primarily reflecting a CHF 78 million decrease in Group ALM, mainly due to higher net interest expense in Group ALM's unsecured funding portfolio. In addition, there was a CHF 17 million decrease in Corporate Center – Services, primarily driven by higher funding costs relating to Corporate Center – Services' balance sheet assets and lower allocated treasury-related income from Group ALM. These decreases were partly offset by a CHF 53 million increase in Non-core and Legacy Portfolio, primarily as the third quarter of 2018 included valuation gains on auction rate securities that were measured at amortized cost and are now measured at fair value through profit or loss effective 1 January 2018 upon adoption of IFRS 9.

Net fee and commission income

Net fee and commission income was CHF 4,378 million compared with CHF 4,244 million.

Investment fund fees and fees for portfolio management and related services increased by CHF 166 million to CHF 3,108 million, mainly in Global Wealth Management, predominantly driven by higher average invested assets and an increase in mandate penetration.

M&A and corporate finance fees increased by CHF 82 million to CHF 256 million, primarily reflecting an increase in the Investment Bank due to higher revenues from merger and acquisition transactions against a global fee pool decline of 15%.

Other fee and commission expense increased by CHF 60 million to CHF 340 million, primarily in Asset Management, mainly due to the inclusion of fund administration expenses, which were reported as operating expenses prior to the sale of Asset Management's fund administration business in October 2017.

Underwriting fees decreased by CHF 30 million to CHF 206 million, reflecting lower equity underwriting fees in the Investment Bank.

→ **Refer to "Note 3 Net fee and commission income" in the "Consolidated financial statements" section of this report for more information**

Other income

Other income was CHF 97 million compared with CHF 62 million. The third quarter of 2018 included gains of CHF 30 million on sale of real estate and gains of CHF 25 million on sale of subsidiaries and businesses, both related to the sale of Widder Hotel. Excluding these items, adjusted other income decreased by CHF 20 million, mainly as the third quarter of 2017 included income of CHF 26 million related to a claim on a defaulted counterparty position.

→ **Refer to "Note 4 Other income" in the "Consolidated financial statements" section of this report for more information**

Credit loss (expense) / recovery

	For the quarter ended			% change from		Year-to-date	
CHF million	**30.9.18**	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Global Wealth Management	**(6)**	(1)	(1)	654	947	(4)	(3)
Personal & Corporate Banking	**(3)**	(22)	(2)	(85)	80	(38)	(23)
Investment Bank	**1**	(6)	2		(44)	(20)	(10)
Corporate Center	**(1)**	0	7	407		(2)	(3)
Total	**(9)**	(28)	7	(67)		(63)	(39)

Credit loss expense / recovery

We adopted IFRS 9, *Financial Instruments* effective 1 January 2018. IFRS 9 introduces a forward-looking expected credit loss (ECL) approach, which is intended to result in an earlier recognition of credit losses based on an ECL impairment approach compared with the incurred-loss impairment approach for financial instruments under IAS 39, *Financial Instruments: Recognition and Measurement* and the loss-provisioning approach for financial guarantees and loan commitments under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Total net credit loss expenses were CHF 9 million in the third quarter of 2018, reflecting a CHF 20 million increase in losses from credit-impaired (stage 3) positions, mainly in Global Wealth Management and Personal & Corporate Banking. This was partly offset by an CHF 11 million decrease in expected credit losses from stage 1 and 2 positions, primarily in the Investment Bank and Personal & Corporate Banking.

→ **Refer to “Note 1 Basis of accounting” and “Note 19 Transition to IFRS 9 as of 1 January 2018” in the “Consolidated financial statements” section of this report for more information on the adoption of IFRS 9**

→ **Refer to “Note 9 Expected credit loss measurement” in the “Consolidated financial statements” section of this report for more information on credit loss expense / recovery**

Operating expenses

	For the quarter ended			% change from		Year-to-date	
CHF million	**30.9.18**	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Operating expenses as reported							
Personnel expenses	**3,858**	4,059	3,893	(5)	(1)	11,931	11,967
General and administrative expenses	**1,433**	1,516	1,760	(5)	(19)	4,374	4,754
Depreciation and impairment of property, equipment and software	**304**	284	256	7	19	860	761
Amortization and impairment of intangible assets	**15**	16	16	(6)	(4)	47	53
Total operating expenses as reported	**5,611**	5,875	5,924	(4)	(5)	17,212	17,534
Adjusting items							
Personnel expenses	**58**	63	140			(39)	373
of which: restructuring expenses[1]	***58***	*63*	*140*			*186*	*373*
of which: gain related to changes to the Swiss pension plan[2]						*(225)*	
General and administrative expenses[1]	**35**	49	143			147	407
Depreciation and impairment of property, equipment and software[1]	**27**	2	2			29	6
Amortization and impairment of intangible assets[1]	**0**	0	0			0	0
Total adjusting items	**120**	114	285			137	787
Operating expenses (adjusted)[3]							
Personnel expenses	**3,800**	3,996	3,753	(5)	1	11,971	11,594
of which: salaries and variable compensation	***2,207***	*2,376*	*2,170*	*(7)*	*2*	*7,116*	*6,828*
of which: financial advisor variable compensation[4]	***996***	*996*	*976*	*0*	*2*	*2,966*	*2,956*
of which: other personnel expenses[5]	***597***	*623*	*606*	*(4)*	*(1)*	*1,889*	*1,809*
General and administrative expenses	**1,399**	1,467	1,617	(5)	(13)	4,226	4,347
of which: net expenses for litigation, regulatory and	***3***	*131*	*197*	*(98)*	*(98)*	*123*	*239*

similar matters							
of which: other general and administrative expenses	***1,396***	*1,337*	*1,420*	*4*	*(2)*	*4,103*	*4,108*
Depreciation and impairment of property, equipment and software	**277**	282	254	(2)	9	831	755
Amortization and impairment of intangible assets	**15**	16	16	(6)	(4)	47	53
Total operating expenses (adjusted)	**5,491**	5,761	5,639	(5)	(3)	17,074	16,747

1 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.
2 Refer to "Note 5 Personnel expenses" in the "Consolidated financial statements" section of this report for more information. 3 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 4 Financial advisor variable compensation consists of grid-based compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. 5 Consists of expenses related to contractors, social security, pension and other post-employment benefit plans and other personnel expenses. Refer to "Note 5 Personnel expenses" in the "Consolidated financial statements" section of this report for more information.

Operating expenses: 3Q18 vs 3Q17

Total operating expenses decreased by CHF 313 million or 5% to CHF 5,611 million. Excluding net restructuring expenses of CHF 120 million (third quarter of 2017: CHF 285 million) related to legacy cost programs and new restructuring initiatives, adjusted total operating expenses decreased by CHF 148 million or 3% to CHF 5,491 million.

Personnel expenses

Personnel expenses decreased by CHF 35 million to CHF 3,858 million on a reported basis, primarily due to lower variable compensation and a decrease in net restructuring expenses, partly offset by higher salary expenses, mainly in Corporate Center – Services, primarily driven by continued insourcing of certain activities and staff from third-party vendors to our Business Solutions Centers. Salary expenses also increased in Global Wealth Management.

On an adjusted basis, personnel expenses increased by CHF 47 million to CHF 3,800 million, primarily due to the aforementioned increase in salary expenses, partly offset by lower expenses for variable compensation.

→ **Refer to "Note 5 Personnel expenses" in the "Consolidated financial statements" section of this report for more information**

General and administrative expenses

General and administrative expenses decreased by CHF 327 million to CHF 1,433 million. This was mainly due to CHF 194 million lower net expenses for litigation, regulatory and similar matters, primarily as the third quarter of 2017 included expenses related to the resolution of the majority of outstanding indemnification claims related to our sale of Banco UBS Pactual S.A. In addition, net restructuring expenses decreased by CHF 108 million.

On an adjusted basis, general and administrative expenses decreased by CHF 218 million to CHF 1,399 million, largely due to the aforementioned decrease in net expenses for litigation, regulatory and similar matters.

We believe that the industry continues to operate in an environment in which expenses associated with litigation, regulatory and similar matters will remain elevated for the foreseeable future and we continue to be exposed to a number of significant claims and regulatory matters. The outcome of many of these matters, the timing of a resolution, and the potential effects of resolutions on our future business, financial results or financial condition are extremely difficult to predict.

→ **Refer to "Note 6 General and administrative expenses" in the "Consolidated financial statements" section of this report for more information**

→ **Refer to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report and to "Material legal and regulatory risks arise in the conduct of our business" in the "Risk factors" section of our Annual Report 2017 for more information on litigation, regulatory and similar matters**

Depreciation, amortization and impairment

Depreciation, amortization and impairment of property, equipment, software and intangible assets was CHF 319 million compared with CHF 272 million, mainly resulting from higher expenses for internally generated capitalized software, driven by newly developed software that has been placed in service over the last 12 months and higher impairment costs.

On an adjusted basis, depreciation, amortization and impairment of property, equipment, software and intangible assets increased by CHF 23 million, primarily due to the aforementioned increase in expenses for internally generated capitalized software.

Tax: 3Q18 vs 3Q17

We recognized an income tax expense of CHF 419 million for the third quarter of 2018 compared with an income tax expense of CHF 272 million for the third quarter of 2017.

The net current tax expense was CHF 231 million compared with CHF 230 million and primarily related to taxable profits of UBS Switzerland AG and other legal entities in the UBS Group.

Deferred tax expenses were CHF 188 million compared with CHF 42 million and mainly related to the amortization of deferred tax assets (DTAs) previously recognized in relation to tax losses carried forward and deductible temporary differences to reflect their offset against profits for the quarter. Deferred tax expenses were lower in the third quarter of 2017, primarily as it included a net upward revaluation of DTAs in the US and Switzerland.

Following the reduction in the US federal corporate tax rate to 21% from 35%, which was included in the Tax Cuts and Jobs Act enacted in the fourth quarter of 2017, and the reduction in timeframe between the end of our seven-year profit forecast period and the expiry of our US tax losses carried forward, we are reviewing our approach to the remeasurement of our US DTAs and the timing for recognizing deferred taxes in our income statement. As a result of this review, which is ongoing and will depend in part on legal entity business plans that are expected to be finalized shortly, we expect to remeasure our US operations-related DTAs in Switzerland and in the US during the fourth quarter of 2018. These remeasurements are expected to include changes in recognized tax loss and temporary difference DTAs in respect of US profits, including the elimination of the seven-year profit forecast period limit for the tax loss DTAs related to UBS Americas Inc. However, these changes are anticipated to have a limited net effect on the tax expense and no effect on CET1 capital in the fourth quarter of 2018. As a result of the review, it is anticipated that US tax loss DTAs will begin to be amortized with effect from 1 January 2019.

We currently forecast a full-year tax rate for 2018 of approximately 24%, excluding the effect of any remeasurement of DTAs in the fourth quarter of 2018. Following the aforementioned review, the tax rate for 2019 is expected to be slightly higher at around 25%. This increase is due to the aforementioned amortization of US tax loss DTAs, which has no impact on CET1 capital.

→ **Refer to "Note 7 Income taxes" in the "Consolidated financial statements" section of this report for more information**

Total comprehensive income attributable to shareholders: 3Q18 vs 3Q17

Total comprehensive income attributable to shareholders was CHF 273 million compared with CHF 1,543 million. Net profit attributable to shareholders was CHF 1,246 million compared with CHF 946 million and other comprehensive income (OCI) attributable to shareholders, net of tax, was negative CHF 973 million compared with positive CHF 596 million.

In the third quarter of 2018, foreign currency translation OCI was negative CHF 390 million, primarily resulting from the weakening of the US dollar and British pound against the Swiss franc. OCI related to foreign currency translation in the same quarter last year was positive CHF 603 million.

OCI related to own credit on financial liabilities designated at fair value was negative CHF 283 million compared with negative CHF 36 million and mainly reflected a tightening of credit spreads in the third quarter of 2018.

OCI related to cash flow hedges was negative CHF 234 million in the third quarter of 2018, mainly reflecting an increase in unrealized losses on hedging derivatives resulting from increases in the relevant long-term interest rates. In the third quarter of 2017, OCI related to cash flow hedges was negative CHF 118 million.

Defined benefit plan OCI was negative CHF 50 million compared with positive CHF 123 million. We recorded net pre-tax OCI losses of CHF 31 million related to our Swiss pension plan. Net pre-tax OCI losses related to the non-Swiss pension plans amounted to CHF 23 million.

OCI associated with financial assets measured at fair value through OCI was negative CHF 16 million compared with positive CHF 24 million and mainly reflected net unrealized losses following increases in the relevant long-term interest rates.

→ **Refer to "Statement of comprehensive income" in the "Consolidated financial statements" section of this report for more information**

→ **Refer to "Note 26 Pension and other post-employment benefit plans" in the "Consolidated financial statements" section of our Annual Report 2017 for more information on other comprehensive income related to defined benefit plans**

Sensitivity to interest rate movements

As of 30 September 2018, we estimate that a parallel shift in yield curves by +100 basis points could lead to a combined increase in annual net interest income of approximately CHF 0.5 billion in Global Wealth Management and Personal & Corporate Banking. Of this increase, approximately CHF 0.2 billion and CHF 0.1 billion would result from changes in euro and US dollar interest rates, respectively.

The immediate effect on shareholders' equity of such a shift in yield curves would be a decrease of approximately CHF 1.9 billion recognized in OCI, of which approximately CHF 1.4 billion would result from changes in US dollar interest rates. Since the majority of this effect on shareholders' equity is related to cash flow hedge OCI, which is not recognized for the purposes of calculating regulatory capital, the immediate effect on regulatory capital would be a decrease of approximately CHF 0.2 billion, primarily related to the impact from debt instruments measured at fair value through OCI, partly offset by a positive effect from pension fund assets and liabilities.

The aforementioned estimates are based on an immediate increase in interest rates, equal across all currencies and relative to implied forward rates applied to our banking book and financial assets measured at fair value through OCI. These estimates further assume no change to balance sheet size and structure, constant foreign exchange rates and no specific management action.

→ **Refer to the "Recent developments" section of this report for information on the effects on our interest rate sensitivity of changing our presentation currency and certain functional currencies to US dollars in the fourth quarter of 2018**

Key figures and personnel

Return on tangible equity: 3Q18 vs 3Q17

The annualized return on tangible equity (RoTE) was 11.3% compared with 8.3%. The annualized adjusted RoTE excluding deferred tax expense / benefit and DTAs was 15.7% compared with 13.3%.

Cost / income ratio: 3Q18 vs 3Q17

The cost / income ratio was 77.0% compared with 83.0%. On an adjusted basis, the cost / income ratio was 75.9% compared with 79.0%.

Risk-weighted assets: 3Q18 vs 2Q18

Risk-weighted assets (RWA) were broadly unchanged at CHF 252.2 billion as of 30 September 2018, reflecting decreases due to asset size and other movements of CHF 5.8 billion and currency effects of CHF 1.5 billion, almost entirely offset by increases due to model updates of CHF 3.2 billion, methodology and policy changes of CHF 3.2 billion, and regulatory add-ons of CHF 0.8 billion.

→ **Refer to the "Capital management" section of this report for more information**

Common equity tier 1 capital ratio: 3Q18 vs 2Q18

Our common equity tier 1 (CET1) capital ratio increased 0.1 percentage points to 13.5%, reflecting a CHF 0.4 billion increase in CET1 capital and a CHF 0.1 billion decrease in RWA.

→ **Refer to the “Capital management” section of this report for more information**

Leverage ratio denominator: 3Q18 vs 2Q18

During the third quarter of 2018, the leverage ratio denominator (LRD) decreased by CHF 4 billion to CHF 898 billion. This decrease was driven by currency effects of CHF 9 billion, partly offset by asset size and other movements of CHF 5 billion.

→ **Refer to the “Capital management” section of this report for more information**

Common equity tier 1 leverage ratio: 3Q18 vs 2Q18

Our CET1 leverage ratio increased from 3.75% to 3.80% in the third quarter of 2018, reflecting a CHF 4 billion decrease in the LRD and the aforementioned increase in CET1 capital.

→ **Refer to the “Capital management” section of this report for more information**

Going concern leverage ratio: 3Q18 vs 2Q18

Our going concern leverage ratio remained stable at 5.0% as of 30 September 2018, reflecting an increase of CHF 0.2 billion in going concern capital and the aforementioned CHF 4 billion decrease in LRD.

→ **Refer to the “Capital management” section of this report for more information**

Net new money and invested assets

Management’s discussion and analysis of net new money and invested assets is provided in the “UBS business divisions and Corporate Center” section of this report.

Personnel: 3Q18 vs 2Q18

We employed 65,556 personnel as of 30 September 2018, a net increase of 1,872 compared with 30 June 2018. Corporate Center – Services personnel increased by 1,536, primarily due to higher staffing levels related to continued insourcing of certain activities from third-party vendors to our Business Solutions Centers, mainly in Group Technology, as well as due to strategic and regulatory initiatives. We have seen a decrease in outsourced personnel as a result of our insourcing initiatives. Investment Bank and Global Wealth Management personnel increased by 179 and 95, respectively.

Return on equity

	As of or for the quarter ended			As of or year-to-date	
CHF million, except where indicated	**30.9.18**	30.6.18	30.9.17	30.9.18	30.9.17
Net profit					
Net profit / (loss) attributable to shareholders	**1,246**	1,284	946	4,044	3,389
Amortization and impairment of intangible assets	**15**	16	16	47	53
Pre-tax adjusting items[1,2]	**65**	129	285	98	702
Tax effect on adjusting items[3]	**(14)**	(28)	(63)	(21)	(154)
Adjusted net profit / (loss) attributable to shareholders	**1,312**	1,401	1,184	4,167	3,990
of which: deferred tax (expense) / benefit[4]	***(188)***	*(198)*	*(42)*	*(643)*	*(306)*
Adjusted net profit / (loss) attributable to shareholders excluding deferred tax expense / benefit	**1,500**	1,598	1,226	4,810	4,296
Equity					
Equity attributable to shareholders	**51,122**	50,774	53,493	51,122	53,493
Less: goodwill and intangible assets	**6,316**	6,391	6,388	6,316	6,388
Tangible equity attributable to shareholders	**44,806**	44,382	47,105	44,806	47,105
of which: DTAs not eligible as CET1 capital[5]	***6,121***	*6,402*	*9,502*	*6,121*	*9,502*
Tangible equity attributable to shareholders excluding DTAs	**38,685**	37,980	37,603	38,685	37,603
Return on equity					
Return on equity (%)	**9.8**	10.1	7.2	10.6	8.5
Return on tangible equity (%)	**11.3**	11.6	8.3	12.2	9.8
Adjusted return on tangible equity (%)[1]	**11.8**	12.5	10.2	12.4	11.4
Adjusted return on tangible equity excluding deferred tax expense / benefit and DTAs (%)[1,6]	**15.7**	16.7	13.3	16.7	15.5

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 2 Refer to the “Performance by business division and Corporate Center unit – reported and adjusted” table in this section for more information. 3 Generally reflects an indicative tax rate of 22% on pre-tax adjusting items. 4 Deferred tax expense / benefit in respect of taxable profits and any remeasurements of DTAs, such as the net write-down due to the Tax Cuts and Jobs Act enacted in the fourth quarter of 2017. 5 DTAs that do not qualify as CET1 capital, reflecting

DTAs recognized for tax loss carry-forwards of CHF 6,024 million as of 30 September 2018 (30 June 2018: CHF 6,113 million; 30 September 2017: CHF 8,221 million) as well as DTAs on temporary differences, excess over threshold of CHF 97 million as of 30 September 2018 (30 June 2018: CHF 289 million; 30 September 2017: CHF 1,281 million), in accordance with Swiss SRB rules. Refer to the "Capital management" section of this report for more information. 6 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.

Net new money[1]

	For the quarter ended			Year-to-date	
CHF billion	**30.9.18**	30.6.18	30.9.17	30.9.18	30.9.17
Global Wealth Management	**13.5**	(1.2)	2.4	31.2	30.5
Asset Management	**3.1**	(2.1)	15.3	32.4	48.9
of which: excluding money market flows	***0.4***	*0.9*	*8.5*	*28.0*	*38.3*
of which: money market flows	***2.7***	*(3.1)*	*6.8*	*4.4*	*10.5*

1 Net new money excludes interest and dividend income.

Invested assets

	As of			% change from	
CHF billion	**30.9.18**	30.6.18	30.9.17	30.6.18	30.9.17
Global Wealth Management	**2,392**	2,372	2,251	1	6
Asset Management	**815**	810	744	1	10
of which: excluding money market funds	***734***	*732*	*670*	*0*	*10*
of which: money market funds	***80***	*78*	*74*	*3*	*9*

Results: 9M18 vs 9M17

Profit before tax increased by CHF 908 million or 21% to CHF 5,320 million. Operating income increased by CHF 585 million or 3%, mainly reflecting CHF 356 million higher net interest income and other net income from fair value changes on financial instruments as well as a CHF 336 million increase in net fee and commission income, partly offset by CHF 81 million lower other income. Operating expenses decreased by CHF 322 million or 2%, largely due to CHF 380 million lower general and administrative expenses, mainly due to a CHF 260 million decrease in net restructuring expenses and CHF 116 million lower net expenses for litigation, regulatory and similar matters, primarily as the third quarter of 2017 included expenses related to the resolution of the majority of outstanding indemnification claims related to our sale of Banco UBS Pactual S.A. These decreases were partly offset by CHF 94 million higher depreciation and amortization expenses, mainly related to internally generated capitalized software. Personnel expenses were broadly unchanged at CHF 11,931 million as a gain of CHF 225 million related to changes to our Swiss pension plan and CHF 187 million lower net restructuring expenses were largely offset by higher expenses for salaries and contractors. Salary expenses increased, mainly in Corporate Center – Services and primarily driven by the aforementioned insourcing of certain activities and staff from third-party vendors to our Business Solutions Centers. Salary expenses also increased in Global Wealth Management.

On an adjusted basis, profit before tax increased by CHF 303 million or 6%, reflecting higher operating income, partly offset by an increase in operating expenses.

Adjusted operating income increased by CHF 631 million or 3%, mainly due to a CHF 356 million increase in net interest income and other net income from fair value changes on financial instruments, primarily reflecting increases in the Investment Bank and in Global Wealth Management, partly offset by a decrease in Corporate Center. In addition, net fee and commission increased by CHF 336 million, mainly due to a
CHF 572 million increase in investment fund fees and fees for portfolio management and

related services, primarily in Global Wealth Management, as well as CHF 106 million higher M&A and corporate finance fees. These increases were partly offset by CHF 175 million lower underwriting fees, primarily reflecting lower equity underwriting fees in the Investment Bank, and a CHF 184 million increase in other fee and commission expense, mainly in Asset Management and predominantly due to the inclusion of fund administration expenses, which were reported as operating expenses prior to the sale of Asset Management's fund administration business in October 2017.

Adjusted operating expenses increased by CHF 327 million or 2%, mainly due to a CHF 377 million increase in adjusted personnel expenses, primarily reflecting higher expenses for salaries and contractors, as well as a CHF 71 million increase in adjusted depreciation and amortization expenses. This was partly offset by CHF 121 million lower adjusted general and administrative expenses, almost entirely due to lower net expenses for litigation, regulatory and similar matters.

Outlook

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

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

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

UBS business
divisions
and Corporate
Center

Management report

Global Wealth Management

Global Wealth Management

Global Wealth Management[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Results							
Net interest income	**1,042**	1,081	1,015	(4)	3	3,141	2,969
Recurring net fee income[2]	**2,365**	2,350	2,221	1	6	6,997	6,512
Transaction-based income[3]	**623**	718	709	(13)	(12)	2,222	2,379
Other income	**19**	9	23	105	(19)	38	47
Income	**4,049**	4,158	3,968	(3)	2	12,399	11,908
Credit loss (expense) / recovery[4]	**(6)**	(1)	(1)	654	947	(4)	(3)
Total operating income	**4,043**	4,157	3,967	(3)	2	12,395	11,905
Personnel expenses	**1,865**	1,904	1,870	(2)	0	5,631	5,628
Salaries and other personnel costs	**870**	908	894	(4)	(3)	2,665	2,673
Financial advisor variable compensation[5,6]	**857**	852	796	1	8	2,537	2,394
Compensation commitments with recruited financial advisors[5,7]	**139**	144	180	(4)	(23)	429	561
General and administrative expenses	**292**	302	299	(3)	(2)	882	878
Services (to) / from Corporate Center and other business divisions	**943**	900	884	5	7	2,748	2,641
of which: services from CC – Services	***916***	*877*	*864*	*4*	*6*	*2,671*	*2,567*
Depreciation and impairment of property, equipment and software	**1**	1	1	34	16	3	3
Amortization and impairment of intangible assets	**9**	13	12	(28)	(20)	35	34
Total operating expenses	**3,111**	3,120	3,065	0	2	9,298	9,184
Business division operating profit / (loss) before tax	**932**	1,037	902	(10)	3	3,097	2,721
Adjusted results[8]							
Total operating income as reported	**4,043**	4,157	3,967	(3)	2	12,395	11,905
Total operating income (adjusted)	**4,043**	4,157	3,967	(3)	2	12,395	11,905
Total operating expenses as reported	**3,111**	3,120	3,065	0	2	9,298	9,184

of which: personnel-related restructuring expenses[9]	***11***	*3*	*13*			*17*	*28*
of which: non-personnel-related restructuring expenses[9]	***0***	*5*	*22*			*15*	*49*
of which: restructuring expenses allocated from CC – Services[9]	***60***	*39*	*104*			*145*	*306*
of which: gain related to changes to the Swiss pension plan						*(61)*	
Total operating expenses (adjusted)	**3,040**	3,073	2,926	(1)	4	9,183	8,801
Business division operating profit / (loss) before tax as reported	**932**	1,037	902	(10)	3	3,097	2,721
Business division operating profit / (loss) before tax (adjusted)	**1,003**	1,084	1,041	(7)	(4)	3,213	3,104
Key performance indicators[10]							
Pre-tax profit growth (%)	**3.3**	17.9	9.5			13.8	15.9
Cost / income ratio (%)	**76.8**	75.0	77.2			75.0	77.1
Net new money growth (%)	**2.3**	(0.2)	0.4			1.8	1.9
Net margin on invested assets (bps)	**16**	18	16	(12)	(5)	18	17
Adjusted key performance indicators[8,10]							
Pre-tax profit growth (%)	**(3.7)**	7.0	4.0			3.5	12.4
Cost / income ratio (%)	**75.1**	73.9	73.7			74.1	73.9
Net new money growth (%)	**2.3**	(0.2)	0.4			1.8	1.9
Net margin on invested assets (bps)	**17**	19	19	(9)	(11)	18	19

Global Wealth Management (continued)[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Additional information							
Recurring income[11]	**3,407**	3,430	3,236	(1)	5	10,139	9,481
Recurring income as a percentage of income (%)	**84.1**	82.5	81.6			81.8	79.6
Average attributed equity (CHF billion)[12]	**13.1**	13.2	12.6	(1)	4	13.1	12.7
Return on attributed equity (%)[12]	**28.5**	31.5	28.6			31.7	28.6
Return on attributed tangible equity (%)[12]	**46.3**	50.9	47.1			51.3	47.4
Risk-weighted assets (CHF billion)[12]	**58.8**	60.0	55.3	(2)	6	58.8	55.3
of which: held by Global Wealth Management (CHF billion)	***56.6***	*57.9*	*53.1*	*(2)*	*7*	*56.6*	*53.1*
of which: held by CC – Group ALM on behalf of Global Wealth Management (CHF billion)[13]	***2.1***	*2.1*	*2.2*	*1*	*(3)*	*2.1*	*2.2*
Leverage ratio denominator (CHF billion)[12]	**261.6**	263.7	255.8	(1)	2	261.6	255.8
of which: held by Global Wealth Management (CHF billion)	***205.6***	*207.3*	*192.3*	*(1)*	*7*	*205.6*	*192.3*
of which: held by CC – Group ALM on behalf of Global Wealth Management (CHF billion)[13]	***56.0***	*56.4*	*63.5*	*(1)*	*(12)*	*56.0*	*63.5*
Goodwill and intangible assets (CHF billion)	**4.9**	5.0	4.9	(1)	0	4.9	4.9
Net new money (CHF billion)	**13.5**	(1.2)	2.4			31.2	30.5
Invested assets (CHF billion)	**2,392**	2,372	2,251	1	6	2,392	2,251
Gross margin on invested assets (bps)	**68**	71	72	(4)	(6)	70	73
Adjusted gross margin on invested assets	**68**	71	72	(4)	(6)	70	73

(bps)							
Client assets (CHF billion)	**2,637**	2,633	2,493	0	6	2,637	2,493
Loans, gross (CHF billion)[14]	**174.6**	175.6	162.0	(1)	8	174.6	162.0
Due to customers (CHF billion)[14]	**263.4**	268.4	263.5	(2)	0	263.4	263.5
Recruitment loans to financial advisors[5]	**2,306**	2,384	2,597	(3)	(11)	2,306	2,597
Other loans to financial advisors[5]	**988**	1,010	561	(2)	76	988	561
Personnel (full-time equivalents)	**23,553**	23,458	23,158	0	2	23,553	23,158
Advisors (full-time equivalents)	**10,677**	10,682	10,681	0	0	10,677	10,681

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Recurring net fee income consists of fees for services provided on an ongoing basis such as portfolio management fees, asset-based investment fund fees, custody fees and account-keeping fees, which are generated on client assets. 3 Transaction-based income consists of the non-recurring portion of net fee and commission income, mainly consisting of brokerage and transaction-based investment fund fees as well as credit card fees and fees for payment transactions, together with Other net income from fair value changes on financial instruments. 4 Upon adoption of IFRS 9 effective 1 January 2018, credit loss expenses include credit losses on recruitment loans to financial advisors previously recognized in personnel expenses. Prior periods were not restated. 5 Relates to licensed professionals with the ability to provide investment advice to clients in the Americas. 6 Financial advisor variable compensation consists of grid-based compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, assets and other variables. 7 Compensation commitments with recruited financial advisors represent expenses related to compensation commitments granted to financial advisors at the time of recruitment that are subject to vesting requirements. 8 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 9 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives in 2018. 10 Refer to the “Measurement of performance” section of our Annual Report 2017 for the definitions of our key performance indicators. 11 Recurring income consists of net interest income and recurring net fee income. 12 Refer to the “Capital management” section of this report for more information. 13 Represents risk-weighted assets and leverage ratio denominator held by Corporate Center − Group ALM that are directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for more information. 14 Loans and Due to customers in this table include customer brokerage receivables and payables, respectively, which with the adoption of IFRS 9 effective 1 January 2018 have been reclassified to a separate reporting line on the balance sheet.

Regional breakdown of key figures[1]	CHF Americas	*USD Americas*	CHF EMEA	CHF	CHF Switzerland	CHF	*CHF*

As of or for the quarter ended 30.9.18				Asia Pacific		Total of regions[2]	*of which: ultra high net worth (UHNW)*
CHF billion, except where indicated							
Net new money	**(0.9)**	*(0.9)*	**4.7**	**8.4**	**1.4**	**13.7**	*13.1*
Net new money growth (%)	**(0.3)**	*(0.3)*	**3.6**	**8.7**	**2.8**	**2.3**	*4.4*
Invested assets	**1,282**	*1,307*	**515**	**377**	**215**	**2,389**	*1,195*
Loans, gross	**57.8**[3]	*58.9*[3]	**37.5**	**44.3**	**34.5**	**174.0**	
Advisors (full-time equivalents)	**6,910**	*6,910*	**1,802**	**1,110**	**734**	**10,556**	*1,047*[4]

1 Refer to the “Measurement of performance” section of our Annual Report 2017 for the definitions of our key performance indicators. 2 Excluding minor functions with 121 advisors, CHF 3 billion of invested assets, CHF 0.5 billion of loans and CHF 0.2 billion of net new money outflows in the third quarter of 2018. 3 Loans include customer brokerage receivables, which with the adoption of IFRS 9 effective 1 January 2018 have been reclassified to a separate reporting line on the balance sheet. 4 Represents advisors who exclusively serve ultra high net worth clients in a globally managed unit.

Global Wealth Management

Results: 3Q18 vs 3Q17

Profit before tax increased by CHF 30 million or 3% to CHF 932 million, while adjusted profit before tax decreased by CHF 38 million or 4% to CHF 1,003 million, reflecting higher operating expenses, partly offset by higher operating income. In US dollar terms, adjusted profit before tax decreased 5%.

Operating income

Total operating income increased by CHF 76 million or 2% to CHF 4,043 million, mainly driven by higher recurring net fee income and net interest income, partly offset by lower transaction-based income.

Net interest income increased by CHF 27 million to CHF 1,042 million, primarily due to an increase in net interest margin on deposits as well as higher loan volumes. This was partly offset by lower allocated treasury-related income from Corporate Center – Group Asset and Liability Management (Group ALM).

→ **Refer to the "Corporate Center – Group Asset and Liability Management" section of this report for more information**

Recurring net fee income increased by CHF 144 million to CHF 2,365 million, predominantly driven by higher average invested assets and an increase in mandate penetration.

Transaction-based income decreased by CHF 86 million to CHF 623 million, mainly due to lower client activity in all regions, most notably in Asia Pacific and the Americas.

Other income decreased by CHF 4 million to CHF 19 million.

Operating expenses

Total operating expenses increased by CHF 46 million or 2% to CHF 3,111 million and adjusted operating expenses increased by CHF 114 million or 4% to CHF 3,040 million. Personnel expenses decreased by CHF 5 million to CHF 1,865 million and adjusted personnel expenses decreased by CHF 3 million to CHF 1,854 million. This decrease was mainly due to lower variable compensation not related to financial advisors, partly offset by increases in salaries and staffing levels. In addition, in the Americas, higher financial advisor variable compensation was partly offset by lower expenses for compensation commitments to recruited financial advisors. General and administrative expenses decreased by CHF 7 million to CHF 292 million, while adjusted general and administrative expenses increased by CHF 15 million to CHF 292 million, predominantly driven by higher regulatory-related expenses and higher expenses for travel and entertainment. Net expenses for services from Corporate Center and other business divisions increased by CHF 59 million to CHF 943 million and adjusted net expenses for services increased by CHF 104 million to CHF 884 million, mainly reflecting higher expenses from Group Technology and Group Risk Control.

Net new money: 3Q18 vs 3Q17

Net new money inflows were CHF 13.5 billion compared with inflows of CHF 2.4 billion, an annualized net new money growth rate of 2.3% compared with 0.4%. Net new money from ultra high net worth clients was CHF 13.1 billion compared with CHF 1.8 billion.

Invested assets: 3Q18 vs 2Q18

Invested assets increased by CHF 20 billion to CHF 2,392 billion, due to positive market performance of CHF 33 billion and net new money inflows of CHF 13 billion, partly offset by currency effects of CHF 25 billion. Mandate penetration increased to 33.9% from 33.3%.

Results: 9M18 vs 9M17

Profit before tax increased by CHF 376 million or 14% to CHF 3,097 million. Excluding a credit of CHF 61 million related to our Swiss pension plan, adjusted profit before tax increased by CHF 109 million or 3% to CHF 3,213 million, reflecting higher operating income, partly offset by higher operating expenses. In US dollar terms, adjusted profit before tax increased 5%.

Total operating income increased by CHF 490 million or 4% to CHF 12,395 million, mainly driven by higher recurring net fee income and net interest income, partly offset by lower transaction-based income. Net interest income increased by CHF 172 million to CHF 3,141 million, primarily due to an increase in net interest margin on deposits as well as higher loan volumes. This was partly offset by lower allocated treasury-related income from Corporate Center – Group ALM.

→ **Refer to the “Corporate Center – Group Asset and Liability Management” section of this report for more information**

Recurring net fee income increased by CHF 485 million to CHF 6,997 million, predominantly driven by higher average invested assets and an increase in mandate penetration. Transaction-based income decreased by CHF 157 million to CHF 2,222 million, mainly due to lower client activity and higher fees paid to Personal & Corporate Banking, reflecting increased volumes of referrals and net client shifts.

Total operating expenses increased by CHF 114 million or 1% to CHF 9,298 million and adjusted operating expenses increased by CHF 382 million or 4% to CHF 9,183 million. Personnel expenses increased by CHF 3 million to CHF 5,631 million and, excluding the aforementioned credit related to changes to our Swiss pension plan, increased by CHF 75 million to CHF 5,676 million on an adjusted basis, driven by increases in salaries and staffing levels, partly offset by lower variable compensation not related to financial advisors. In the Americas, the increase in financial advisor variable compensation was largely offset by lower expenses for compensation commitments to recruited financial advisors. General and administrative expenses increased by CHF 4 million to CHF 882 million and adjusted general and administrative expenses increased by CHF 38 million to CHF 867 million, mainly due to higher regulatory-related expenses and higher expenses for travel and entertainment. Net expenses for services from Corporate Center and other business divisions increased by CHF 107 million to CHF 2,748 million and adjusted net expenses for services increased by CHF 268 million to CHF 2,603 million. This increase was driven by higher net expenses from Group Technology, Group Risk Control and higher costs related to strategic and regulatory initiatives.

Personal & Corporate Banking

Personal & Corporate Banking

Personal & Corporate Banking[1]

CHF million, except where indicated	As of or for the quarter ended 30.9.18	30.6.18	30.9.17	% change from 2Q18	3Q17	Year-to-date 30.9.18	30.9.17
Results							
Net interest income	**517**	509	522	2	(1)	1,533	1,561
Recurring net fee income[2]	**157**	157	149	0	6	468	439
Transaction-based income[3]	**280**	275	285	2	(2)	838	819
Other income	**15**	14	16	5	(7)	46	68
Income	**970**	955	972	2	0	2,885	2,886
Credit loss (expense) / recovery	**(3)**	(22)	(2)	(85)	80	(38)	(23)
Total operating income	**967**	933	971	4	0	2,847	2,864
Personnel expenses	**203**	221	211	(8)	(4)	601	648
General and administrative expenses	**55**	56	68	(3)	(20)	170	203
Services (to) / from Corporate Center and other business divisions	**293**	285	277	3	6	867	819
of which: services from CC – Services	***307***	*304*	*300*	*1*	*2*	*922*	*887*
Depreciation and impairment of property, equipment and software	**3**	3	3	(2)	6	10	9
Amortization and impairment of intangible assets	**0**	0	0			0	0
Total operating expenses	**554**	566	559	(2)	(1)	1,647	1,678
Business division operating profit / (loss) before tax	**413**	368	411	12	0	1,200	1,185
Adjusted results[4]							
Total operating income as reported	**967**	933	971	4	0	2,847	2,864
Total operating income (adjusted)	**967**	933	971	4	0	2,847	2,864
Total operating expenses as reported	**554**	566	559	(2)	(1)	1,647	1,678
of which: personnel-related restructuring expenses[5]	***1***	*1*	*1*			*3*	*6*
of which: non-personnel-related restructuring expenses[5]	***0***	*0*	*0*			*0*	*0*
of which: restructuring expenses allocated from CC – Services[5]	***8***	*9*	*24*			*25*	*62*
of which: gain related to changes to the Swiss pension plan						*(35)*	
Total operating expenses (adjusted)	**545**	556	534	(2)	2	1,654	1,611
Business division operating profit / (loss) before tax as reported	**413**	368	411	12	0	1,200	1,185
Business division operating profit / (loss) before tax (adjusted)	**422**	378	436	12	(3)	1,193	1,252

Key performance indicators[6]							
Pre-tax profit growth (%)	**0.4**	3.4	(9.3)			1.2	(14.5)
Cost / income ratio (%)	**57.1**	59.2	57.5			57.1	58.1
Net interest margin (bps)	**158**	156	157	1	1	156	156
Net new business volume growth for personal banking (%)	**4.5**	3.9	3.7			4.9	5.0
Adjusted key performance indicators[4,6]							
Pre-tax profit growth (%)	**(3.3)**	(0.2)	(7.8)			(4.7)	(7.8)
Cost / income ratio (%)	**56.2**	58.2	54.9			57.3	55.8
Net interest margin (bps)	**158**	156	157	1	1	156	156
Net new business volume growth for personal banking (%)	**4.5**	3.9	3.7			4.9	5.0

Personal & Corporate Banking (continued)[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Additional information							
Average attributed equity (CHF billion)[7]	**6.5**	6.4	6.2	1	5	6.4	6.1
Return on attributed equity (%)[7]	**25.5**	23.0	26.7			25.2	25.9
Return on attributed tangible equity (%)[7]	**25.5**	23.0	26.7			25.2	25.9
Risk-weighted assets (CHF billion)[7]	**54.0**	53.2	48.3	2	12	54.0	48.3
of which: held by Personal & Corporate Banking (CHF billion)	***53.0***	*52.2*	*47.3*	*2*	*12*	*53.0*	*47.3*
of which: held by CC – Group ALM on behalf of Personal & Corporate Banking (CHF billion)[8]	***1.1***	*1.0*	*1.1*	*2*	*1*	*1.1*	*1.1*
Leverage ratio denominator (CHF billion)[7]	**188.0**	187.8	188.7	0	0	188.0	188.7
of which: held by Personal & Corporate Banking (CHF billion)	***148.4***	*148.8*	*149.8*	*0*	*(1)*	*148.4*	*149.8*
of which: held by CC – Group ALM on behalf of Personal & Corporate Banking (CHF billion)[8]	***39.6***	*39.0*	*38.9*	*1*	*2*	*39.6*	*38.9*
Business volume for personal banking (CHF billion)	**157**	156	154	0	2	157	154
Net new business volume for personal banking (CHF billion)	**1.7**	1.5	1.4			5.7	5.6
Client assets (CHF billion)[9]	**665**	658	663	1	0	665	663
Loans, gross (CHF billion)	**131.0**	130.6	133.1	0	(2)	131.0	133.1
Due to customers (CHF billion)	**139.7**	138.0	135.4	1	3	139.7	135.4
Secured loan portfolio as a percentage of total loan portfolio, gross (%)	**92.2**	92.1	92.3			92.2	92.3
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[10]	**1.2**	1.2	0.5			1.2	0.5
	5,200	5,141	5,117	1	2	5,200	5,117

Personnel (full-time equivalents)

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Recurring net fee income consists of fees for services provided on an ongoing basis such as portfolio management fees, asset-based investment fund fees, custody fees and account-keeping fees, which are generated on client assets. 3 Transaction-based income comprises the non-recurring portion of net fee and commission income, mainly consisting of brokerage and transaction-based investment fund fees as well as credit card fees and fees for payment transactions, together with net income from fair value changes on financial instruments. 4 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 5 Reflects restructuring expenses related to legacy cost programs. 6 Refer to the “Measurement of performance” section of our Annual Report 2017 for the definitions of our key performance indicators. 7 Refer to the “Capital management” section of this report for more information. 8 Represents risk-weighted assets and leverage ratio denominator held by Corporate Center – Group ALM that are directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for more information. 9 Client assets are comprised of invested assets and other assets held purely for transactional purposes or custody only. We do not measure net new money for Personal & Corporate Banking. 10 Refer to the “Risk management and control” section of this report for more information on (credit-)impaired exposures.

Results: 3Q18 vs 3Q17

Profit before tax increased by CHF 2 million to CHF 413 million. Adjusted profit before tax decreased by CHF 14 million or 3% to CHF 422 million.

Effective from 1 January 2018, we have reclassified certain expenses for clearing, credit card add-on services and the client loyalty program, which are incremental and incidental to revenues on a prospective basis, to better align these expenses with their associated revenues within operating income. This resulted in an CHF 18 million reduction in total operating income in the third quarter of 2018, of which CHF 16 million related to transaction-based income, and a broadly corresponding decrease in total operating expenses, including a CHF 17 million reduction in general and administrative expenses.

Operating income

Total operating income was broadly unchanged at CHF 967 million, including the aforementioned CHF 18 million effect from the reclassification of expenses to revenues and mainly reflecting lower net interest income and transaction-based income, mostly offset by higher recurring net fee income.

Net interest income decreased by CHF 5 million to CHF 517 million. Higher deposit revenues were more than offset by lower allocated treasury-related income from Corporate Center – Group Asset and Liability Management (Group ALM).

→ **Refer to the “Corporate Center – Group Asset and Liability Management” section of this report for more information**

Recurring net fee income increased by CHF 8 million to CHF 157 million, mainly reflecting higher fees from custody and mandate assets, as well as bundled products.

Transaction-based income decreased by CHF 5 million to CHF 280 million, mainly due to the aforementioned reclassification from expenses to revenues, partly offset by higher advisory fees from our corporate business as well as higher revenues from foreign exchange transactions.

Other income was broadly unchanged at CHF 15 million.

Net credit loss expenses were CHF 3 million compared with CHF 2 million in the prior-year quarter and included a release of CHF 4 million of stage 1 and 2 expected credit losses.

→ **Refer to “Note 1 Basis of accounting” and “Note 19 Transition to IFRS 9 as of 1 January 2018” in the “Consolidated financial statements” section of this report for more information on the adoption of IFRS 9**

Operating expenses

Total operating expenses decreased by CHF 5 million or 1% to CHF 554 million while adjusted operating expenses increased by CHF 11 million or 2% to CHF 545 million, including a CHF 17 million reduction in general and administrative expenses due to the aforementioned reclassification from expenses to revenues. Net expenses for services from Corporate Center and other business divisions increased by CHF 16 million to CHF 293 million, and by CHF 32 million to CHF 285 million on an adjusted basis, mainly reflecting higher expenses from Group Technology and Group Risk Control as well as for strategic and regulatory initiatives.

Net new business volume growth for personal banking: 3Q18 vs 3Q17

The annualized net new business volume growth rate for our personal banking business was 4.5% compared with 3.7%. Net new client assets and, to a lesser extent, net new loans were positive.

Results: 9M18 vs 9M17

Profit before tax increased by CHF 15 million or 1% to CHF 1,200 million while adjusted profit before tax decreased by CHF 59 million or 5% to CHF 1,193 million, mainly reflecting higher operating and credit loss expenses while income remained broadly unchanged.

Total operating income decreased by CHF 17 million to CHF 2,847 million, reflecting a negative effect of CHF 52 million due to the aforementioned reclassification of expenses to revenues, partly offset by higher recurring net fee and transaction-based income. Net interest income decreased by CHF 28 million to CHF 1,533 million, driven by lower allocated treasury-related income from Corporate Center – Group ALM, partly offset by higher deposit revenues.

→ **Refer to the “Corporate Center – Group Asset and Liability Management” section of this report for more information**

Recurring net fee income increased by CHF 29 million to CHF 468 million, mainly reflecting higher fees from custody and mandate assets as well as bundled products. Transaction-based income increased by CHF 19 million to CHF 838 million, mainly due to higher revenues from foreign exchange transactions and higher fees received from Global Wealth Management for increased referral volumes, partly offset by the aforementioned reclassification from expenses to revenues. Other income decreased by CHF 22 million to CHF 46 million, primarily as a result of a CHF 20 million gain in the prior-year period on the sale of an income-producing real estate loan portfolio to a non-consolidated investment foundation in connection with our mortgage financing platform, UBS Atrium.

Net credit loss expenses were CHF 38 million compared with CHF 23 million and included CHF 13 million of stage 1 and 2 expected credit losses.

Total operating expenses decreased by CHF 31 million or 2% to CHF 1,647 million while adjusted operating expenses increased by CHF 43 million or 3% to CHF 1,654 million. Personnel expenses decreased by CHF 47 million to CHF 601 million and decreased by CHF 9 million to CHF 633 million on an adjusted basis, mainly reflecting lower variable compensation accruals in line with lower profit before tax. General and administrative expenses decreased by CHF 33 million to CHF 170 million as the aforementioned reclassification of expenses to revenues reduced general and administrative expenses by CHF 49 million. Net expenses for services from Corporate Center and other business divisions increased by CHF 48 million to CHF 867 million, and by CHF 84 million to CHF 841 million on an adjusted basis, reflecting higher expenses from Group Technology and for strategic and regulatory initiatives.

Asset Management

Asset Management[1]

CHF million, except where indicated	As of or for the quarter ended 30.9.18	30.6.18	30.9.17	% change from 2Q18	3Q17	Year-to-date 30.9.18	30.9.17
Results							
Net management fees[2]	**432**	439	456	(1)	(5)	1,298	1,322
Performance fees	**17**	19	38	(11)	(55)	50	100
Total operating income	**449**	458	494	(2)	(9)	1,348	1,422
Personnel expenses	**166**	189	185	(12)	(11)	522	542
General and administrative expenses	**44**	48	52	(8)	(15)	141	161
Services (to) / from Corporate Center and other business divisions	**118**	119	128	0	(8)	356	375
of which: services from CC – Services	***129***	*129*	*137*	*0*	*(6)*	*386*	*403*
Depreciation and impairment of property, equipment and software	**0**	1	0			1	1
Amortization and impairment of intangible assets	**0**	0	1		(53)	1	3
Total operating expenses	**329**	357	366	(8)	(10)	1,021	1,082
Business division operating profit / (loss) before tax	**120**	101	127	19	(6)	327	340
Adjusted results[3]							
Total operating income as reported	**449**	458	494	(2)	(9)	1,348	1,422
Total operating income (adjusted)	**449**	458	494	(2)	(9)	1,348	1,422
Total operating expenses as reported	**329**	357	366	(8)	(10)	1,021	1,082
of which: personnel-related restructuring expenses[4]	***2***	*15*	*6*			*18*	*11*
of which: non-personnel-related restructuring expenses[4]	***1***	*3*	*5*			*7*	*16*
of which: restructuring expenses allocated from CC – Services[4]	***6***	*8*	*15*			*20*	*43*
of which: gain related to changes to the Swiss pension plan						*(10)*	
Total operating expenses (adjusted)	**321**	331	340	(3)	(6)	985	1,012
Business division operating profit / (loss) before tax as reported	**120**	101	127	19	(6)	327	340
Business division operating profit / (loss) before tax (adjusted)	**129**	126	153	2	(16)	363	410
Key performance indicators[5]							
Pre-tax profit growth (%)	**(5.6)**	(8.3)	22.1			(3.8)	10.4
Cost / income ratio (%)	**73.2**	78.0	74.1			75.7	76.1
	0.2	0.5	5.3			5.3	8.6

Net new money growth excluding money market flows (%)							
Net margin on invested assets (bps)	**6**	5	7	18	(16)	5	6
Adjusted key performance indicators[3,5]							
Pre-tax profit growth (%)[6]	**(10.5)**	0.8	10.9			(5.9)	4.3
Cost / income ratio (%)	**71.4**	72.4	68.8			73.1	71.2
Net new money growth excluding money market flows (%)	**0.2**	0.5	5.3			5.3	8.6
Net margin on invested assets (bps)	**6**	6	8	0	(25)	6	8
Information by business line / asset class							
Net new money (CHF billion)							
Equities	**(4.4)**	3.3	2.6			25.7	16.5
Fixed Income	**7.3**	(9.7)	12.0			1.2	24.3
of which: money market	***2.7***	*(3.1)*	*6.8*			*4.4*	*10.5*
Multi Assets & Solutions	**(0.4)**	1.9	(0.4)			2.9	3.7
Hedge Fund Businesses	**(0.4)**	1.9	0.8			0.8	2.3
Real Estate & Private Markets	**1.0**	0.5	0.2			1.8	2.0
Total net new money	**3.1**	(2.1)	15.3			32.3	48.9

Asset Management (continued)[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Invested assets (CHF billion)							
Equities	**324**	325	272	0	19	324	272
Fixed Income	**241**	235	233	2	3	241	233
of which: money market	***80***	*78*	*74*	*3*	*9*	*80*	*74*
Multi Assets & Solutions	**128**	128	128	0	0	128	128
Hedge Fund Businesses	**43**	44	41	(2)	5	43	41
Real Estate & Private Markets	**80**	78	70	2	15	80	70
Total invested assets	**815**	810	744	1	10	815	744
of which: passive strategies	***312***	*315*	*266*	*(1)*	*17*	*312*	*266*
Information by region							
Invested assets (CHF billion)							
Americas	**194**	186	177	4	10	194	177
Asia Pacific	**150**	160	152	(6)	(1)	150	152
Europe, Middle East and Africa	**205**	200	167	2	23	205	167
Switzerland	**266**	265	248	1	7	266	248
Total invested assets	**815**	810	744	1	10	815	744
Information by channel							
Invested assets (CHF billion)							
Third-party institutional	**513**	510	461	1	11	513	461
Third-party wholesale	**83**	82	78	1	6	83	78
UBS's wealth management businesses	**219**	218	205	1	7	219	205
Total invested assets	**815**	810	744	1	10	815	744
Assets under administration[7]							
Assets under administration (CHF billion)[8]			527				527
Net new assets under administration (CHF billion)[9]			70.3				77.9
Gross margin on assets under administration (bps)			3				3

Additional information							
Average attributed equity (CHF billion)[10]	**1.7**	1.7	1.7	0	(1)	1.7	1.7
Return on attributed equity (%)[10]	**28.9**	24.3	30.3			26.3	26.7
Return on attributed tangible equity (%)[10]	**152.9**	125.7	166.0			138.5	145.7
Risk-weighted assets (CHF billion)[10]	**4.0**	4.2	4.1	(4)	(1)	4.0	4.1
of which: held by Asset Management (CHF billion)	***4.0***	*4.1*	*4.0*	*(4)*	*(1)*	*4.0*	*4.0*
of which: held by CC – Group ALM on behalf of Asset Management (CHF billion)[11]	***0.1***	*0.1*	*0.1*	*(2)*	*5*	*0.1*	*0.1*
Leverage ratio denominator (CHF billion)[10]	**4.8**	4.9	4.7	(2)	2	4.8	4.7
of which: held by Asset Management (CHF billion)	***2.6***	*2.6*	*2.6*	*(2)*	*(1)*	*2.6*	*2.6*
of which: held by CC – Group ALM on behalf of Asset Management (CHF billion)[11]	***2.2***	*2.3*	*2.1*	*(2)*	*5*	*2.2*	*2.1*
Goodwill and intangible assets (CHF billion)	**1.3**	1.4	1.4	(1)	(3)	1.3	1.4
Gross margin on invested assets (bps)	**22**	23	27	(3)	(19)	22	27
Adjusted gross margin on invested assets (bps)	**22**	23	27	(3)	(19)	22	27
Personnel (full-time equivalents)	**2,321**	2,329	2,354	0	(1)	2,321	2,354

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Net management fees include transaction fees, fund administration revenues (including net interest and trading income from lending activities and foreign exchange hedging as part of the fund services offering), gains or losses from seed money and co-investments, funding costs, and other items that are not performance fees. Beginning 1 January 2018, net management fees additionally include fund and custody expenses recognized as contra revenues and previously included in operating expenses. Prior periods were not restated. 3 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 4 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives in 2018. 5 Refer to the “Measurement of performance” section of our Annual Report 2017 for the definitions of our key performance indicators. 6 Excluding the impact of business exits. Prior-period information for the periods ending before 1 January 2018 has been restated. 7 Following the sale of our fund administration business in Luxembourg and Switzerland to Northern Trust on 1 October 2017, we no longer report assets under administration. 8 Includes UBS and third-party fund assets for which the fund services unit provided professional services, including fund setup, accounting and reporting for traditional investment funds and alternative funds. 9 Inflows of

assets under administration from new and existing funds less outflows from existing funds or fund exits. 10 Refer to the “Capital management” section of this report for more information. 11 Represents risk-weighted assets and leverage ratio denominator held by Corporate Center – Group ALM that are directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for more information.

Results: 3Q18 vs 3Q17

Profit before tax decreased by CHF 7 million or 6% to CHF 120 million. Adjusted profit before tax decreased by CHF 24 million or 16% to CHF 129 million, reflecting lower operating income, partly offset by reduced operating expenses.

Operating income

Total operating income decreased by CHF 45 million or 9% to CHF 449 million. Net management fees decreased by CHF 24 million to CHF 432 million driven by the effects of the sale of our fund administration business in October 2017. In addition, higher income, driven by higher average invested assets, was offset by continued pressure on margins and the reclassification of fund and custody expenses from operating expenses to operating income to better align these costs with their associated revenues within operating income.

Performance fees decreased by CHF 21 million to CHF 17 million, mainly driven by Hedge Fund Businesses and Equities.

As of 30 September 2018, 81% of performance fee-eligible assets within our hedge fund businesses exceeded high-water marks, which is broadly unchanged from the prior-year quarter.

Operating expenses

Total operating expenses decreased by CHF 37 million or 10% to CHF 329 million and adjusted operating expenses decreased by CHF 19 million or 6% to CHF 321 million.

Personnel expenses decreased by CHF 19 million to CHF 166 million. On an adjusted basis, personnel expenses decreased by CHF 15 million to CHF 164 million, primarily due to reduced expenses for variable compensation.

General and administrative expenses decreased by CHF 8 million to CHF 44 million and on an adjusted basis decreased by CHF 4 million to CHF 43 million, primarily due to the aforementioned reclassification of fund and custody expenses to operating income, partly offset by higher research expenses. Net expenses for services from Corporate Center and other business divisions decreased by CHF 10 million to CHF 118 million and on an adjusted basis net expenses decreased by CHF 1 million to CHF 113 million, reflecting reduced expenses from Group Operations following the sale of our fund administration business as well as the aforementioned reclassification of custody expenses to operating income, partly offset by higher expenses from Group Technology.

Net new money: 3Q18 vs 3Q17

Excluding money market flows, net new money was CHF 0.4 billion compared with CHF 8.5 billion, an annualized net new money growth rate of 0.2% compared with 5.3%. We expect to see a continuation of the trend for clients to move invested assets into lower-margin passive products, which is expected to have a dampening effect on margins in future periods.

Invested assets: 3Q18 vs 2Q18

Invested assets increased by CHF 5 billion to CHF 815 billion, reflecting positive market performance of CHF 10 billion and net new money inflows (including money market flows) of CHF 3 billion, partly offset by currency effects of CHF 9 billion, resulting primarily from the strengthening of the Swiss franc against the US dollar.

Results: 9M18 vs 9M17

Profit before tax decreased by CHF 13 million or 4% to CHF 327 million. Adjusted profit before tax decreased by CHF 47 million or 11% to CHF 363 million, reflecting lower operating income, partly offset by reduced operating expenses.

Total operating income decreased by CHF 74 million or 5% to CHF 1,348 million, mainly due to CHF 50 million lower performance fees, reflecting a declining contribution from Hedge Fund Businesses, Equities and Real Estate. Net management fees decreased by CHF 24 million as the effect from higher average invested assets was more than offset by the absence of administration fees following the sale of our fund administration business, the reclassification of fund and custody expenses from operating expenses to operating income and continued pressure on margins. In addition, the first nine months of 2017 included an impairment loss of CHF 11 million on a co-investment in an infrastructure fund.

Total operating expenses decreased by CHF 61 million or 6% to CHF 1,021 million and adjusted operating expenses decreased by CHF 27 million or 3% to CHF 985 million. Personnel expenses decreased by CHF 20 million to CHF 522 million. Excluding a credit of CHF 10 million related to our Swiss pension plan recognized in the first quarter of 2018, adjusted personnel expenses decreased by CHF 18 million to CHF 514 million, driven by reduced expenses for variable compensation. General and administrative expenses decreased by CHF 20 million to CHF 141 million and adjusted general and administrative expenses decreased by CHF 11 million to CHF 134 million, primarily due to the aforementioned reclassification of fund and custody expenses to revenues and the exclusion of expenses associated with our fund administration business that we disposed of in October 2017, partly offset by higher research expenses. Net expenses for services from Corporate Center and other business divisions decreased by CHF 19 million to CHF 356 million, while adjusted net expenses for services increased by CHF 3 million to CHF 335 million, primarily reflecting higher expenses from Group Technology and Group Internal Audit, partly offset by reduced expenses from Group Operations following the sale of our fund administration business as well as the aforementioned reclassification of custody expenses to operating income.

Investment Bank

Investment Bank[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Results							
Corporate Client Solutions	**644**	624	720	3	(11)	2,094	2,170
Advisory	**231**	167	163	39	42	584	493
Equity Capital Markets	**158**	189	283	(16)	(44)	640	824
Debt Capital Markets	**180**	162	205	11	(12)	589	594
Financing Solutions	**73**	78	56	(7)	30	220	238
Risk Management	**3**	28	13	(90)	(78)	61	20
Investor Client Services	**1,281**	1,552	1,078	(17)	19	4,331	3,765
Equities	**900**	1,050	784	(14)	15	3,047	2,646
Foreign Exchange, Rates and Credit	**381**	502	294	(24)	29	1,283	1,119
Income	**1,926**	2,176	1,798	(12)	7	6,425	5,935
Credit loss (expense) / recovery	**1**	(6)	2		(44)	(20)	(10)
Total operating income	**1,927**	2,171	1,800	(11)	7	6,405	5,924
Personnel expenses	**660**	771	709	(14)	(7)	2,327	2,300
General and administrative expenses	**100**	144	142	(31)	(30)	387	398
Services (to) / from Corporate Center and other business divisions	**688**	683	674	1	2	2,045	2,009
of which: services from CC – Services	***674***	*662*	*655*	*2*	*3*	*1,988*	*1,942*
Depreciation and impairment of property, equipment and software	**2**	2	3	2	(18)	6	7
Amortization and impairment of intangible assets	**5**	2	3	112	71	10	9
Total operating expenses	**1,455**	1,602	1,531	(9)	(5)	4,775	4,724
Business division operating profit / (loss) before tax	**472**	569	269	(17)	75	1,630	1,200
Adjusted results[2]							
Total operating income as reported	**1,927**	2,171	1,800	(11)	7	6,405	5,924
of which: gains on sale of financial assets at fair value through OCI[3]							*107*
Total operating income (adjusted)	**1,927**	2,171	1,800	(11)	7	6,405	5,817
Total operating expenses as reported	**1,455**	1,602	1,531	(9)	(5)	4,775	4,724
of which: personnel-related restructuring expenses[4]	***1***	*2*	*4*			*14*	*26*
of which: non-personnel-related restructuring expenses[4]	***3***	*3*	*6*			*7*	*12*
of which: restructuring expenses allocated from CC – Services[4]	***31***	*32*	*73*			*94*	*197*
of which: gain related to changes to the Swiss pension plan						*(5)*	

Total operating expenses (adjusted)	**1,420**	1,566	1,448	(9)	(2)	4,664	4,488
Business division operating profit / (loss) before tax as reported	**472**	569	269	(17)	75	1,630	1,200
Business division operating profit / (loss) before tax (adjusted)	**507**	605	352	(16)	44	1,741	1,329
Key performance indicators[5]							
Pre-tax profit growth (%)	**75.2**	26.2	67.1			35.8	71.9
Cost / income ratio (%)	**75.5**	73.6	85.2			74.3	79.6
Return on attributed equity (%)[6]	**19.4**	21.8	11.6			21.7	17.4
Adjusted key performance indicators[2,5]							
Pre-tax profit growth (%)	**43.9**	44.4	2.9			31.0	14.7
Cost / income ratio (%)	**73.7**	71.9	80.5			72.6	77.0
Return on attributed equity (%)[6]	**20.8**	23.2	15.2			23.1	19.3

32

Investment Bank (continued)[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Additional information							
Average attributed equity (CHF billion)[6]	**9.8**	10.4	9.3	(7)	5	10.0	9.2
Return on attributed tangible equity (%)[6]	**19.7**	22.0	11.9			21.9	17.7
Risk-weighted assets (CHF billion)[6]	**80.8**	81.8	76.3	(1)	6	80.8	76.3
of which: held by the Investment Bank (CHF billion)	***80.4***	*81.2*	*75.7*	*(1)*	*6*	*80.4*	*75.7*
of which: held by CC – Group ALM on behalf of the Investment Bank (CHF billion)[7]	***0.4***	*0.6*	*0.6*	*(32)*	*(27)*	*0.4*	*0.6*
Return on risk-weighted assets, gross (%)[8]	**9.5**	10.3	9.5			10.4	11.0
Leverage ratio denominator (CHF billion)[6]	**282.8**	283.7	277.0	0	2	282.8	277.0
of which: held by the Investment Bank (CHF billion)	***267.2***	*260.2*	*254.3*	*3*	*5*	*267.2*	*254.3*
of which: held by CC – Group ALM on behalf of the Investment Bank (CHF billion)[7]	***15.7***	*23.5*	*22.8*	*(33)*	*(31)*	*15.7*	*22.8*
Return on leverage ratio denominator, gross (%)[8]	**2.7**	3.1	2.6			3.0	2.9
Goodwill and intangible assets (CHF billion)	**0.0**	0.1	0.1	(14)	(32)	0.0	0.1
Compensation ratio (%)	**34.3**	35.4	39.4			36.2	38.8
Average VaR (1-day, 95% confidence, 5 years of historical data)	**8**	10	10	(12)	(12)	11	9
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[9]	**1.1**	1.2	1.0			1.1	1.0
Personnel (full-time equivalents)	**4,957**	4,778	4,829	4	3	4,957	4,829

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Adjusted results are non-GAAP financial measures as

defined by SEC regulations. 3 Reflects a gain on the sale of our remaining investment in IHS Markit. Figures presented for periods prior to the first quarter of 2018 relate to financial assets available for sale. With the adoption of IFRS 9 on 1 January 2018, certain financial assets were reclassified from available for sale under IAS 39 to measured at fair value through OCI under IFRS 9. Refer to “Note 1 Basis of accounting” and “Note 19 Transition to IFRS 9 as of 1 January 2018” in the “Consolidated financial statements” section of this report for more information. 4 Reflects restructuring expenses related to legacy cost programs. 5 Refer to the “Measurement of performance” section of our Annual Report 2017 for the definitions of our key performance indicators. 6 Refer to the “Capital management” section of this report for more information. 7 Represents risk-weighted assets (RWA) and leverage ratio denominator (LRD) held by Corporate Center – Group ALM that are directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for more information. 8 Based on total RWA and LRD. 9 Refer to the “Risk management and control” section of this report for more information on (credit-)impaired loan exposures.

Results: 3Q18 vs 3Q17

Profit before tax increased by CHF 203 million or 75% to CHF 472 million and adjusted profit before tax increased by CHF 155 million or 44% to CHF 507 million, driven by higher revenues in Equities and Foreign Exchange, Rates and Credit. In US dollar terms, adjusted profit before tax increased 42%.

Operating income

Total operating income increased by CHF 127 million or 7% to CHF 1,927 million, driven by a CHF 116 million increase in Equities revenues and an CHF 87 million increase in Foreign Exchange, Rates and Credit revenues, partly offset by a CHF 76 million decrease in Corporate Client Solutions revenues. In US dollar terms, operating income increased 6%.

Corporate Client Solutions

Corporate Client Solutions revenues decreased by CHF 76 million or 11% to CHF 644 million, mainly reflecting lower revenues in Equity Capital Markets. In US dollar terms, revenues decreased 12%.

Advisory revenues increased to CHF 231 million from CHF 163 million, led by higher revenues from merger and acquisition transactions against a global fee pool decline of 15%, partly offset by slightly lower revenues from private transactions.

Equity Capital Markets revenues decreased to CHF 158 million from CHF 283 million, due to lower revenues from public offerings, where the global fee pool decreased 9%, as well as private transactions.

Debt Capital Markets revenues decreased to CHF 180 million from CHF 205 million, reflecting lower investment grade revenues, as the global fee pool decreased 5%, and stable leveraged finance revenues, against a global fee pool decrease of 16%.

Financing Solutions revenues increased to CHF 73 million from CHF 56 million, reflecting higher client activity across most products.

Risk Management revenues decreased by CHF 10 million to CHF 3 million, mainly resulting from increased hedging costs.

Investment Bank

Investor Client Services

Investor Client Services revenues increased by CHF 203 million or 19% to CHF 1,281 million, due to an increase in Equities and Foreign Exchange, Rates and Credit revenues. In US dollar terms, revenues increased 17%.

Equities

Equities revenues increased by CHF 116 million or 15% to CHF 900 million, as revenues rose in all products and regions. In US dollar terms, revenues increased 13%.

Cash revenues increased to CHF 296 million from CHF 265 million, mainly due to improved client activity.

Derivatives revenues increased to CHF 237 million from CHF 208 million, reflecting improved trading performance.

Financing Services revenues increased to CHF 385 million from CHF 317 million, driven by higher Equity Finance revenues, as client activity increased.

Foreign Exchange, Rates and Credit

Foreign Exchange, Rates and Credit revenues increased by CHF 87 million or 29% to CHF 381 million as revenues rose across most products. Foreign exchange revenues increased, primarily in emerging market products amid a period of higher market volatility. Revenues across rates and credit products also increased, mainly due to higher client activity levels and improved trading performance. In US dollar terms, revenues increased 28%.

Operating expenses

Total operating expenses decreased by CHF 76 million or 5% to CHF 1,455 million and adjusted operating expenses decreased by CHF 28 million or 2% to CHF 1,420 million.

Personnel expenses decreased by CHF 49 million to CHF 660 million and adjusted personnel expenses decreased by CHF 47 million to CHF 658 million, mainly due to lower variable compensation expenses.

General and administrative expenses decreased by CHF 42 million to CHF 100 million and on an adjusted basis decreased by CHF 38 million to CHF 97 million, mostly due to lower professional fees and a net release of CHF 57 million of provisions for litigation, regulatory and similar matters in the third quarter of 2018 compared with a net release of CHF 46 million in the prior-year quarter.

Net expenses for services from Corporate Center and other business divisions increased to CHF 688 million from CHF 674 million and adjusted net expenses increased to CHF 657 million from CHF 601 million, mainly driven by higher net expenses from Group Technology and Group Risk Control.

Risk-weighted assets and leverage ratio denominator: 3Q18 vs 2Q18

Risk-weighted assets

Total risk-weighted assets (RWA), including RWA held by Corporate Center – Group Asset and Liability Management (Group ALM) on behalf of the Investment Bank, decreased by CHF 1 billion to CHF 81 billion, mainly due to a decrease in credit and counterparty credit risk RWA, reflecting exposure decreases in unutilized credit facilities and securities financing transactions, largely offset by increases from methodology and policy changes as well as regulatory add-ons.

→ **Refer to the "Capital management" section of this report for more information**

Leverage ratio denominator

The leverage ratio denominator (LRD), including LRD held by Corporate Center – Group ALM on behalf of the Investment Bank, decreased by CHF 1 billion to CHF 283 billion. LRD held by the Investment Bank increased by CHF 7 billion to CHF 267 billion, mainly due to client-driven increases in trading portfolio assets, partly offset by currency effects. LRD held by Corporate Center – Group ALM on behalf of the Investment Bank decreased by CHF 8 billion to CHF 16 billion, mainly due to lower liquidity coverage ratio outflows attributed to the Investment Bank.

→ **Refer to the "Capital management" and "Balance sheet, liquidity and funding management" sections of this report for more information**

Results: 9M18 vs 9M17

Profit before tax increased by CHF 430 million or 36% to CHF 1,630 million and adjusted profit before tax increased by CHF 412 million or 31% to CHF 1,741 million, mainly as a result of higher Investor Client Services revenues, partly offset by higher operating expenses. In US dollar terms, adjusted profit before tax increased 33%.

Revenues in Corporate Client Solutions decreased 4% to CHF 2,094 million from CHF 2,170 million. Advisory revenues increased by CHF 91 million to CHF 584 million, reflecting higher revenues from both merger and acquisition transactions, against a global fee pool decrease of 5%, and private transactions. Equity Capital Markets revenues decreased to CHF 640 million from CHF 824 million, primarily reflecting a decrease in revenues from public offerings, where the global fee pool decreased 6%, as well as lower revenues from private transactions. Debt Capital Markets revenues decreased by CHF 5 million to CHF 589 million, largely reflecting lower investment grade revenues, where the fee pool decreased 5%, partly offset by higher leveraged finance revenues, where the global fee pool decreased 2%. Financing Solutions revenues decreased to CHF 220 million from CHF 238 million, reflecting lower real estate finance and structured finance revenues. Risk Management revenues increased to CHF 61 million from CHF 20 million, primarily reflecting reduced hedging costs and valuation gains on a restructured debt position. In US dollar terms, Corporate Client Solutions revenues decreased 2%.

Investor Client Services revenues increased 15% to CHF 4,331 million from CHF 3,765 million. Excluding a gain of CHF 107 million on the sale of our remaining investment in IHS Markit in the second quarter of 2017, adjusted revenues increased 18% or CHF 673 million, due to higher revenues across Equities and Foreign Exchange, Rates and Credit. Equities revenues increased by CHF 401 million to CHF 3,047 million and, excluding a gain of CHF 27 million on the sale of our remaining investment in IHS Markit, increased by CHF 429 million from CHF 2,619 million on an adjusted basis. Cash revenues increased to CHF 953 million from CHF 876 million, mainly due to improved client activity. Derivatives revenues increased to CHF 854 million from CHF 669 million, reflecting increased client activity and improved trading as market volatility increased. Financing Services revenues increased to CHF 1,271 million from CHF 1,091 million, mainly driven by higher Equity Finance revenues, as a result of increased client activity. Foreign Exchange, Rates and Credit revenues increased to CHF 1,283 million from CHF 1,119 million and, excluding a gain of CHF 80 million on the sale of our remaining investment in IHS Markit, increased to CHF 1,283 million from CHF 1,039 million on an adjusted basis. This increase was due to the recognition of net income of around CHF 100 million, comprised mainly of previously deferred day-1 profits, due to enhanced observability and revised valuations in the funding curve used to value UBS interest-linked notes, and due to higher client activity and improved trading performance across the majority of products in the second and third quarters of 2018 compared with the prior-year periods. In US dollar terms, adjusted Investor Client Services revenues increased 20%, adjusted Equities revenues increased 18% and adjusted Foreign Exchange, Rates and Credit revenues increased 25%.

Total operating expenses increased by CHF 51 million or 1% to CHF 4,775 million and adjusted operating expenses increased by CHF 176 million or 4% to CHF 4,664 million. Personnel expenses increased to CHF 2,327 million from CHF 2,300 million and adjusted personnel expenses increased to CHF 2,318 million from CHF 2,274 million, mainly reflecting higher variable compensation expenses. General and administrative expenses decreased by

CHF 11 million to CHF 387 million and on an adjusted basis decreased by CHF 7 million to CHF 380 million. Net expenses for services from Corporate Center and other business divisions increased to CHF 2,045 million from CHF 2,009 million and adjusted net expenses increased to CHF 1,951 million from CHF 1,812 million, mainly driven by higher net expenses from Group Technology, Group Risk Control and Group Operations.

Corporate Center

Corporate Center[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Results							
Total operating income	**(106)**	(165)	(87)	(35)	23	(464)	(170)
Personnel expenses	**965**	974	918	(1)	5	2,850	2,848
General and administrative expenses	**942**	966	1,199	(2)	(21)	2,794	3,115
Services (to) / from business divisions	**(2,043)**	(1,986)	(1,963)	3	4	(6,016)	(5,845)
Depreciation and impairment of property, equipment and software	**298**	277	249	7	20	840	740
Amortization and impairment of intangible assets	**0**	0	0			1	6
Total operating expenses	**163**	231	403	(30)	(60)	470	864
Operating profit / (loss) before tax	**(269)**	(396)	(490)	(32)	(45)	(934)	(1,035)
Adjusted results[2]							
Total operating income as reported	**(106)**	(165)	(87)	(35)	23	(464)	(170)
of which: gains on sales of real estate	***30***					*30*	
of which: gain / (loss) on sale of subsidiaries and businesses	***25***					*25*	
of which: net foreign currency translation gains / (losses)[3]		*(15)*				*(15)*	*(22)*
Total operating income (adjusted)	**(161)**	(149)	(87)	8	86	(504)	(148)
Total operating expenses as reported	**163**	231	403	(30)	(60)	470	864
of which: personnel-related restructuring expenses[4]	***43***	*43*	*116*			*133*	*302*
of which: non-personnel-related restructuring expenses[4]	***58***	*39*	*112*			*147*	*337*
of which: restructuring expenses allocated from CC – Services[4]	***(104)***	*(87)*	*(216)*			*(285)*	*(608)*
						(114)	

of which: gain related to changes to the Swiss pension plan							
Total operating expenses (adjusted)	**166**	235	392	(30)	(58)	589	832
Operating profit / (loss) before tax as reported	**(269)**	(396)	(490)	(32)	(45)	(934)	(1,035)
Operating profit / (loss) before tax (adjusted)	**(327)**	(385)	(479)	(15)	(32)	(1,092)	(981)
Additional information							
Average attributed equity (CHF billion)[5]	**20.0**	19.3	22.9	3	(13)	20.0	23.4
Risk-weighted assets (CHF billion)[5,6]	**58.3**	57.0	57.9	2	1	58.3	57.9
Leverage ratio denominator (CHF billion)[5,6]	**274.2**	283.6	285.9	(3)	(4)	274.2	285.9
Personnel (full-time equivalents)	**29,526**	27,978	25,339	6	17	29,526	25,339

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 3 Related to the disposal of foreign subsidiaries and branches. 4 Reflects restructuring expenses related to legacy cost programs. 5 Refer to the "Capital management" section of this report for more information. 6 Prior to attributions to business divisions and other Corporate Center units for the purpose of attributing equity.

36

Corporate Center – Services

Corporate Center – Services[1]

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.18	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Results							
Total operating income	**(39)**	(78)	(70)	(50)	(43)	(155)	(107)
Personnel expenses	**946**	959	900	(1)	5	2,793	2,788
General and administrative expenses	**919**	890	1,199	3	(23)	2,685	3,119
Depreciation and impairment of property, equipment and software	**298**	277	249	7	20	840	740
Amortization and impairment of intangible assets	**0**	0	0			1	6
Total operating expenses before allocations to BDs and other CC units	**2,163**	2,126	2,349	2	(8)	6,320	6,654
Services (to) / from business divisions and other CC units	**(2,084)**	(2,032)	(2,018)	3	3	(6,150)	(6,002)
of which: services to Global Wealth Management	***(916)***	*(877)*	*(864)*	*4*	*6*	*(2,671)*	*(2,567)*
of which: services to Personal & Corporate Banking	***(307)***	*(304)*	*(300)*	*1*	*2*	*(922)*	*(887)*
of which: services to Asset Management	***(129)***	*(129)*	*(137)*	*0*	*(6)*	*(386)*	*(403)*
of which: services to Investment Bank	***(674)***	*(662)*	*(655)*	*2*	*3*	*(1,988)*	*(1,942)*
of which: services to CC – Group ALM	***(42)***	*(39)*	*(35)*	*9*	*22*	*(124)*	*(100)*
of which: services to CC – Non-core and Legacy Portfolio	***(35)***	*(38)*	*(46)*	*(8)*	*(25)*	*(114)*	*(144)*
Total operating expenses	**78**	94	331	(16)	(76)	170	652
Operating profit / (loss) before tax	**(118)**	(172)	(401)	(32)	(71)	(325)	(759)
Adjusted results[2]							
Total operating income as reported	**(39)**	(78)	(70)	(50)	(43)	(155)	(107)
of which: gains on sales of real estate	***30***					*30*	
	25					*25*	

of which: gain / (loss) on sale of subsidiaries and businesses							
Total operating income (adjusted)	**(94)**	(78)	(70)	21	35	(210)	(107)
Total operating expenses as reported before allocations	**2,163**	2,126	2,349	2	(8)	6,320	6,654
of which: personnel-related restructuring expenses[3]	***43***	*43*	*115*			*133*	*301*
of which: non-personnel-related restructuring expenses[3]	***58***	*39*	*111*			*147*	*337*
Total operating expenses (adjusted) before allocations	**2,062**	2,044	2,122	1	(3)	6,153	6,016
Services (to) / from BDs and other CC units	**(2,084)**	(2,032)	(2,018)	3	3	(6,150)	(6,002)
of which: restructuring expenses allocated to BDs and other CC units[3]	***(105)***	*(88)*	*(218)*			*(288)*	*(615)*
of which: gain related to changes to the Swiss pension plan						*(114)*	
Total operating expenses as reported after allocations	**78**	94	331	(16)	(76)	170	652
Total operating expenses (adjusted) after allocations	**82**	100	322	(18)	(75)	292	629
Operating profit / (loss) before tax as reported	**(118)**	(172)	(401)	(32)	(71)	(325)	(759)
Operating profit / (loss) before tax (adjusted)	**(177)**	(178)	(392)	(1)	(55)	(502)	(736)
Additional information							
Average attributed equity (CHF billion)[4]	**15.7**	15.2	18.7	3	(16)	15.8	19.4
Risk-weighted assets (CHF billion)[4]	**31.0**	30.1	29.2	3	6	31.0	29.2
of which: held by CC – Services (CHF billion)	***31.0***	*30.1*	*29.2*	*3*	*6*	*31.0*	*29.2*
Leverage ratio denominator (CHF billion)[4]	**8.3**	7.9	6.8	6	22	8.3	6.8
of which: held by CC – Services (CHF billion)	***7.6***	*7.4*	*6.4*	*3*	*19*	*7.6*	*6.4*
of which: held by CC – Group ALM on behalf of CC – Services (CHF billion)[5]	***0.8***	*0.5*	*0.5*	*52*	*63*	*0.8*	*0.5*
Personnel (full-time equivalents)	**29,317**	27,781	25,143	6	17	29,317	25,143

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 3 Reflects restructuring expenses related to legacy cost programs. 4 Refer to the “Capital management” section of this report for more information. 5 Represents leverage ratio denominator held by Corporate Center – Group ALM that is directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for more information.

Corporate Center

Results: 3Q18 vs 3Q17

Corporate Center – Services recorded a loss before tax of CHF 118 million, compared with a loss of CHF 401 million, and an adjusted loss before tax of CHF 177 million compared with a loss of CHF 392 million.

Operating income

Operating income was negative CHF 39 million compared with negative CHF 70 million. Excluding the gain on the sale of Widder Hotel of CHF 55 million in the third quarter of 2018, adjusted income was negative CHF 94 million compared with negative CHF 70 million, mainly driven by higher funding costs relating to Corporate Center – Services' balance sheet assets and lower allocated treasury-related income from Group ALM.

Operating expenses

Operating expenses before service allocations to business divisions and other Corporate Center units

Before allocations to business divisions and other Corporate Center units, total operating expenses decreased by CHF 186 million to CHF 2,163 million. Adjusted operating expenses before allocations decreased by CHF 60 million or 3% to CHF 2,062 million.

Personnel expenses increased by CHF 46 million to CHF 946 million and on an adjusted basis increased by CHF 118 million to CHF 903 million, mainly driven by continued insourcing of certain activities and staff from third-party vendors to our Business Solutions Centers.

General and administrative expenses decreased by CHF 280 million to CHF 919 million and on an adjusted basis decreased by CHF 201 million to CHF 888 million. This was mainly due to CHF 217 million lower net expenses for litigation, regulatory and similar matters as the third quarter of 2017 included expenses related to the resolution of the majority of outstanding indemnification claims related to our sale of Banco UBS Pactual S.A. In addition, there was a reduction in outsourcing costs following the aforementioned insourcing of certain activities and staff. These decreases were partly offset by higher expenses from Group Technology.

Depreciation expenses increased to CHF 298 million from CHF 249 million, primarily reflecting higher amortization expenses for internally generated capitalized software and asset impairment costs.

Services to / from business divisions and other Corporate Center units

Corporate Center – Services allocated net expenses of CHF 2,084 million to the business divisions and other Corporate Center units compared with CHF 2,018 million. Adjusted allocated net expenses for services to business divisions and other Corporate Center units were CHF 1,980 million compared with CHF 1,800 million, mainly reflecting the aforementioned cost movements.

Operating expenses after service allocations to / from business divisions and other Corporate Center units

Corporate Center – Services retains costs related to Group governance functions and other corporate activities, certain strategic and regulatory projects and certain restructuring expenses. Total operating expenses remaining in Corporate Center – Services after allocations were CHF 78 million compared with CHF 331 million and CHF 82 million compared with CHF 322 million on an adjusted basis, mainly due to the aforementioned CHF 217 million lower net expenses for litigation, regulatory and similar matters.

Results: 9M18 vs 9M17

Corporate Center – Services recorded a loss before tax of CHF 325 million compared with a loss of CHF 759 million. Excluding a credit of CHF 114 million related to changes to our Swiss pension plan and the gain on the sale of Widder Hotel of CHF 55 million, adjusted loss before tax was CHF 502 million compared with CHF 736 million.

Total operating income was negative CHF 155 million compared with negative CHF 107 million. Excluding the aforementioned gain on the sale of Widder Hotel in the first nine months of 2018, adjusted income was negative CHF 210 million compared with negative CHF 107 million, mainly due to higher funding costs relating to Corporate Center – Services' balance sheet assets and lower allocated treasury-related income from Group ALM.

Before allocations, total operating expenses decreased by CHF 334 million or 5% to CHF 6,320 million, due to the aforementioned credit of CHF 114 million related to changes to our Swiss pension plan and lower restructuring costs. Adjusted operating expenses before allocations increased by CHF 137 million to CHF 6,153 million, mainly reflecting higher personnel expenses, higher expenses from Group Technology and increased amortization expenses related to internally generated capitalized software. These increases were partly offset by CHF 237 million lower net expenses for litigation, regulatory and similar matters as the third quarter of 2017 included expenses related to the resolution of the majority of outstanding indemnification claims related to our sale of Banco UBS Pactual S.A. Furthermore, the first nine months of 2018 included a reduction in outsourcing costs and lower professional fees.

Corporate Center – Services allocated net expenses of CHF 6,150 million to the business divisions and other Corporate Center units compared with CHF 6,002 million, while adjusted allocated net expenses increased by CHF 474 million to CHF 5,861 million, mainly reflecting the aforementioned cost movements. Total operating expenses remaining in Corporate Center – Services after allocations were CHF 170 million compared with CHF 652 million and CHF 292 million compared with CHF 629 million on an adjusted basis, mainly due to the aforementioned CHF 237 million lower net expenses for litigation, regulatory and similar matters.

Personnel: 3Q18 vs 2Q18

As of 30 September 2018, Corporate Center – Services employed 29,317 personnel, a net increase of 1,536 compared with 30 June 2018, primarily due to higher staffing levels related to continued insourcing of certain activities from third-party vendors to our Business Solutions Centers, mainly in Group Technology. We have seen a decrease in outsourced personnel as a result of our insourcing initiatives.

Corporate Center

Corporate Center – Group Asset and Liability Management

Corporate Center – Group ALM[1]

	As of or for the quarter ended			% change from		Year-to-date	
CHF million, except where indicated	**30.9.18**	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Results							
Business division-aligned risk management net income	**71**	119	180	(41)	(61)	320	555
Capital investment and issuance net income	**(96)**	(101)	(32)	(5)	204	(266)	(94)
Group structural risk management net income	**(220)**	(228)	(132)	(4)	66	(697)	(297)
Total risk management net income before allocations	**(245)**	(210)	16	17		(643)	164
Allocations to business divisions and other CC units	**117**	81	(61)	45		217	(199)
of which: Global Wealth Management	***(1)***	*(33)*	*(84)*	*(98)*	*(99)*	*(89)*	*(275)*
of which: Personal & Corporate Banking	***(6)***	*(10)*	*(37)*	*(41)*	*(84)*	*(35)*	*(139)*
of which: Asset Management	***(3)***	*(3)*	*(4)*	*0*	*(28)*	*(10)*	*(14)*
of which: Investment Bank	***99***	*100*	*90*	*(1)*	*11*	*304*	*264*
of which: CC – Services	***(6)***	*(2)*	*(29)*	*163*	*(78)*	*(32)*	*(89)*
of which: CC – Non-core and Legacy Portfolio	***34***	*29*	*4*	*15*	*724*	*78*	*54*
Total risk management net income after allocations	**(128)**	(129)	(44)	(1)	188	(426)	(35)
Accounting asymmetries related to economic hedges	**0**	(34)	8		(98)	(25)	(17)
Hedge accounting ineffectiveness[2]	**12**	(19)	(12)			(37)	(5)
Net foreign currency translation gains / (losses)[3]		(15)				(15)	(22)
Other	**9**	13	(1)	(29)		8	0
Total operating income as reported	**(107)**	(185)	(49)	(42)	116	(496)	(79)
Total operating income (adjusted)[4]	**(107)**	(169)	(49)	(37)	116	(480)	(57)
Personnel expenses	**10**	10	8	8	26	29	25
General and administrative expenses	**9**	9	7	(2)	37	29	14
Depreciation and impairment of property, equipment and	**0**	0	0			0	0

software							
Amortization and impairment of intangible assets	**0**	0	0			0	0
Services (to) / from business divisions and other CC units	**0**	2	3	(86)	(91)	2	(10)
Total operating expenses as reported	**20**	21	18	(5)	12	59	29
of which: personnel-related restructuring expenses[5]	***0***	*0*	*0*			*0*	*1*
of which: non-personnel-related restructuring expenses[5]	***0***	*0*	*0*			*0*	*0*
of which: restructuring expenses allocated from CC – Services[5]	***1***	*0*	*1*			*2*	*2*
Total operating expenses (adjusted)	**19**	20	17	(7)	13	57	26
Operating profit / (loss) before tax as reported	**(127)**	(206)	(67)	(38)	89	(555)	(108)
Operating profit / (loss) before tax (adjusted)[4]	**(126)**	(190)	(66)	(34)	90	(537)	(83)
Additional information							
Average attributed equity (CHF billion)[6]	**3.2**	3.0	2.9	6	9	3.0	2.6
Risk-weighted assets (CHF billion)[6]	**11.8**	11.3	12.1	4	(2)	11.8	12.1
of which: held by CC – Group ALM on behalf of BDs and other CC units (CHF billion)[7]	***3.8***	*3.9*	*3.9*	*(4)*	*(5)*	*3.8*	*3.9*
Leverage ratio denominator (CHF billion)[6]	**255.4**	263.8	263.4	(3)	(3)	255.4	263.4
of which: held by CC – Group ALM on behalf of BDs and other CC units (CHF billion)[7]	***116.1***	*124.2*	*129.6*	*(6)*	*(10)*	*116.1*	*129.6*
Personnel (full-time equivalents)	**165**	151	145	9	14	165	145

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Excludes ineffectiveness of hedges of net investments in foreign operations. 3 Related to the disposal of foreign subsidiaries and branches. 4 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 5 Reflects restructuring expenses related to legacy cost programs. 6 Refer to the "Capital management" section of this report for more information. 7 Represents risk-weighted assets and leverage ratio denominator held by Corporate Center – Group ALM that are directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to "Equity attribution and return on attributed equity" in the "Capital management" section of this report for more information.

Results: 3Q18 vs 3Q17

Corporate Center – Group Asset and Liability Management (Group ALM) recorded a loss before tax of CHF 127 million compared with a loss before tax of CHF 67 million in the third quarter of 2017, mainly as a result of unfavorable market developments together with structural factors including higher outstanding long-term debt. On an adjusted basis, Group ALM recorded a loss before tax of CHF 126 million compared with a loss before tax of CHF 66 million.

Operating income

Total operating income after allocations to business divisions and other Corporate Center units was negative CHF 107 million compared with negative CHF 49 million, mainly due to lower retained income from Group structural risk management activities.

Total risk management net income before allocations to business divisions and other Corporate Center units was negative CHF 245 million compared with positive CHF 16 million, reflecting lower net income from all risk management and capital investment activities.

Business division-aligned risk management net income

Net income from business division-aligned risk management activities before allocations to business divisions and other Corporate Center units was CHF 71 million compared with CHF 180 million. This was mainly driven by the ongoing effect of negative Swiss franc and euro interest rates and the expiration of an interest rate hedge portfolio in 2017.

In addition, during the third quarter of 2018, Group ALM's interest rate risk management capability was extended to the management of Global Wealth Management's interest rate risk in the US. This resulted in lower Group ALM income and an offsetting higher Global Wealth Management income. Previously, this was realized as income in Group ALM and fully allocated to Global Wealth Management.

Capital investment and issuance net income

Net income from capital investment and issuance activities before allocations to business divisions and other Corporate Center units was negative CHF 96 million compared with negative CHF 32 million. Effective from the second quarter of 2018, additional net negative income from capital investment and issuance activities is allocated to Global Wealth Management and Personal & Corporate Banking as a result of changes we made to our internal funds transfer pricing rates. Interest income from the investment of the Group's equity continued to be affected by lower interest rates on reinvestments. In addition, interest expenses increased as a result of higher outstanding long-term debt that contributes to total loss-absorbing capacity (TLAC) to meet the Swiss gone concern requirements.

Group structural risk management net income

Net income from Group structural risk management activities before allocations to business divisions and other Corporate Center units was negative CHF 220 million compared with negative CHF 132 million.

Net interest expense from the management of Group ALM's portfolio of internal funding increased by CHF 110 million. This was mainly the result of higher London Interbank Offered Rate (LIBOR) rates on floating rate liabilities and the inclusion of the interest expense on a portfolio of long-dated cross-currency swaps, following a change in accounting policy in the first quarter of 2018. The interest expense of that portfolio was previously recognized in O*ther net income from fair value changes on financial instruments* (prior to 1 January 2018: Net trading income*)* and reported in *Accounting asymmetries related to economic hedges*. These effects were partly offset by the aforementioned changes made to our internal funds transfer pricing rates.

Allocations to business divisions and other Corporate Center units

Total net income allocations from risk management activities to business divisions and other Corporate Center units were negative CHF 117 million compared with positive CHF 61 million, mainly reflecting the aforementioned lower net income from business division-aligned risk management activities, which is fully allocated to the business divisions, in particular Global Wealth Management and Personal & Corporate Banking. This is in addition to the aforementioned changes in internal funds transfer pricing rates.

Total risk management net income after allocations

Group ALM retained negative income of CHF 128 million from its risk management activities after allocations compared with negative CHF 44 million, mainly resulting from the higher net interest expense in Group ALM's portfolio of internal funding.

Retained income from risk management activities is entirely related to Group structural risk management and is mainly the net result of costs from buffers that are maintained by Group ALM at levels above the total consumption of the business divisions, including as a result of the build-out of our legal entity structure, and the revenues generated by Group ALM from the management of the Group's high-quality liquid assets (HQLA) portfolio relative to the benchmark rates used to allocate the costs. Retained income from risk management activities can vary significantly quarter on quarter depending on funding consumption, interest rates, interest rate basis spreads and currency effects. We expect retained income from risk management activities to be slightly more than negative CHF 100 million per quarter and to improve over time.

Corporate Center

Accounting asymmetries related to economic hedges

Net income retained by Group ALM due to accounting asymmetries related to economic hedges was nil compared with CHF 8 million.

Hedge accounting ineffectiveness

Net income related to hedge accounting ineffectiveness was CHF 12 million compared with negative CHF 12 million. This ineffectiveness primarily arises from changes in the spread between LIBOR and the overnight index swap (OIS) rate due to differences in the way these affect the valuation of the hedged items and hedging instruments through either the benchmark rate determining cash flows or the discount rate. In the third quarter of 2018, the spread between LIBOR and OIS tightened compared with a widening in the third quarter of 2017.

Other

Other net income was broadly stable at positive CHF 9 million compared with negative CHF 1 million.

Balance sheet, risk-weighted assets, leverage ratio denominator: 3Q18 vs 2Q18

Balance sheet assets

Balance sheet assets decreased by CHF 12 billion to CHF 250 billion, primarily reflecting a decrease in cash and balances at central banks.

→ **Refer to the "Balance sheet, liquidity and funding management" section of this report for more information**

Risk-weighted assets

Risk-weighted assets were broadly unchanged at CHF 12 billion as of 30 September 2018.

→ **Refer to the "Capital management" section of this report for more information**

Leverage ratio denominator

The leverage ratio denominator decreased by CHF 8 billion to CHF 255 billion, consistent with the decrease in balance sheet assets.

→ **Refer to the "Capital management" section of this report for more information**

Results: 9M18 vs 9M17

Group ALM recorded a loss before tax of CHF 555 million compared with a loss of CHF 108 million and on an adjusted basis recorded a loss before tax of CHF 537 million compared with a loss of CHF 83 million.

Total operating income was negative CHF 496 million compared with negative CHF 79 million. Excluding net foreign currency translation losses of CHF 15 million compared with CHF 22 million, adjusted total operating income was negative CHF 480 million compared with negative CHF 57 million.

Net income from risk management activities before allocations decreased by CHF 807 million to negative CHF 643 million. This was mainly due to net income from Group structural risk management activities that was negative CHF 697 million compared with negative CHF 297 million, driven by higher net interest expense in Group ALM's portfolio of internal funding and the aforementioned accounting policy change for long-dated cross-currency basis swaps, along with CHF 49 million lower income from the effect of spreads between debt instruments held in our HQLA portfolio and OIS-based instruments we use to hedge this portfolio.

Net income from capital investment and issuance activities was lower by CHF 172 million, driven by higher net interest expenses as a result of an increase in total outstanding long-term debt issued that contributes to TLAC, and by lower revenues from the investment of the Group's equity, along with the aforementioned changes to our internal funds transfer pricing rates.

Revenues related to business division-aligned risk management decreased by CHF 235 million to CHF 320 million, mainly due to a decrease in interest rate risk management revenues in the banking book for Global Wealth Management and Personal & Corporate Banking and the aforementioned extension of Group ALM's interest rate risk management capability to Global Wealth Management in the US.

Net income allocations to business divisions and other Corporate Center units were negative CHF 217 million compared with positive CHF 199 million, mainly due to the aforementioned reductions in all three risk management categories.

Retained income from risk management activities was negative CHF 426 million compared with negative CHF 35 million, reflecting the higher net interest expense in Group ALM's portfolio of internal funding, the aforementioned accounting policy change for long-dated cross-currency basis swaps and the CHF 49 million lower income from the effect of spreads between debt instruments held in our HQLA portfolio and OIS-based instruments we use to hedge this portfolio.

Net income retained by Group ALM due to accounting asymmetries related to economic hedges was broadly unchanged at negative CHF 25 million compared with negative CHF 17 million.

Net income related to hedge accounting ineffectiveness on hedge-accounted derivatives was negative CHF 37 million compared with negative CHF 5 million following the widening of the spread between LIBOR and the OIS rate seen in the first quarter of 2018.

Other net income was positive CHF 8 million compared with nil.

Corporate Center – Non-core and Legacy Portfolio

Corporate Center – Non-core and Legacy Portfolio[1]	As of or for the quarter ended			% change from		Year-to-date	
CHF million, except where indicated	**30.9.18**	30.6.18	30.9.17	2Q18	3Q17	30.9.18	30.9.17
Results							
Income	**41**	99	25	(58)	65	189	19
Credit loss (expense) / recovery	**(1)**	(1)	7	82		(2)	(3)
Total operating income	**40**	98	32	(59)	24	187	16
Personnel expenses	**9**	5	9	63	(2)	28	34
General and administrative expenses	**15**	67	(7)	(78)		80	(19)
Services (to) / from business divisions and other CC units	**41**	44	52	(7)	(21)	132	167
of which: services from CC – Services	***35***	*38*	*46*	*(8)*	*(25)*	*114*	*144*
Depreciation and impairment of property, equipment and software	**0**	0	0			0	0
Amortization and impairment of intangible assets	**0**	0	0			0	0
Total operating expenses	**64**	116	54	(45)	19	241	183
Operating profit / (loss) before tax	**(24)**	(18)	(22)	38	12	(54)	(167)
Adjusted results[2]							
Total operating income as reported	**40**	98	32	(59)	24	187	16
Total operating income (adjusted)	**40**	98	32	(59)	24	187	16
Total operating expenses as reported	**64**	116	54	(45)	19	241	183
of which: personnel-related restructuring expenses[3]	***0***	*0*	*0*			*0*	*0*
of which: non-personnel-related restructuring expenses[3]	***0***	*0*	*0*			*0*	*0*
of which: restructuring expenses allocated from CC – Services[3]	***(1)***	*1*	*1*			*1*	*6*
Total operating expenses (adjusted)	**65**	115	53	(44)	22	240	177
	(24)	(18)	(22)	38	12	(54)	(167)

Operating profit / (loss) before tax as reported							
Operating profit / (loss) before tax (adjusted)	**(25)**	(17)	(21)	48	20	(53)	(161)
Additional information							
Average attributed equity (CHF billion)[4]	**1.1**	1.2	1.3	(4)	(12)	1.2	1.4
Risk-weighted assets (CHF billion)[4]	**15.6**	15.7	16.7	(1)	(7)	15.6	16.7
of which: held by CC – Non-core and Legacy Portfolio (CHF billion)	***15.5***	*15.6*	*16.6*	*(1)*	*(7)*	*15.5*	*16.6*
Leverage ratio denominator (CHF billion)[4]	**13.2**	14.9	17.9	(11)	(26)	13.2	17.9
of which: held by CC – Non-core and Legacy Portfolio (CHF billion)	***11.3***	*12.4*	*16.1*	*(9)*	*(30)*	*11.3*	*16.1*
of which: held by CC – Group ALM on behalf of CC – Non-core and Legacy Portfolio (CHF billion)[5]	***1.9***	*2.5*	*1.8*	*(22)*	*5*	*1.9*	*1.8*
Personnel (full-time equivalents)	**45**	47	52	(4)	(14)	45	52

1 Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 3 Reflects restructuring expenses related to legacy cost programs. 4 Refer to the “Capital management” section of this report for more information. 5 Represents leverage ratio denominator held by Corporate Center – Group ALM that is directly associated with activity managed centrally on behalf of the business divisions and other Corporate Center units. Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for more information.

Composition of Non-core and Legacy Portfolio[1]

CHF billion	RWA		Total assets[2]		LRD[3]	
Category	**30.9.18**	30.6.18	**30.9.18**	30.6.18	**30.9.18**	30.6.18
Linear rates	**1.2**	1.0	**21.2**	24.5	**4.3**	5.2
Non-linear rates	**0.3**	0.2	**6.2**	6.9	**1.5**	1.1
Credit	**0.1**	0.3	**0.1**	0.3	**0.2**	0.7
Securitizations	**1.8**	1.8	**0.6**	0.7	**0.7**	0.6
Auction preferred stock and auction rate securities	**0.5**	0.5	**1.8**	1.8	**1.8**	1.8
Municipal swaps and options	**0.3**	0.3	**1.6**	1.7	**1.0**	1.1
Other	**1.0**	1.2	**2.7**	2.9	**1.8**	1.9
Operational risk	**10.3**	10.3				

Total	**15.5**	15.6	**34.2**	38.8	**11.3**	12.4

1 The groupings of positions by category and the order in which these are listed are not necessarily representative of the magnitude of the risks associated with them, nor do the metrics shown in the table necessarily represent the risk measures used to manage and control these positions. 2 Total assets of CHF 34.2 billion as of 30 September 2018 (CHF 38.8 billion as of 30 June 2018) include positive replacement values (gross exposure excluding the effect of any counterparty netting) of CHF 28.6 billion (CHF 32.6 billion as of 30 June 2018). 3 Swiss SRB leverage ratio denominator.

Corporate Center

Results: 3Q18 vs 3Q17

Corporate Center – Non-core and Legacy Portfolio recorded a loss before tax of CHF 24 million compared with a loss of CHF 22 million.

Operating income

Total operating income increased by CHF 8 million to CHF 40 million, mainly due to valuation gains on auction rate securities that were measured at amortized cost and are now measured at fair value through profit or loss effective 1 January 2018 upon adoption of IFRS 9. The third quarter of 2017 included income of CHF 26 million related to a claim on a defaulted counterparty position.

→ **Refer to "Note 1 Basis of accounting" and "Note 19 Transition to IFRS 9 as of 1 January 2018" in the "Consolidated financial statements" section of this report for more information on the adoption of IFRS 9**

Operating expenses

Total operating expenses increased by CHF 10 million to CHF 64 million, mainly due to a net expense of CHF 3 million for litigation, regulatory and similar matters compared with a net release of CHF 25 million. Net expenses for services from business divisions and other Corporate Center units decreased by CHF 11 million. Furthermore, the third quarter of 2018 included lower professional fees.

Balance sheet, risk-weighted assets and leverage ratio denominator: 3Q18 vs 2Q18

Balance sheet assets

Balance sheet assets decreased by CHF 5 billion to CHF 34 billion, mainly due to a reduction in derivatives and associated cash collateral, primarily related to interest rate and foreign exchange contracts, reflecting market-driven changes in valuations, maturities, third-party novations and trade terminations.

Risk-weighted assets

Risk-weighted assets were stable at CHF 16 billion.

→ **Refer to the "Capital management" section of this report for more information**

Leverage ratio denominator

The leverage ratio denominator (LRD), including LRD held by Group ALM on behalf of Non-core and Legacy Portfolio, decreased by CHF 2 billion to CHF 13 billion, consistent with lower derivative exposures.

→ **Refer to the "Capital management" section of this report for more information**

Results: 9M18 vs 9M17

Non-core and Legacy Portfolio recorded a loss before tax of CHF 54 million compared with a loss of CHF 167 million. Operating income was CHF 187 million compared with CHF 16 million, mainly due to valuation gains on auction rate securities that were measured at amortized cost and are now measured at fair value through profit or loss effective 1 January 2018 upon adoption of IFRS 9. Operating expenses increased by CHF 58 million to CHF 241 million, mainly due to net expenses for litigation, regulatory and similar matters of CHF 64 million compared with a net release of CHF 58 million. This increase was partly offset by decreases in net expenses for services from business divisions and other Corporate Center units of CHF 35 million and in net expenses for professional fees of CHF 23 million.

Table of contents

Risk management and control

This section provides information on key developments during the reporting period and should be read in conjunction with the "Risk management and control" section of our Annual Report 2017.

Credit risk

We adopted IFRS 9, *Financial Instruments* effective as of 1 January 2018. IFRS 9 introduces a forward-looking expected credit loss (ECL) approach, which is intended to result in an earlier recognition of credit losses based on an ECL impairment approach compared with the incurred-loss impairment approach for financial instruments under IAS 39, *Financial Instruments: Recognition and Measurement* and the loss-provisioning approach for financial guarantees and loan commitments under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Total net credit loss expenses were CHF 9 million in the third quarter of 2018, reflecting a CHF 20 million increase in losses from credit-impaired (stage 3) positions, mainly in Global Wealth Management and Personal & Corporate Banking. This was partly offset by an CHF 11 million decrease in expected credit losses from stage 1 and 2 positions, primarily in the Investment Bank and Personal & Corporate Banking.

Overall credit risk exposures were broadly unchanged during the third quarter of 2018.

We continue to manage our Swiss lending portfolios prudently and remain watchful for any signs of deterioration that could affect our counterparties.

Within the Investment Bank, our leveraged loan underwriting business continued to see a steady flow of transactions, the majority of which were sub-investment grade, and our overall ability to distribute risk remained robust. Loan underwriting exposures are held for trading, with fair values reflecting the market conditions at the end of the quarter.

→ **Refer to "Note 1 Basis of accounting" and "Note 19 Transition to IFRS 9 as of 1 January 2018" in the "Consolidated financial statements" section of this report for more information on the adoption of IFRS 9**

→ **Refer to "Note 9 Expected credit loss measurement" in the "Consolidated financial statements" section of this report for more information on credit loss expense / recovery**

Market risk

We continued to manage market risks at generally low levels with management value-at-risk (VaR) well within our limits. Average management VaR (1-day, 95% confidence level) decreased to CHF 9 million from CHF 11 million in the previous quarter, mainly in the Investment Bank's credit trading business.

There was no new Group VaR negative backtesting exception in the third quarter of 2018 and the total number of negative backtesting exceptions within a 250-business-day window remained at 2. The FINMA VaR multiplier for market risk RWA remained unchanged at 3.

As of 30 September 2018, the interest rate sensitivity of our banking book to a +1 basis point parallel shift in yield curves was positive CHF 1.2 million compared with negative CHF 3.0 million as of 30 June 2018. The change in interest rate sensitivity was driven by the application of UBS's replication model for non-maturing deposits held in the US.

→ **Refer to "Interest rate risk in the banking book" in the "Market risk" section of our Annual Report 2017 for more information on the management of interest rate risk in the banking book**

→ **Refer to the "Recent developments" section of this report for information on the effects on our interest rate sensitivity of changing our presentation currency and certain functional currencies to US dollars in the fourth quarter of 2018**

The interest rate sensitivity to a +1 basis point parallel shift in yield curves of the positions in the banking book that are valued through OCI was negative CHF 23 million as of 30 September 2018. This OCI sensitivity was predominantly attributable to cash flow hedges denominated in US dollars and, to a lesser extent, in euros and Swiss francs. The OCI associated with these cash flow hedges is not recognized for the purposes of calculating regulatory capital.

→ **Refer to "Sensitivity to interest rate movements" in the "Group performance" section of this report for more information on the effect of rising interest rates on equity, capital and net interest income**

Country risk

We remain watchful of developments in Europe and political shifts in a number of countries. Our direct exposure to peripheral European countries remained limited, although we continue to have significant country risk exposure to major EU economies, including the UK, Germany and France. Italy's deficit and tensions between Italy and the EU remain an area of concern.

We are closely monitoring the growing risks stemming from ongoing US trade policy shifts, and their potential impact on key markets, economies and countries.

We remain comfortable with our direct exposure to China. A number of emerging markets, including Turkey, Argentina and Brazil, are facing economic, political and market pressures. Our exposures to these countries are small and our exposure to other emerging market countries is well diversified.

→ **Refer to the "Risk management and control" section of our Annual Report 2017 for more information**

Operational risk

The pervasive consequential risk themes that continue to challenge UBS and the financial industry are operational resilience, conduct and culture, and financial crime.

Operational resilience is the ability to respond to disruptions and maintain effective day-to-day business activities. Cyber security is critical to operational resilience, and we continue to invest in preemptive and detective measures to defend against evolving and highly sophisticated attacks. Our cyber security objectives are set in line with prevailing international standards, and our investment priorities focus on behaviors, readiness to address a cyberattack, data protection, employee training, and application and infrastructure security.

Given the profile of our wealth management businesses, geopolitical developments and heightened regulatory expectations, maintaining effective programs for prevention and detection of money laundering and for sanctions compliance remains a high priority for us. We continue to invest in improving our detection and monitoring capabilities, analytics and automation of our processes.

We have developed a comprehensive and sustainable remediation program to address regulatory requirements, particularly with respect to anti-money laundering requirements.

Conduct risk remains one of the most significant risks across the industry and we continue our efforts to provide the right framework for the management of conduct risk.

In 2018, we are continuing to focus on regulatory reporting, updating our regulatory process management framework and enhancing our regulatory developments tracking. We are also enhancing our operational risk framework assessment processes, including legal entity management reporting.

Key risk metrics

Banking and traded products exposure by business division and Corporate Center unit

	30.9.18						
CHF million	**Global Wealth Management**	**Personal & Corporate Banking**	**Asset Management**	**Investment Bank**	**CC – Services**	**CC – Group ALM**	**CC – Non-co a Lega Portfo**
Banking products[1, 2]							
Gross exposure (IFRS 9)	185,442	153,560	1,086	37,551	822	114,997	5
of which: loans and advances to customers (on-balance sheet)	*170,702*	*131,012*	*0*	*9,133*	*39*	*8,021*	
of which: guarantees and loan commitments (off-balance sheet)	*5,748*	*19,224*	*0*	*21,724*	*78*	*1*	
Traded products[3, 4]							
Gross exposure	10,192	922	0		33,496		
of which: over-the-counter derivatives	*6,496*	*833*	*0*		*9,660*		
of which: securities financing transactions	*239*	*0*	*0*		*18,419*		
of which: exchange-traded derivatives	*3,457*	*89*	*0*		*5,417*		
Other credit lines, gross[2, 5]	8,878	22,257	0	3,750	76	6	
Total credit-impaired exposure, gross (stage 3)[1, 2]	868	1,863	0	109	0	26	3

Total allowances and provisions for expected credit losses (stages 1 to 3)[2]	**297**	**719**	**0**	**88**	**0**	**2**
of which: stage 1	***54***	***63***	***0***	***30***	***0***	***2***
of which: stage 2	***31***	***168***	***0***	***4***	***0***	***0***
of which: stage 3 (allowances and provisions for credit-impaired exposures)	***212***	***488***	***0***	***54***	***0***	***0***

30.6.18

CHF million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	Non-c a Leg Portf
Banking products[1, 2]							
Gross exposure (IFRS 9)	187,452	154,436	1,216	38,341	739	124,377	5
of which: loans and advances to customers (on-balance sheet)	*171,610*	*130,605*	*0*	*9,123*	*61*	*7,674*	
of which: guarantees and loan commitments (off-balance sheet)	*6,016*	*20,415*	*0*	*22,981*	*108*	*2*	
Traded products[3, 4]							
Gross exposure	10,723	955	0		35,537		
of which: over-the-counter derivatives	*6,794*	*865*	*0*		*12,029*		
of which: securities financing transactions	*207*	*0*	*0*		*17,823*		
of which: exchange-traded derivatives	*3,722*	*89*	*0*		*5,684*		
	9,047	21,629	0	3,397	51	6	

Other credit lines, gross[2, 5]							
Total credit-impaired exposure, gross (stage 3)[1, 2]	776	1,809	0	125	0	26	3
Total allowances and provisions for expected credit losses (stages 1 to 3)[2]	306	723	0	87	0	2	
of which: stage 1	*56*	*66*	*0*	*36*	*0*	*2*	
of which: stage 2	*31*	*169*	*0*	*2*	*0*	*0*	
of which: stage 3 (allowances and provisions for credit-impaired exposures)	*219*	*489*	*0*	*48*	*0*	*0*	

1 IFRS 9 gross exposure including other financial assets at amortized cost, but excluding cash, receiv securities financing transactions, financial assets at FVOCI, irrevocable committed prolongation of exi and unconditionally revocable committed credit lines. 2 Refer to "Note 1 Basis of accounting," "Not credit loss measurement" and "Note 19 Transition to IFRS 9 as of 1 January 2018" in the "Consolidate statements" section of this report for more information on the adoption of IFRS 9 and on expected cre Internal management view of credit risk, which differs in certain respects from IFRS. 4 As counterpa traded products is managed at counterparty level, no further split between exposures in the Investme Corporate Center – Non-core and Legacy Portfolio and Corporate Center – Group ALM is provided. 5 revocable committed credit lines.

Global Wealth Management and Personal & Corporate Banking loans and advances to customers, gross

	Global Wealth Management		Personal & Corporate Banking	
CHF million	**30.9.18**	30.6.18	**30.9.18**	30.6.18
Secured by residential property	**49,317**	47,971	**95,265**	95,136
Secured by commercial / industrial property	**2,111**	2,097	**16,579**	16,626
Secured by cash	**13,753**	14,891	**1,493**	1,414
Secured by securities	**95,101**	96,071	**1,553**	1,612
Secured by guarantees and other collateral	**9,439**	9,671	**5,846**	5,521
Unsecured loans and advances to customers	**981**	909	**10,276**	10,294
Total loans and advances to customers, gross	**170,702**	171,610	**131,012**	130,605
Allowances	**(168)**	(176)	**(611)**	(621)
Total loans and advances to customers, net of allowances	**170,534**	171,435	**130,401**	129,984

Management value-at-risk (1-day, 95% confidence, 5 years of historical data) by business division and

Corporate Center unit and general market risk type[1]

					Average by risk type				
CHF million	**Min.**	**Max.**	**Period end**	**Average**	**Equity**	**Interest rates**	**Credit spreads**	**Foreign exchange**	**Commodities**
Global Wealth Management	**1**	**1**	**1**	**1**	**0**	**1**	**1**	**0**	**0**
Personal & Corporate Banking	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Asset Management	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Investment Bank	**4**	**15**	**8**	**8**	**6**	**6**	**5**	**3**	**1**
CC – Services	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
CC – Group ALM	**3**	**6**	**4**	**4**	**0**	**4**	**1**	**1**	**0**
CC – Non-core and Legacy Portfolio	**2**	**2**	**2**	**2**	**1**	**1**	**1**	**0**	**0**
Diversification effect[2,3]			**(5)**	**(6)**	**(1)**	**(5)**	**(3)**	**(1)**	**0**

Total as of 30.9.18	**5**	**15**	**8**	**9**	**6**	**7**	**6**	**3**	**1**
Total as of 30.6.18	6	15	14	11	7	9	7	2	1

1 Statistics at individual levels may not be summed to deduce the corresponding aggregate figures. The minima and maxima for each level may occur on different days, and likewise, the VaR for each business line or risk type, being driven by the extreme loss tail of the corresponding distribution of simulated profits and losses for that business line or risk type, may well be driven by different days in the historical time series, rendering invalid the simple summation of figures to arrive at the aggregate total. 2 Difference between the sum of the standalone VaR for the business divisions and Corporate Center units and the VaR for the Group as a whole. 3 As the minimum and maximum occur on different days for different business divisions and Corporate Center units, it is not meaningful to calculate a portfolio diversification effect.

Interest rate sensitivity – banking book[1]

CHF million	–200 bps	–100 bps	+1 bp	+100 bps	+200 bps
CHF	**(13.4)**	**(13.2)**	**1.4**	**137.2**	**273.6**
EUR	**(194.4)**	**(141.7)**	**0.1**	**11.3**	**24.1**
GBP	**(77.3)**	**(36.3)**	**0.2**	**18.7**	**36.2**
USD	**(178.3)**	**(23.2)**	**(0.4)**	**(76.2)**	**(168.6)**
Other	**8.4**	**2.9**	**0.0**	**(1.6)**	**(2.7)**
Total effect on fair value of interest rate-sensitive banking book positions as of 30.9.18	**(454.9)**	**(211.6)**	**1.2**	**89.5**	**162.7**
Total effect on fair value of interest rate-sensitive banking book positions as of 30.6.18	409.5	192.4	(3.0)	(286.4)	(550.7)

1 In the prevailing negative interest rate environment for the Swiss franc in particular, and to a lesser extent for the euro, interest rates for Global Wealth Management (excluding Americas) and Personal & Corporate Banking client transactions are generally floored at non-negative levels. Accordingly, for the purposes of this disclosure table, downward moves of 100 / 200 basis points are floored to ensure that the resulting shocked interest rates do not turn negative. The flooring results in non-linear sensitivity behavior.

Exposures to eurozone countries rated lower than AAA / Aaa by at least one major rating agency

CHF million	30.9.18							30.6.18	
	Banking products		Traded products		Trading inventory	Total		Total	
	Before hedges	Net of hedges[1]	Before hedges	Net of hedges	Net long per issuer		Net of hedges[1]		Net of hedges
Austria	**112**	**112**	**213**	**133**	**635**	**960**	**881**	1,099	1,010
Belgium	**357**	**357**	**111**	**111**	**176**	**643**	**643**	700	700
Finland	**2**	**2**	**74**	**74**	**20**	**97**	**97**	152	152
France	**825**	**825**	**1,138**	**1,046**	**1,927**	**3,891**	**3,799**	5,150	5,058
Greece	**1**	**1**	**0**	**0**	**4**	**5**	**5**	8	8
Ireland[2]	**376**	**376**	**168**	**168**	**185**	**729**	**729**	726	726
Italy	**641**	**522**	**290**	**264**	**54**	**985**	**840**	1,140	1,000
Portugal	**24**	**24**	**3**	**3**	**14**	**42**	**42**	17	17
Spain	**490**	**490**	**82**	**82**	**222**	**794**	**794**	960	960
Other[3]	**535**	**403**	**6**	**6**	**30**	**571**	**438**	571	452
Total	**3,363**	**3,112**	**2,085**	**1,887**	**3,267**	**8,717**	**8,268**	10,523	10,083

1 Not deducted from the "Net of hedges" exposures are IFRS 9 ECL allowances and provisions. ECL stage 3 allowances and provisions for credit-impaired exposures were CHF 41 million (of which: Malta CHF 35 million and France CHF 3 million). 2 The majority of the Ireland exposure relates to funds and foreign bank subsidiaries. 3 Represents aggregate exposures

to Andorra, Cyprus, Estonia, Latvia, Lithuania, Malta, Monaco, Montenegro, San Marino, Slovakia and Slovenia.

Balance sheet, liquidity and funding management

Strategy, objectives and governance

This section provides balance sheet, liquidity and funding management information and should be read in conjunction with the "Treasury management" section of our Annual Report 2017, which provides more information about the Group's strategy, objectives and governance for liquidity and funding management.

Balances disclosed in this section represent quarter-end positions, unless indicated otherwise. Intra-quarter balances fluctuate in the ordinary course of business and may differ from quarter-end positions.

Adoption of IFRS 9

Effective 1 January 2018, we adopted IFRS 9, *Financial Instruments*. The adoption of IFRS 9 resulted in changes to the classification and measurement of certain financial instruments, which have been applied prospectively from 1 January 2018. The tables below and on the following pages present the balances upon adoption of IFRS 9 from 1 January 2018 onward. For more information on the transition effects on the tables presented within this section, refer to our first quarter 2018 report.

→ **Refer to "Note 1 Basis of accounting" and "Note 19 Transition to IFRS 9 as of 1 January 2018" in the "Consolidated financial statements" section of this report for more information on the adoption of IFRS 9**

Assets and liquidity management

Balance sheet assets (30 September 2018 vs 30 June 2018)

As of 30 September 2018, balance sheet assets totaled CHF 932 billion, a decrease of CHF 12 billion from 30 June 2018. Total assets excluding derivatives and cash collateral receivables on derivative instruments were broadly unchanged at CHF 797 billion, mainly as an increase in non-derivative assets was offset by CHF 8 billion of currency effects.

Derivatives and cash collateral receivables on derivative instruments decreased by CHF 11 billion, primarily in our Foreign Exchange, Rates and Credit business within the Investment Bank and in Corporate Center – Non-core and Legacy Portfolio, mainly reflecting client-driven decreases and fair value changes resulting from currency and interest rate movements. Cash and balances at central banks decreased by CHF 10 billion, primarily resulting from client-driven activity that affected funding consumption by the business divisions. Other financial assets at amortized cost and fair value decreased by CHF 5 billion, mainly reflecting a shift from other financial assets at amortized cost and fair value to receivables from securities financing transactions relating to management of our high-quality liquid assets (HQLA) portfolio held by Corporate Center – Group Asset and Liability Management (Group ALM). Non-financial assets and financial assets for unit-linked investment contracts decreased by CHF 2 billion, with a corresponding reduction in related liabilities.

These decreases were partly offset by a CHF 9 billion increase in trading portfolio assets, primarily reflecting increased client activity in the Investment Bank. Receivables from securities financing transactions at amortized cost increased by CHF 6 billion, mainly due to the aforementioned shift from other financial assets at amortized cost and fair value and a client-driven increase in the Investment Bank. Brokerage receivables increased by CHF 2 billion, primarily in our Equities business within the Investment Bank.

Lending assets were broadly unchanged.

→ **Refer to the "Consolidated financial statements" section of this report for more information**

Assets

	As of				% change from	
	30.9.18	30.6.18	1.1.18	31.12.17		
CHF billion	**(IFRS 9)**	(IFRS 9)	(IFRS 9)[1]	(IAS 39)	30.6.18	1.1.18
Cash and balances at central banks	**92.6**	102.3	87.8	87.8	(9)	6
Lending[2]	**333.5**	333.9	324.2	332.2	0	3
Securities financing transactions at amortized cost	**82.0**	76.4	84.7	89.6	7	(3)
Trading portfolio[3,4]	**120.8**	112.1	115.3	126.1	8	5
Derivatives and cash collateral receivables on derivative instruments	**135.7**	146.5	141.7	141.7	(7)	(4)
Brokerage receivables	**20.2**	18.4	23.8	0.0	10	(15)
Other financial assets at AC / FV[5]	**91.1**	96.6	92.7	104.5	(6)	(2)
Non-financial assets and financial assets for unit-linked investment contracts[4]	**56.5**	58.3	45.2	33.7	(3)	25
Total assets	**932.5**	944.5	915.2	915.6	(1)	2

1 Opening balance sheet upon adoption of IFRS 9 on 1 January 2018. Refer to "Note 1 Basis of accounting" and "Note 19 Transition to IFRS 9 as of 1 January 2018" in the "Consolidated financial statements" section of this report for more information. 2 Consists of loans and advances to banks and customers. 3 Consists of financial assets at fair value held for trading. 4 As of 1 January 2018, financial assets for unit-linked investment contracts are reported with non-financial assets. Prior to 1 January 2018, these assets were reported within the trading portfolio. 5 Primarily held in Group ALM. Consists of financial assets at fair value not held for trading, financial assets measured at fair value through other comprehensive income and other financial assets measured at amortized cost, but excludes financial assets for unit-linked investment contracts (as of 1 January 2018) and cash collateral receivables on derivative instruments.

Liquidity coverage ratio

In the third quarter of 2018, the UBS Group liquidity coverage ratio (LCR) decreased by 9 percentage points to 135%, remaining above the 110% Group LCR minimum communicated by FINMA. The LCR decreased due to reduced HQLA, primarily driven by an increase in assets subject to transfer restrictions in the US branches of UBS AG. In addition, net cash outflows increased, mainly driven by higher outflows related to secured financing transactions.

→ **Refer to the "Treasury management" section of our Annual Report 2017 for more information on liquidity management and the liquidity coverage ratio**

Liquidity coverage ratio

CHF billion, except where indicated	**Average 3Q18[1]**	Average 2Q18[1]
High-quality liquid assets[2]		
Cash balances[3]	**101**	102
Securities (on- and off-balance sheet)	**73**	79
Total high-quality liquid assets[4]	**174**	181
Cash outflows[5]		
Retail deposits and deposits from small business customers	**26**	26
Unsecured wholesale funding	**100**	104
Secured wholesale funding	**80**	80
Other cash outflows	**50**	45
Total cash outflows	**256**	255
Cash inflows[5]		
Secured lending	**82**	86
Inflows from fully performing exposures	**30**	32
Other cash inflows	**16**	11
Total cash inflows	**128**	129
Liquidity coverage ratio		
High-quality liquid assets	**174**	181
Net cash outflows	**129**	126
Liquidity coverage ratio (%)	**135**	144

1 Calculated based on an average of 63 data points in the third quarter of 2018 and 65 data points in the second quarter of 2018. 2 Calculated after the application of haircuts. 3 Includes cash and balances at central banks and other eligible balances as prescribed by FINMA. 4 Calculated in accordance with FINMA requirements. 5 Calculated after the application of inflow and outflow rates.

Liabilities and funding management

Liabilities (30 September 2018 vs 30 June 2018)

Total liabilities decreased to CHF 881 billion as of 30 September 2018 from CHF 894 billion as of 30 June 2018.

Derivatives and cash collateral payables on derivative instruments decreased by CHF 10 billion, in line with the aforementioned decreases in derivative financial assets and cash collateral receivables.

Long-term debt issued increased by CHF 3 billion, primarily due to a client-driven increase in debt issued designated at fair value within the Investment Bank and currency effects. Long-term debt issued measured at amortized cost was broadly unchanged with no notable issuances.

Short-term borrowings, payables from securities financing transactions, customer deposits, trading portfolio liabilities and brokerage payables were broadly unchanged.

The “Funding by product and currency” table and “Asset funding” chart in this section provide more information on our funding sources.

→ **Refer to “Bondholder information” at** ***www.ubs.com/investors*** **for more information on capital and senior debt instruments**

→ **Refer to the “Consolidated financial statements” section of this report for more information**

Equity

Equity attributable to shareholders increased to CHF 51,122 million as of 30 September 2018 from CHF 50,774 million as of 30 June 2018.

Total comprehensive income attributable to shareholders was CHF 273 million, reflecting net profit of CHF 1,246 million and negative other comprehensive income (OCI) of CHF 973 million. OCI included negative foreign currency translation OCI of CHF 390 million, negative OCI related to own credit of CHF 283 million, negative cash flow hedge OCI of CHF 234 million, negative defined benefit plan OCI of CHF 50 million, and negative OCI related to debt instruments at fair value of CHF 16 million.

Share premium increased by CHF 126 million, mainly due to the amortization of deferred share-based compensation awards.

Net treasury share activity decreased equity attributable to shareholders by CHF 50 million, mainly related to repurchases under the share repurchase program that was announced in January 2018. Share repurchases totaled CHF 100 million during the quarter.

→ **Refer to the "Consolidated financial statements" and "Group performance" sections of this report for more information**

→ **Refer to "UBS shares" in the "Capital management" section of this report for more information on our share repurchase program**

→ **Refer to the "Recent developments" section of this report for information on the effects on IFRS equity of changing our presentation currency and certain functional currencies to US dollars in the fourth quarter of 2018**

Liabilities and equity

	As of				% change from	
	30.9.18	30.6.18	1.1.18	31.12.17		
CHF billion	**(IFRS 9)**	(IFRS 9)	(IFRS 9)[1]	(IAS 39)	30.6.18	1.1.18
Short-term borrowings[2]	**53.3**	55.6	58.5	58.5	(4)	(9)
Securities financing transactions at amortized cost	**10.8**	10.1	12.0	17.0	7	(10)
Customer deposits	**401.3**	403.4	403.7	409.0	(1)	(1)
Long-term debt issued[3]	**152.4**	149.1	138.1	138.1	2	10
Trading portfolio[4]	**32.0**	31.4	30.5	30.5	2	5
Derivatives and cash collateral payables on derivative instruments	**141.2**	151.1	146.4	146.4	(7)	(4)
Brokerage payables	**38.3**	37.9	34.9	0.0	1	10

Other financial liabilities at AC / FV[5]	**17.4**	19.3	16.4	41.0	(10)	6
Non-financial liabilities and amounts due under unit-linked investment contracts	**34.5**	35.7	24.0	23.9	(3)	44
Total liabilities	**881.3**	893.6	864.5	864.4	(1)	2
Share capital	**0.4**	0.4	0.4	0.4	0	(4)
Share premium	**23.1**	23.0	25.9	25.9	1	(11)
Treasury shares	**(2.1)**	(2.0)	(2.1)	(2.1)	2	(1)
Retained earnings	**36.5**	35.6	32.2	32.8	3	13
Other comprehensive income[6]	**(6.8)**	(6.1)	(5.8)	(5.7)	10	17
Total equity attributable to shareholders	**51.1**	50.8	50.6	51.2	1	1
Equity attributable to non-controlling interests	**0.0**	0.1	0.1	0.1	(37)	(62)
Total equity	**51.2**	50.8	50.7	51.3	1	1
Total liabilities and equity	**932.5**	944.5	915.2	915.6	(1)	2

1 Opening balance sheet upon adoption of IFRS 9 on 1 January 2018. Refer to "Note 1 Basis of accounting" and "Note 19 Transition to IFRS 9 as of 1 January 2018" in the "Consolidated financial statements" section of this report for more information. 2 Consists of short-term debt issued measured at amortized cost and amounts due to banks. 3 Consists of long-term debt issued measured at amortized cost and debt issued designated at fair value. The classification of debt issued into short-term and long-term does not consider any early redemption features. 4 Consists of financial liabilities at fair value held for trading. 5 Consists of other financial liabilities measured at amortized cost and other financial liabilities designated at fair value, but excludes cash collateral payables on derivative instruments and amounts due under unit-linked investment contracts. 6 Excludes defined benefit plans and own credit that are recorded directly in Retained earnings.

Off-balance sheet[1]

	As of			% change from	
CHF billion	**30.9.18**	30.6.18	31.12.17	30.6.18	31.12.17
Total guarantees[2]	**16.0**	17.2	16.0	(7)	0
Loan commitments[2]	**33.2**	38.9	38.0	(15)	(13)
Forward starting reverse repurchase agreements	**23.6**	13.5	12.7	75	86
Forward starting repurchase agreements	**17.1**	10.9	8.2	57	109

1 The information provided in this table is aligned with the scope disclosed in "Note 16 Guarantees, commitments and forward starting transactions" in the "Consolidated financial statements" section of this report. 2 Total guarantees and Loan commitments are shown net of sub-participations.

Off-balance sheet (30 September 2018 vs 30 June 2018)

Forward starting reverse repurchase agreements and forward starting repurchase agreements increased by CHF 10 billion and CHF 6 billion, respectively, primarily in Group ALM, reflecting higher market activity in short-dated securities financing transactions. Guarantees decreased by CHF 1 billion, primarily in Personal & Corporate Banking. Loan commitments decreased by CHF 6 billion, primarily reflecting a decrease in our Corporate Client Solutions business in the Investment Bank due to commitments that were funded, canceled or syndicated during the quarter.

Net stable funding ratio

As of 30 September 2018, our estimated pro forma net stable funding ratio (NSFR) was 105%, a decrease of 2 percentage points from 30 June 2018, primarily reflecting a CHF 4 billion reduction in available stable funding, primarily driven by lower deposits, and a CHF 4 billion increase in required stable funding, mainly due to increases in trading portfolio assets and loans.

The calculation of our pro forma NSFR includes estimates of the effect of the Basel Committee on Banking Supervision rules and will be refined when NSFR rule-making is completed in Switzerland and as regulatory interpretations evolve and new models and associated systems are enhanced.

→ **Refer to the "Treasury management" section of our Annual Report 2017 for more information on the net stable funding ratio**

Pro forma net stable funding ratio

CHF billion, except where indicated	**30.9.18**	30.6.18
Available stable funding	**451**	455
Required stable funding	**429**	425
Pro forma net stable funding ratio (%)	**105**	107

Funding by product and currency

	CHF billion		**As a percentage of total funding sources (%)**								
	All currencies		**All currencies**		**USD**		**CHF**		**EUR**		
	30.9.18	30.6.18	**30.9.18**	30.6.18	**30.9.18**	30.6.18	**30.9.18**	30.6.18	**30.9.18**	30.6.18	3
Short-term borrowings	**53.3**	55.6	**7.8**	8.1	**4.2**	4.1	**0.4**	0.4	**2.1**	2.5	
of which: due to banks	***10.1***	*10.2*	***1.5***	*1.5*	***0.5***	*0.5*	***0.4***	*0.4*	***0.2***	*0.3*	
of which: short-term debt issued[1]	***43.2***	*45.3*	***6.3***	*6.6*	***3.8***	*3.7*	***0.0***	*0.0*	***1.9***	*2.2*	
Securities financing transactions	**10.8**	10.1	**1.6**	1.5	**1.2**	0.9	**0.0**	0.0	**0.1**	0.3	
Cash collateral payables on derivative instruments	**27.6**	31.8	**4.0**	4.6	**1.9**	2.2	**0.1**	0.2	**1.2**	1.5	
Customer deposits	**401.3**	403.4	**58.7**	58.6	**19.6**	20.3	**25.9**	25.4	**7.7**	7.7	
	177.3	*179.9*	***25.9***	*26.2*	***6.1***	*6.5*	***9.7***	*9.5*	***6.6***	*6.6*	

of which: demand deposits										
of which: retail savings / deposits	***159.9***	*162.6*	***23.4***	*23.6*	***7.4***	*7.9*	***15.2***	*14.9*	***0.8***	*0.8*
of which: time deposits	***49.9***	*46.9*	***7.3***	*6.8*	***4.5***	*4.2*	***1.0***	*1.0*	***0.1***	*0.1*
of which: fiduciary deposits	***14.1***	*14.1*	***2.1***	*2.0*	***1.6***	*1.7*	***0.1***	*0.1*	***0.2***	*0.2*
Long-term debt issued[2]	**152.4**	149.1	**22.3**	21.7	**12.8**	12.5	**2.0**	1.8	**5.4**	5.5
Brokerage payables	**38.3**	37.9	**5.6**	5.5	**3.7**	3.5	**0.1**	0.1	**0.4**	0.5
Total	**683.7**	687.9	**100.0**	100.0	**43.5**	43.5	**28.6**	28.0	**17.0**	17.9

1 Short-term debt issued is comprised of certificates of deposit, commercial paper, acceptances and p notes, and other money market paper. 2 Long-term debt issued also includes debt with a remaining maturity of less than one year.

Capital management

This section provides information on key developments during the reporting period and should be read in conjunction with the “Capital management” section of our Annual Report 2017, which provides more information about our strategy, objectives and governance for capital management. Disclosures in this section are provided for UBS Group AG on a consolidated basis and focus on information in accordance with the Basel III framework as applicable to Swiss systemically relevant banks (SRBs).

Information in accordance with the Basel Committee on Banking Supervision framework for UBS Group AG consolidated together with capital and other regulatory information for UBS AG standalone, UBS Switzerland AG standalone, UBS Limited standalone and UBS Americas Holding LLC consolidated is provided in our 30 September 2018 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups, which is available under “Pillar 3 disclosures” at *www.ubs.com/investors*.

Capital and other regulatory information for UBS AG consolidated is provided in the UBS AG third quarter 2018 report, which will be available as of 31 October 2018 under “Quarterly reporting” at *www.ubs.com/investors*.

Swiss SRB requirements and information

Information on the Swiss SRB capital framework and on Swiss SRB going and gone concern requirements that are being phased in until the end of 2019 is provided in the "Capital management" section of our Annual Report 2017, which is available under "Annual reporting" at *www.ubs.com/investors.* These requirements are also applicable to UBS AG consolidated and UBS Switzerland AG standalone. UBS AG is subject to going concern requirements on a standalone basis for which details are provided in the 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups, which is available under "Pillar 3 disclosures" at *www.ubs.com/investors*, and in our 30 September 2018 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups, which is available under "Pillar 3 disclosures" at *www.ubs.com/investors*.

The table below provides the risk-weighted assets (RWA)- and leverage ratio denominator (LRD)-based requirements and information as of 30 September 2018.

Swiss SRB going and gone concern requirements and information[1]

	Swiss SRB, including transitional arrangements						
As of 30.9.18	RWA				LRD		
CHF million, except where indicated	Requirement (%)	Actual (%)	Requirement	Eligible	Requirement (%)	Actual (%)	Requirement
Common equity tier 1 capital	9.73	13.55	24,531	34,167	2.90	3.80	26,042
Maximum high-trigger loss-absorbing additional tier 1 capital[2,3]	3.40	6.83	8,576	17,229	1.10	1.92	9,878
of which: high-trigger loss-absorbing additional tier 1 capital		*3.42*		*8,633*		*0.96*	
of which: low-trigger loss-absorbing additional tier 1 capital		*0.92*		*2,314*		*0.26*	
of which: high-trigger loss-absorbing tier 2 capital		*0.17*		*427*		*0.05*	
		2.32		*5,853*		*0.65*	

of which: low-trigger loss-absorbing tier 2 capital							
Total going concern capital	**13.13[4]**	**20.38**	**33,108**	**51,395**	**4.00[5]**	**5.72**	**35,920**
Base gone concern loss-absorbing capacity, including applicable add-ons and rebate	7.65[6]	11.58	19,307	29,218	2.58[6]	3.25	23,168
Total gone concern loss-absorbing capacity	**7.65**	**11.58**	**19,307**	**29,218**	**2.58**	**3.25**	**23,168**
Total loss-absorbing capacity	**20.78**	**31.96**	**52,415**	**80,614**	**6.58**	**8.98**	**59,088**

	Swiss SRB as of 1.1.20						
As of 30.9.18	**RWA**				**LRD**		
CHF million, except where indicated	**Requirement (%)**	**Actual (%)**	**Requirement**	**Eligible**	**Requirement (%)**	**Actual (%)**	**Requirement**
Common equity tier 1 capital	10.27	13.55	25,893	34,167	3.50	3.80	31,430
Maximum high-trigger loss-absorbing additional tier 1 capital[2]	4.30	4.34	10,847	10,948	1.50	1.22	13,470
of which: high-trigger loss-absorbing additional tier 1 capital		*3.42*		*8,633*		*0.96*	
of which: low-trigger loss-absorbing additional tier 1 capital		*0.92*		*2,314*		*0.26*	
Total going concern capital	**14.57[7]**	**17.89**	**36,740**	**45,115**	**5.00[8]**	**5.02**	**44,900**
Base gone concern loss-absorbing capacity,	12.30[9]	13.90	31,021	35,071	4.30[9]	3.91	38,614

including applicable add-ons and rebate							
Total gone concern loss-absorbing capacity	**12.30**	**13.90**	**31,021**	**35,071**	**4.30**	**3.91**	**38,614**
Total loss-absorbing capacity	**26.86**	**31.79**	**67,761**	**80,186**	**9.30**	**8.93**	**83,514**

1 This table includes a rebate equal to 35% of the maximum rebate on the gone concern requirement
was granted by FINMA and will be phased in until 1 January 2020. This table does not include a rebate
usage of low-trigger loss-absorbing additional tier 1 or tier 2 capital instruments to meet the gone cor
requirements. 2 Includes outstanding low-trigger loss-absorbing additional tier 1 (AT1) capital instru
which are available under the transitional rules of the Swiss SRB framework to meet the going concer
requirements until their first call date, even if the first call date is after 31 December 2019. As of thei
date, these instruments are eligible to meet the gone concern requirements. 3 Includes outstanding
and low-trigger loss-absorbing tier 2 capital instruments, which are available under the transitional ru
Swiss SRB framework to meet the going concern requirements until the earlier of (i) their maturity or
date or (ii) 31 December 2019, and to meet gone concern requirements thereafter. Outstanding low-t
loss-absorbing tier 2 capital instruments are subject to amortization starting five years prior to their n
with the amortized portion qualifying as gone concern loss-absorbing capacity. Instruments available
gone concern requirements are eligible until one year before maturity, with a haircut of 50% applied
last year of eligibility. 4 Consists of a minimum capital requirement of 8% and a buffer capital requi
of 5.13%, including the effect of countercyclical buffers of 0.27%. 5 Consists of a minimum leverage
requirement of 3% and a buffer leverage ratio requirement of 1%. 6 Includes applicable add-ons of
for RWA and 0.25% for LRD and a rebate of 1.25% for RWA and 0.42% for LRD. 7 Consists of a mini
capital requirement of 8% and a buffer capital requirement of 6.57%, including the effect of counterc
buffers of 0.27% and applicable add-ons of 1.44%. 8 Consists of a minimum leverage ratio requirem
3% and a buffer leverage ratio requirement of 2%, including applicable add-ons of 0.5%. 9 Includes
applicable add-ons of 1.44% for RWA and 0.5% for LRD and a rebate of 2% for RWA and 0.7% for LRD

Capital management

Total loss-absorbing capacity

The table below provides Swiss SRB going and gone concern information based on transitional arrangements and based on the final rules as of 1 January 2020. Effective 1 January 2018, common equity tier 1 (CET1) capital, RWA and LRD are the same under both arrangements, as prudential filters as required by the Basel Committee on Banking Supervision are entirely phased in. The remaining differences between the columns “Swiss SRB, including transitional arrangements” and “Swiss SRB as of 1.1.20” are fully related to the eligibility of instruments as required by the too big to fail provisions in the Swiss Capital Adequacy Ordinance applicable to Swiss SRBs, which are described in the “Swiss SRB total loss-absorbing capacity framework” in the “Capital management” section of our Annual Report 2017.

Swiss SRB going and gone concern information

	Swiss SRB, including transitional arrangements			Swiss SRB as of 1.1.20		
CHF million, except where indicated	**30.9.18**	30.6.18	31.12.17[1]	**30.9.18**	30.6.18	31.12.17
Going concern capital						
Common equity tier 1 capital	**34,167[2]**	33,817[2]	35,494	**34,167[2]**	33,817[2]	32,671
High-trigger loss-absorbing additional tier 1 capital	**8,633**	8,780	6,857	**8,633**	8,780	6,857
Low-trigger loss-absorbing additional tier 1 capital	**2,314**	2,359	1,087[3]	**2,314**	2,359	2,383
Total loss-absorbing additional tier 1 capital	**10,948**	11,139	7,944	**10,948**	11,139	9,240
Total tier 1 capital	**45,115**	44,956	43,438	**45,115**	44,956	41,911
High-trigger loss-absorbing tier 2 capital	**427**	434	435			
Low-trigger loss-absorbing tier 2 capital[4]	**5,853**	6,339	7,874			
Total tier 2 capital	**6,281**	6,773	8,309			
Total going concern capital	**51,395**	51,729	51,748	**45,115**	44,956	41,911

Gone concern loss-absorbing capacity[5]						
High-trigger loss-absorbing tier 2 capital						218
Low-trigger loss-absorbing tier 2 capital[4]	**743**	376	378	**6,596**	6,716	8,252
Non-Basel III-compliant tier 2 capital[6]	**686**	696	689	**686**	696	689
Total tier 2 capital	**1,429**	1,072	1,067	**7,283**	7,412	9,159
TLAC-eligible senior unsecured debt	**27,789**	29,123	27,233	**27,789**	29,123	27,233
Total gone concern loss-absorbing capacity	**29,218**	30,195	28,300	**35,071**	36,535	36,392
Total loss-absorbing capacity						
Total loss-absorbing capacity	**80,614**	81,924	80,048	**80,186**	81,491	78,303
Risk-weighted assets / leverage ratio denominator						
Risk-weighted assets	**252,247[2]**	252,373[2]	238,394	**252,247[2]**	252,373[2]	237,494
Leverage ratio denominator	**898,000**	902,408	887,635	**898,000**	902,408	886,116
Capital and loss-absorbing capacity ratios (%)						
Going concern capital ratio	**20.4**	20.5	21.7	**17.9**	17.8	17.6
of which: common equity tier 1 capital ratio	***13.5***	*13.4*	*14.9*	***13.5***	*13.4*	*13.8*
Gone concern loss-absorbing capacity ratio	**11.6**	12.0	11.9	**13.9**	14.5	15.3
Total loss-absorbing capacity ratio	**32.0**	32.5	33.6	**31.8**	32.3	33.0
Leverage ratios (%)						
Going concern leverage ratio	**5.7**	5.7	5.8	**5.0**	5.0	4.7
of which: common equity tier 1 leverage ratio	***3.80***	*3.75*	*4.00*	***3.80***	*3.75*	*3.69*
	3.3	3.3	3.2	**3.9**	4.0	4.1

Gone concern leverage ratio						
Total loss-absorbing capacity leverage ratio	**9.0**	9.1	9.0	**8.9**	9.0	8.8

1 As of 31 December 2017, the phase-in deduction applied for the purpose of the CET1 capital calculation was 80%. These effects are fully phased in from 1 January 2018. Prudential filters applied to RWA and LRD are also fully phased in from 1 January 2018. 2 IFRS 9 expected credit loss adoption effects for exposures treated under the standardized approach are fully deducted from our CET1 capital. The associated classification and measurement changes are considered based on the FINMA consultation paper, which will be superseded by final FINMA guidance, issued 16 July 2018. We expect to implement any changes related to the final guidance by the effective date 1 January 2019. Refer to "Introduction and basis for preparation" of our 30 September 2018 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups under "Pillar 3 disclosures" at www.ubs.com/investors for more information. 3 Low-trigger loss-absorbing additional tier 1 capital of CHF 2,383 million was partly offset by required deductions for goodwill of CHF 1,296 million. 4 Under the transitional rules of the Swiss SRB framework, outstanding low-trigger loss-absorbing tier 2 capital instruments are subject to amortization starting five years prior to their maturity, with the amortized portion qualifying as gone concern loss-absorbing capacity. 5 Instruments available to meet gone concern requirements are eligible until one year before maturity, with a haircut of 50% applied in the last year of eligibility. 6 Non-Basel III-compliant tier 2 capital instruments qualify as gone concern instruments.

Total loss-absorbing capacity and movement under Swiss SRB rules applicable as of 1 January 2020

Going concern capital and movement

As of 30 September 2018, our CET1 capital increased by CHF 0.4 billion to CHF 34.2 billion, mainly as a result of operating profit before tax, partly offset by accruals for capital returns to shareholders and our share repurchase program. Our loss-absorbing additional tier 1 (AT1) capital decreased by CHF 0.2 billion to CHF 10.9 billion as of 30 September 2018 due to currency effects.

→ **Refer to “UBS shares” in this section for more information on the share repurchase program**

Gone concern loss-absorbing capacity and movement

Our total gone concern loss-absorbing capacity decreased by CHF 1.5 billion to CHF 35.1 billion, mainly due to the decrease in eligibility of two total loss-absorbing capacity (TLAC)-eligible senior unsecured debt instruments resulting from the shortening of residual tenor and currency effects.

→ **Refer to “Bondholder information” at *www.ubs.com/investors* for more information on the eligibility of capital and senior unsecured debt instruments and on key features and terms and conditions of capital instruments**

Loss-absorbing capacity and leverage ratios

Our CET1 capital ratio increased 0.1 percentage points to 13.5%, reflecting a CHF 0.4 billion increase in CET1 capital and a CHF 0.1 billion decrease in RWA.

Our CET1 leverage ratio increased from 3.75% to 3.80% in the third quarter of 2018, reflecting a CHF 4 billion decrease in the LRD, and the aforementioned increase in CET1 capital.

Our gone concern loss-absorbing capacity ratio decreased 0.6 percentage points to 13.9%, mainly driven by the decrease in gone concern loss-absorbing capacity partly offset by the aforementioned decrease in RWA. Our gone concern leverage ratio decreased by 0.1 percentage points to 3.9%, as the decrease in gone concern loss-absorbing capacity was partly offset by the decrease in the LRD.

Reconciliation of IFRS equity to Swiss SRB common equity tier 1 capital

CHF million	**30.9.18**	30.6.18	31.12.17

Total IFRS equity	**51,160**	50,834	51,271
Equity attributable to non-controlling interests	**(38)**	(60)	(57)
Defined benefit plans, net of tax	**(31)**	(61)	0
Deferred tax assets recognized for tax loss carry-forwards	**(6,024)**	(6,113)	(5,797)
Deferred tax assets on temporary differences, excess over threshold	**(97)**	(289)	(857)
Goodwill, net of tax[1]	**(6,414)**	(6,508)	(6,479)
Intangible assets, net of tax	**(180)**	(176)	(214)
Compensation-related components (not recognized in net profit)	**(2,154)**	(1,805)	(1,620)
Expected losses on advanced internal ratings-based portfolio less provisions[2]	**(383)**	(397)	(634)
Unrealized (gains) / losses from cash flow hedges, net of tax	**498**	264	(351)
Unrealized own credit related to financial liabilities designated at fair value, net of tax, and replacement values	**19**	(319)	133
Unrealized gains related to debt instruments at fair value through OCI, net of tax	**(2)**	0	(193)[3]
Prudential valuation adjustments	**(122)**	(120)	(59)
Accruals for proposed dividends to shareholders for 2017	**0**	0	(2,438)
Other[4]	**(2,066)**	(1,432)	(34)
Total common equity tier 1 capital	**34,167**	33,817	32,671

1 Includes goodwill related to significant investments in financial institutions of CHF 333 million (30 June 2018: CHF 350 million; 31 December 2017: CHF 350 million) presented on the balance sheet line "Investments in associates." 2 From 1 January 2018, provisions have been calculated in accordance with IFRS 9. Provisions in prior periods have been calculated in accordance with International Accounting Standard (IAS) 39. 3 As of 31 December 2017 related to equity and debt instruments available for sale. 4 Includes accruals for dividends to shareholders for the current year and other items.

Swiss SRB total loss-absorbing capacity movement

CHF million	Swiss SRB, including transitional arrangements	Swiss SRB as of 1.1.20
Going concern capital		
Common equity tier 1 capital as of 30.6.18	**33,817**	**33,817**
Operating profit before tax	1,668	1,668
Current tax (expense) / benefit	(231)	(231)
Own credit related to derivative liabilities	56	56
Foreign currency translation effects	(194)	(194)
Compensation-related capital and share premium components	(187)	(187)
Share repurchase program[1]	(100)	(100)
Other[2]	(662)	(662)
Common equity tier 1 capital as of 30.9.18	**34,167**	**34,167**
Loss-absorbing additional tier 1 capital as of 30.6.18	**11,139**	**11,139**
Foreign currency translation and other effects	(191)	(191)
Loss-absorbing additional tier 1 capital as of 30.9.18	**10,948**	**10,948**
Tier 2 capital as of 30.6.18	**6,773**	
Amortization due to shortening residual tenor	(372)	
Foreign currency translation and other effects	(121)	
Tier 2 capital as of 30.9.18	**6,281**	
Total going concern capital as of 30.6.18	**51,729**	**44,956**
Total going concern capital as of 30.9.18	**51,395**	**45,115**
Gone concern loss-absorbing capacity		
Tier 2 capital as of 30.6.18	**1,072**	**7,412**
Amortized portion, which qualifies as gone concern loss-absorbing capacity	372	
Foreign currency translation and other effects	(14)	(129)
Tier 2 capital as of 30.9.18	**1,429**	**7,283**
TLAC-eligible senior unsecured debt as of 30.6.18	**29,123**	**29,123**
Decrease in eligibility due to shortening residual tenor	(860)	(860)
Foreign currency translation and other effects	(474)	(474)

TLAC-eligible senior unsecured debt as of 30.9.18	**27,789**	**27,789**
Total gone concern loss-absorbing capacity as of 30.6.18	**30,195**	**36,535**
Total gone concern loss-absorbing capacity as of 30.9.18	**29,218**	**35,071**
Total loss-absorbing capacity		
Total loss-absorbing capacity as of 30.6.18	**81,924**	**81,491**
Total loss-absorbing capacity as of 30.9.18	**80,614**	**80,186**

1 Refer to “UBS shares” in this section for more information. 2 Includes movements related to accruals for dividends to shareholders for the current year and other items.

Additional information

Sensitivity to currency movements

With the change of the presentation currency of UBS Group AG consolidated to US dollars and functional currency changes of UBS Group AG and UBS AG's Head Office in Switzerland and UBS AG's London Branch to US dollars from Swiss francs and British pounds, respectively, we provide estimates on the effects on the CET1 capital ratio and Swiss SRB going concern leverage ratio based on our estimated US dollar balance sheet as of mid-October 2018 post implementation of the presentation and functional currency changes and related hedging activities.

→ **Refer to the "Recent developments" section of this report for information on the effects on CET1 capital ratio and Swiss SRB going concern leverage ratio of changing our presentation currency and certain functional currencies to US dollars in the fourth quarter of 2018**

Estimated effect on capital from litigation, regulatory and similar matters subject to provisions and contingent liabilities

We have estimated the loss in capital that we could incur as a result of the risks associated with the matters described in "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report. We have used for this purpose the advanced measurement approach (AMA) methodology that we use when determining the capital requirements associated with operational risks, based on a 99.9% confidence level over a 12-month horizon. The methodology takes into consideration UBS and industry experience for the AMA operational risk categories to which those matters correspond, as well as the external environment affecting risks of these types, in isolation from other areas. On this standalone basis, we estimate the loss in capital that we could incur over a 12-month period as a result of our risks associated with these operational risk categories at CHF 4.8 billion as of 30 September 2018. This estimate is not related to and does not take into account any provisions recognized for any of these matters and does not constitute a subjective assessment of our actual exposure in any of these matters.

→ **Refer to "Operational risk" in the "Risk management and control" section of our Annual Report 2017 for more information**

→ **Refer to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information**

Capital management

Risk-weighted assets

During the third quarter of 2018, risk-weighted assets (RWA) decreased by CHF 0.1 billion to CHF 252.2 billion, reflecting decreases due to asset size and other movements of CHF 5.8 billion and currency effects of CHF 1.5 billion, almost entirely offset by increases due to model updates of CHF 3.2 billion, methodology and policy changes of CHF 3.2 billion, and regulatory add-ons of CHF 0.8 billion.

Movement in risk-weighted assets by key driver

CHF billion	**RWA as of 30.6.18**	Currency effects	Methodology and policy changes	Model updates changes	/Regulatory add-ons	Asset size and other[1]	**RWA as of 30.9.18**
Credit and counterparty credit risk[2]	142.8	(1.4)	3.2	3.3	0.7	(5.0)	**143.6**
Non-counterparty-related risk	17.8	(0.1)				0.1	**17.8**
Market risk	12.4			(0.1)	0.1	(0.9)	**11.4**
Operational risk	79.4					0.0	**79.4**
Total	**252.4**	**(1.5)**	**3.2**	**3.2**	**0.8**	**(5.8)**	**252.2**

1 Includes the Pillar 3 categories “Asset size,” “Credit quality of counterparties,” “Acquisitions and disposals” and “Other.” Refer to the 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups under “Pillar 3 disclosures” at www.ubs.com/investors for more information. 2 Includes settlement risk, credit valuation adjustments, equity exposures in the banking book and securitization exposures in the banking book.

Credit and counterparty credit risk

Credit and counterparty credit risk RWA increased by CHF 0.8 billion to CHF 143.6 billion as of 30 September 2018.

The RWA decrease from asset size and other movements of CHF 5.0 billion was mainly driven by a CHF 3.1 billion decrease in the Investment Bank, primarily reflecting exposure decreases in unutilized credit facilities and securities financing transactions in the Corporate Client Solutions and Equities businesses. A further CHF 1.8 billion decrease in Personal & Corporate Banking was also driven by exposure decreases across various products and portfolios.

The decrease was partly offset by a CHF 3.3 billion increase in RWA from model updates, primarily driven by the continued phase-in of RWA increases related to probability of default (PD) and loss given default (LGD) changes from the implementation of revised models for Swiss residential mortgages and income-producing real estate, the new LGD model for unsecured financing and commercial self-used real estate and calibration of aircraft leasing PD and LGD parameters, resulting in an increase of CHF 2.7 billion in Personal & Corporate Banking and CHF 0.3 billion in Global Wealth Management. In addition, RWA increased by

CHF 0.3 billion due to the revision of the Investment Bank’s modeled exposure methodology.

The increase from methodology and policy changes was the result of the revision of methodology applied for structured margin lending transactions, as agreed with FINMA. A further increase from regulatory add-ons of CHF 0.7 billion was driven by a higher internal ratings-based (IRB) multiplier on Investment Bank exposures to corporates.

We anticipate that methodology changes and model updates, including the continued phase-in of RWA increases related to PD and LGD factors, credit conversion factors and scheduled increases in the FINMA-required multiplier for Investment Bank exposures to corporates will increase credit and counterparty credit risk RWA by around CHF 3 billion in the fourth quarter of 2018. In the first quarter of 2019, we expect that there will be further regulatory-driven increases in credit risk of CHF 3 billion as well as a CHF 4 billion increase due to the implementation of IFRS 16, *Leasing*. The extent and timing of RWA increases may vary as methodology changes and model updates are completed and receive regulatory approval, and as regulatory multipliers are adjusted. In addition, changes in composition of the relevant portfolios and other factors will affect our RWA.

→ **Refer to “Credit risk models” in the “Risk management and control” section of our Annual Report 2017 for more information**

→ **Refer to “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information on IFRS 16**

Market risk

Market risk RWA decreased by CHF 1.0 billion in the third quarter of 2018, primarily due to asset size and other movements resulting from lower average regulatory and stressed value-at-risk (VaR) levels observed in the Investment Bank, mainly due to its credit trading business. An increase from regulatory add-ons of CHF 0.1 billion reflects the concluding change to our risks-not-in-VaR framework.

→ **Refer to the “Risk management and control” section of this report and the 30 September 2018 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups, which is available under “Pillar 3 disclosures” at *www.ubs.com/investors* for more information on market risk developments**

Operational risk

Operational risk RWA were CHF 79.4 billion as of 30 September 2018, unchanged from 30 June 2018.

→ **Refer to “Operational risk” in the “Risk management and control” section of our Annual Report 2017 for more information on the advanced measurement approach model**

Risk-weighted assets by business division and Corporate Center unit

CHF billion	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	CC – Services	CC – Group ALM	CC – Non-core and Legacy Portfolio
				30.9.18			
Credit and counterparty credit risk[1]	28.4	48.9	1.5	50.0	2.0	8.7	4.0
Non-counterparty-related risk[2]	0.1	0.1	0.1	0.0	17.6	0.0	0.0
Market risk	1.2	0.0	0.0	10.5	(2.0)[3]	0.5	1.2
Operational risk	27.0	4.0	2.4	19.8	13.3	2.5	10.3
Total[4]	**56.6**	**53.0**	**4.0**	**80.4**	**31.0**	**11.8**	**15.5**
RWA held by CC – Group ALM on behalf of business divisions and	2.1	1.1	0.1	0.4	0.0	(3.8)	0.0

other CC units[5]							
RWA after allocation from CC – Group ALM to business divisions and other CC units	**58.8**	**54.0**	**4.0**	**80.8**	**31.0**	**8.0**	**15.6**
				30.6.18			
Credit and counterparty credit risk[1]	29.1	48.1	1.7	50.2	1.7	8.1	3.9
Non-counterparty-related risk[2]	0.1	0.1	0.1	0.0	17.5	0.0	0.0
Market risk	1.7	0.0	0.0	11.2	(2.4)[3]	0.6	1.4
Operational risk	27.0	4.0	2.4	19.8	13.3	2.5	10.3
Total[4]	**57.9**	**52.2**	**4.1**	**81.2**	**30.1**	**11.3**	**15.6**
RWA held by CC – Group ALM on behalf of business divisions and other CC units[5]	2.1	1.0	0.1	0.6	0.0	(3.9)	0.0
RWA after allocation from CC – Group ALM to business divisions and other CC units	**60.0**	**53.2**	**4.2**	**81.8**	**30.1**	**7.4**	**15.7**
				30.9.18 vs 30.6.18			
Credit and counterparty credit risk[1]	(0.7)	0.8	(0.2)	(0.1)	0.4	0.6	0.1
Non-counterparty-related risk[2]	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Market risk	(0.5)	0.0	0.0	(0.7)	0.4	(0.1)	(0.1)
Operational risk	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total[4]	**(1.2)**	**0.8**	**(0.2)**	**(0.8)**	**0.8**	**0.5**	**(0.1)**
RWA held by CC – Group ALM on behalf of business divisions and other CC units[5]	0.0	0.1	0.0	(0.2)	0.0	0.1	0.0
RWA after allocation from CC – Group ALM to business divisions and other CC units	**(1.2)**	**0.8**	**(0.2)**	**(1.0)**	**0.9**	**0.6**	**(0.1)**

1 Includes settlement risk, credit valuation adjustments, equity exposures in the banking book and securitization exposures in the banking book. 2 Non-counterparty-related risk includes deferred tax recognized for temporary differences (30 September 2018: CHF 8.6 billion; 30 June 2018: CHF 8.5 bill property, equipment and software (30 September 2018: CHF 9.0 billion; 30 June 2018: CHF 9.0 billion other items (30 September 2018: CHF 0.2 billion; 30 June 2018: CHF 0.2 billion). 3 Corporate Center Services market risk RWA were negative, as they included the effect of portfolio diversification across businesses. 4 Represents RWA held by the respective business division or Corporate Center unit. Represents RWA held by Corporate Center – Group ALM that are directly associated with activity man centrally on behalf of the business divisions and other Corporate Center units. Refer to "Equity attribu return on attributed equity" in this section for more information.

Capital management

Leverage ratio denominator

During the third quarter of 2018, the leverage ratio denominator (LRD) decreased by CHF 4 billion to CHF 898 billion. This decrease was driven by currency effects of CHF 9 billion, partly offset by asset size and other movements of CHF 5 billion.

Movement in leverage ratio denominator by key driver

CHF billion	**LRD as of 30.6.18**	Currency effects	Asset size and other	**LRD as of 30.9.18**
On-balance sheet exposures (excluding derivative exposures and SFTs)[1]	669.1	(5.8)	(3.5)	**659.8**
Derivative exposures	102.1	(1.5)	(2.9)	**97.7**
Securities financing transactions	113.1	(1.6)	11.6	**123.1**
Off-balance sheet items	31.6	(0.3)	(0.8)	**30.5**
Deduction items	(13.5)	0.2	0.3	**(13.1)**
Total	**902.4**	**(9.0)**	**4.6**	**898.0**

1 Excludes derivative financial instruments, cash collateral receivables on derivative instruments, receivables from securities financing transactions, and margin loans as well as prime brokerage receivables and financial assets at fair value not held for trading, both related to securities financing transactions, which are presented separately under Derivative exposures and Securities financing transactions in this table.

The LRD movements described below exclude currency effects.

On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs)) decreased by CHF 4 billion. The decrease in Corporate Center – Group Asset and Liability Management (Group ALM), mainly resulting from net transfers out of cash and balances with central banks as well as high-quality government bills, government and corporate bonds at fair value into SFTs, was partly offset by an increase in the Investment Bank, primarily due to client-driven increases in trading portfolio assets.

SFTs increased by CHF 12 billion due to asset size and other movements, primarily resulting from an CHF 8 billion increase in Corporate Center – Group ALM followingincreased sourcing of collateral to meet pledging requirements, reinvestment of cash and cash equivalents, and higher market activity. Further client-driven increases of CHF 4 billion in the Investment Bank were mainly related to higher prime brokerage receivables.

→ **Refer to the "Balance sheet, liquidity and funding management" section of this report for more information on balance sheet movements**

Leverage ratio denominator by business division and Corporate Center unit

CHF billion	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	CC – Services	CC – Group ALM	CC – Non-core and Legacy Portfolio	T
				30.9.18				
Total IFRS assets	196.0	136.1	26.1	269.6	20.7	249.8	34.2	9
Difference in scope of consolidation[1]	(0.1)	0.0	(23.5)	(0.5)	(0.1)	0.1	0.1	(2
Less: derivative exposures and SFTs[2]	(5.9)	(0.9)	0.0	(130.4)	0.0	(80.5)	(30.9)	(24
On-balance sheet exposures	**189.9**	**135.2**	**2.6**	**138.7**	**20.6**	**169.5**	**3.4**	**65**
Derivative exposures	8.6	1.4	0.0	77.7	0.0	3.2	6.7	
Securities financing transactions	2.5	0.0	0.0	39.4	0.0	80.1	1.1	1
Off-balance sheet items	4.5	11.9	0.0	11.4	0.1	2.6	0.0	
Items deducted from Swiss SRB tier 1 capital					(13.1)			(1
Total[3]	**205.6**	**148.4**	**2.6**	**267.2**	**7.6**	**255.4**	**11.3**	**89**
LRD held by CC – Group ALM on behalf of business divisions and other CC units[4]	56.0	39.6	2.2	15.7	0.8	(116.1)	1.9	
LRD after allocation from CC – Group ALM to business divisions and other CC units	**261.6**	**188.0**	**4.8**	**282.8**	**8.3**	**139.3**	**13.2**	**89**

				30.6.18				
Total IFRS assets	197.7	135.9	27.6	262.2	20.9	261.3	38.8	9
Difference in scope of consolidation[1]	(0.2)	0.0	(25.0)	(0.3)	(0.1)	0.1	0.0	(2
Less: derivative exposures and SFTs[2]	(5.6)	(1.1)	0.0	(132.8)	0.0	(75.0)	(35.4)	(24
On-balance sheet exposures	**192.0**	**134.9**	**2.6**	**129.1**	**20.8**	**186.4**	**3.4**	**6**
Derivative exposures	8.2	1.6	0.0	81.3	0.0	3.2	7.8	1
Securities financing transactions	2.3	0.0	0.0	36.2	0.0	73.4	1.2	1
Off-balance sheet items	4.8	12.3	0.0	13.6	0.1	0.8	0.0	
Items deducted from Swiss SRB tier 1 capital					(13.5)			(1
Total[3]	**207.3**	**148.8**	**2.6**	**260.2**	**7.4**	**263.8**	**12.4**	**9**
LRD held by CC – Group ALM on behalf of business divisions and other CC units[4]	56.4	39.0	2.3	23.5	0.5	(124.2)	2.5	
LRD after allocation from CC – Group ALM to business divisions and other CC units	**263.7**	**187.8**	**4.9**	**283.7**	**7.9**	**139.6**	**14.9**	**9**
				30.9.18 vs 30.6.18				
Total IFRS assets	(1.7)	0.1	(1.5)	7.4	(0.2)	(11.5)	(4.6)	(1
Difference in scope of consolidation[1]	0.0	0.0	1.4	(0.2)	0.0	0.0	0.1	
Less: derivative exposures and SFTs[2]	(0.3)	0.2	0.0	2.4	0.0	(5.5)	4.5	

On-balance sheet exposures	**(2.0)**	**0.3**	**0.0**	**9.6**	**(0.2)**	**(16.9)**	**(0.1)**	**(**
Derivative exposures	0.4	(0.2)	0.0	(3.6)	0.0	0.0	(1.0)	
Securities financing transactions	0.2	0.0	0.0	3.1	0.0	6.7	(0.1)	
Off-balance sheet items	(0.3)	(0.4)	0.0	(2.2)	0.0	1.9	0.0	
Items deducted from Swiss SRB tier 1 capital					0.4			
Total[3]	**(1.7)**	**(0.3)**	**0.0**	**7.0**	**0.2**	**(8.4)**	**(1.1)**	**(**
LRD held by CC – Group ALM on behalf of business divisions and other CC units[4]	(0.4)	0.6	(0.1)	(7.8)	0.3	8.1	(0.6)	
LRD after allocation from CC – Group ALM to business divisions and other CC units	**(2.1)**	**0.2**	**(0.1)**	**(0.9)**	**0.4**	**(0.3)**	**(1.7)**	**(**

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

Capital management

Equity attribution and return on attributed equity

Under our equity attribution framework, tangible equity is attributed based on a weighting of 50% each for average risk-weighted assets (RWA) and average leverage ratio denominator (LRD). Average RWA and LRD are converted to their common equity tier 1 (CET1) capital equivalents based on capital ratios of 11% and 3.75%, respectively. If the tangible attributed equity calculated under the weighted-driver approach is less than the CET1 capital equivalent of risk-based capital (RBC) for any business division, the CET1 capital equivalent of RBC is used as a floor for that business division.

LRD and RWA held by Corporate Center – Group Asset and Liability Management (Group ALM) directly associated with activities that Corporate Center – Group ALM manages centrally on behalf of the business divisions and other Corporate Center units are allocated to those business divisions and other Corporate Center units for the purpose of equity attribution. This allocation is primarily based on the level of high-quality liquid assets that is needed to meet the Group's minimum liquidity coverage ratio requirement of 110%. Corporate Center – Group ALM retains attributed equity related to liquidity and funding surpluses, i.e., at levels above regulatory requirements, together with that related to its own activities.

In addition to tangible equity, we allocate equity to our businesses to support goodwill and intangible assets.

Furthermore, we attribute all remaining Basel III capital deduction items to Group items. These deduction items include deferred tax assets (DTAs) recognized for tax loss carry-forwards and DTAs on temporary differences in excess of the threshold, which together constitute the largest component of Group items, dividend accruals, unrealized gains from cash flow hedges and compensation- and own shares-related components.

→ **Refer to the "Capital management" section of our Annual Report 2017 for more information on the equity attribution framework**

→ **Refer to the "Recent developments" section of this report for more information on planned changes to the equity attribution framework**

Attributed equity

	For the quarter ended			Year-to-date	
CHF billion	**30.9.18**	30.6.18	30.9.17	30.9.18	30.9.17
Average attributed equity					
Global Wealth Management	**13.1**	13.2	12.6	13.1	12.7
Personal & Corporate Banking	**6.5**	6.4	6.2	6.4	6.1
Asset Management	**1.7**	1.7	1.7	1.7	1.7
Investment Bank	**9.8**	10.4	9.3	10.0	9.2
Corporate Center	**20.0**	19.3	22.9	20.0	23.4
of which: CC – Services	***15.7***	*15.2*	*18.7*	*15.8*	*19.4*

of which: Group items[1]	***13.8***	*13.4*	*17.0*	*14.0*	*17.7*
of which: CC – Group ALM	***3.2***	*3.0*	*2.9*	*3.0*	*2.6*
of which: CC – Non-core and Legacy Portfolio	***1.1***	*1.2*	*1.3*	*1.2*	*1.4*
Average equity attributed to business divisions and Corporate Center	**50.9**	51.0	52.6	51.1	53.0
Average attributed tangible equity[2]					
Global Wealth Management	**8.1**	8.2	7.8	8.1	7.8
Personal & Corporate Banking	**6.5**	6.4	6.2	6.4	6.1
Asset Management	**0.3**	0.3	0.3	0.3	0.3
Investment Bank	**9.7**	10.4	9.2	10.0	9.1
Corporate Center	**20.0**	19.3	22.9	20.0	23.4
of which: CC – Services	***15.7***	*15.2*	*18.7*	*15.8*	*19.4*
of which: Group items[1]	***13.8***	*13.4*	*17.0*	*14.0*	*17.7*
of which: CC – Group ALM	***3.2***	*3.0*	*2.9*	*3.0*	*2.6*
of which: CC – Non-core and Legacy Portfolio	***1.1***	*1.2*	*1.3*	*1.2*	*1.4*
Average tangible equity attributed to business divisions and Corporate Center	**44.6**	44.7	46.3	44.7	46.6

1 Of the CHF 13.8 billion of average equity attributed to Group items for the third quarter of 2018, CHF 6.1 billion related to average DTAs recognized for tax loss carry-forwards and CHF 0.2 billion related to average DTAs on temporary differences in excess of the 10% of CET1 capital threshold. Dividend accruals are also included in Group items. DTA amounts and dividend accruals represent the average of 30.9.18 and 30.6.18 amounts. 2 Attributed tangible equity equals attributed equity less goodwill and intangible assets.

Return on attributed equity[1]

In %	For the quarter ended 30.9.18	30.6.18	30.9.17	Year-to-date 30.9.18	30.9.17
Return on (attributed) equity[1]					
Reported					
Global Wealth Management	**28.5**	31.5	28.6	31.7	28.6
Personal & Corporate Banking	**25.5**	23.0	26.7	25.2	25.9
Asset Management	**28.9**	24.3	30.3	26.3	26.7
Investment Bank	**19.4**	21.8	11.6	21.7	17.4
UBS Group	**9.8**	10.1	7.2	10.6	8.5
Adjusted[2]					
Global Wealth Management	**30.6**	32.9	33.0	32.9	32.6
Personal & Corporate Banking	**26.1**	23.6	28.3	25.0	27.4
Asset Management	**30.9**	30.4	36.5	29.2	32.2
Investment Bank	**20.8**	23.2	15.2	23.1	19.3
UBS Group	**10.2**	10.9	8.9	10.8	9.9
Return on (attributed) tangible equity[1]					
Reported					
Global Wealth Management	**46.3**	50.9	47.1	51.3	47.4
Personal & Corporate Banking	**25.5**	23.0	26.7	25.2	25.9
Asset Management	**152.9**	125.7	166.0	138.5	145.7
Investment Bank	**19.7**	22.0	11.9	21.9	17.7
UBS Group	**11.3**	11.6	8.3	12.2	9.8
Adjusted[2]					
Global Wealth Management	**49.8**	53.2	54.3	53.2	53.9
Personal & Corporate Banking	**26.1**	23.6	28.3	25.0	27.4
Asset Management	**163.6**	157.5	199.7	153.5	175.3
Investment Bank	**21.1**	23.4	15.5	23.4	19.6
UBS Group	**11.8**	12.5	10.2	12.4	11.4

1 Return on attributed equity and return on attributed tangible equity shown for the business divisions. Return on equity attributable to shareholders and return on tangible equity shown for the UBS Group. Return on attributed equity and return on attributed tangible equity for Corporate Center is not shown, as it is not meaningful. 2 Adjusted results are non-GAAP financial measures as defined by SEC regulations.

Capital management

UBS shares

UBS Group AG shares are listed on the SIX Swiss Exchange (SIX). They are also listed on the New York Stock Exchange (NYSE) as global registered shares. Each share has a par value of CHF 0.10 per share.

Shares issued increased slightly in the third quarter of 2018 due to the issuance of shares out of conditional share capital upon exercise of employee share options.

Treasury shares, which are primarily held to hedge our share delivery obligations related to employee share-based compensation and participation plans, totaled 129 million shares as of 30 September 2018.

Treasury shares held increased by 3 million shares during the third quarter of 2018, mainly due to repurchases totaling CHF 100 million under our CHF 2 billion, three-year share repurchase program that was announced in January 2018, partly offset by the delivery of treasury shares under share-based compensation plans.

UBS Group share information

	As of or for the quarter ended			% change from
	30.9.18	30.6.18	30.9.17	30.6.18
Shares issued	**3,855,121,120**	3,854,589,552	3,852,361,272	0
Treasury shares	**128,747,979**[1]	125,469,362	133,704,681	3
Shares outstanding	**3,726,373,141**	3,729,120,190	3,718,656,591	0
Basic earnings per share (CHF)[2]	**0.33**	0.34	0.25	(3)
Diluted earnings per share (CHF)[2]	**0.32**	0.33	0.25	(3)
Equity attributable to shareholders (CHF million)	**51,122**	50,774	53,493	1
Less: goodwill and intangible assets (CHF million)	**6,316**	6,391	6,388	(1)
Tangible equity attributable to shareholders (CHF million)	**44,806**	44,382	47,105	1
Total book value per share (CHF)	**13.72**	13.62	14.39	1
	12.02	11.90	12.67	1

Tangible book value per share (CHF)				
Share price (CHF)	**15.50**	15.33	16.55	1
Market capitalization (CHF million)[3]	**59,754**	59,072	63,757	1

1 Excludes treasury share repurchases totaling 1 million shares under our share repurchase program that were unsettled as of 30 September 2018. 2 Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of this report for more information. 3 Market capitalization is calculated on the basis of total shares issued multiplied by the share price at the end of the period.

Ticker symbols UBS Group AG

Trading exchange	**SIX / NYSE**	**Bloomberg**	**Reuters**
SIX Swiss Exchange	UBSG	UBSG SW	UBSG.S
New York Stock Exchange	UBS	UBS UN	UBS.N

Security identification codes

ISIN	**CH0244767585**
Valoren	**24 476 758**
CUSIP	**CINS H42097 10 7**

68

Consolidated financial statements

Unaudited

Table of contents

UBS Group AG interim consolidated financial statements (unaudited)

Income statement

		For the quarter ended			Year-to-date	
CHF million, except per share data	Note	**30.9.18**	30.6.18	30.9.17	30.9.18	30.9.17
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income		**2,486**	2,469	2,575	7,205	7,504
Interest expense from financial instruments measured at amortized cost		**(1,613)**	(1,559)	(1,362)	(4,482)	(3,828)
Interest income from financial instruments measured at fair value through profit or loss		**1,777**	1,712	1,032	5,081	3,082
Interest expense from financial instruments measured at fair value through profit or loss		**(979)**	(1,637)	(503)	(3,405)	(1,902)
Net interest income		**1,670**	985	1,743	4,399	4,855
Other net income from fair value changes on financial instruments		**1,143**	2,187	1,089	4,797	3,985
Credit loss (expense) / recovery	9	**(9)**	(28)	7	(63)	(39)
Fee and commission income		**4,779**	4,793	4,686	14,454	14,219
Fee and commission expense		**(401)**	(417)	(442)	(1,227)	(1,327)
Net fee and commission income	3	**4,378**	4,377	4,244	13,228	12,892
Other income	4	**97**	34	62	171	252
Total operating income		**7,279**	7,554	7,145	22,531	21,946
Personnel expenses	5	**3,858**	4,059	3,893	11,931	11,967
General and administrative expenses	6	**1,433**	1,516	1,760	4,374	4,754
Depreciation and impairment of property, equipment and software		**304**	284	256	860	761
Amortization and impairment of intangible assets		**15**	16	16	47	53
Total operating expenses		**5,611**	5,875	5,924	17,212	17,534
Operating profit / (loss) before tax		**1,668**	1,679	1,221	5,320	4,412
Tax expense / (benefit)	7	**419**	394	272	1,270	974
Net profit / (loss)		**1,249**	1,285	948	4,050	3,438
Net profit / (loss) attributable to non-controlling interests		**3**	1	2	6	49
Net profit / (loss) attributable to shareholders		**1,246**	1,284	946	4,044	3,389
Earnings per share (CHF)						
Basic	8	**0.33**	0.34	0.25	1.08	0.91
Diluted	8	**0.32**	0.33	0.25	1.05	0.88

UBS Group AG interim consolidated financial statements (unaudited)

Statement of comprehensive income

	For the quarter ended			Year-to-date	
CHF million	**30.9.18**	30.6.18	30.9.17	30.9.18	30.9.17
Comprehensive income attributable to shareholders					
Net profit / (loss)	**1,246**	1,284	946	4,044	3,389
Other comprehensive income that may be reclassified to the income statement					
Foreign currency translation					
Foreign currency translation movements related to net assets of foreign operations, before tax	**(467)**	785	533	(164)	(1,033)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	**105**	(53)	(157)	149	44
Foreign currency translation differences on foreign operations reclassified to the income statement	**6**	15	2	21	27
Effective portion of changes in fair value of hedging instruments designated in net investment hedge reclassified to the income statement	**0**	0	0	0	0
Income tax relating to foreign currency translations, including the impact of net investment hedges	**(34)**	(1)	226	(34)	229
Subtotal foreign currency translation, net of tax	**(390)**	747	603	(28)	(733)
Financial assets measured at fair value through other comprehensive income					
Net unrealized gains / (losses), before tax	**(22)**	(24)	57	(117)	110
Impairment charges reclassified to the income statement from equity	**0**	0	0	0	13
Realized gains reclassified to the income statement from equity	**0**	0	(13)	0	(156)
Realized losses reclassified to the income statement from equity	**0**	0	2	0	9
Income tax relating to net unrealized gains / (losses)	**6**	6	(22)	31	(24)
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	**(16)**	(18)	24	(86)	(47)
Cash flow hedges of interest rate risk					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	**(253)**	(127)	60	(822)	195
Net (gains) / losses reclassified to the income statement from equity	**(45)**	(70)	(209)	(242)	(640)
Income tax relating to cash flow hedges	**64**	37	30	215	93
Subtotal cash flow hedges, net of tax	**(234)**	(161)	(118)	(849)	(351)
Total other comprehensive income that may be reclassified to the income statement, net of tax	**(641)**	568	509	(962)	(1,132)

Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	**(54)**	240	129	42	285
Income tax relating to defined benefit plans	**4**	4	(5)	52	(1)
Subtotal defined benefit plans, net of tax	**(50)**	244	123	94	283
Own credit on financial liabilities designated at fair value					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	**(284)**	248	(36)	135	(288)
Income tax relating to own credit on financial liabilities designated at fair value	**2**	0	0	0	(1)
Subtotal own credit on financial liabilities designated at fair value, net of tax	**(283)**	248	(36)	135	(290)
Total other comprehensive income that will not be reclassified to the income statement, net of tax	**(333)**	492	87	229	(7)
Total other comprehensive income	**(973)**	1,060	596	(733)	(1,138)
Total comprehensive income attributable to shareholders	**273**	2,343	1,543	3,311	2,251

Statement of comprehensive income (continued)

CHF million	For the quarter ended **30.9.18**	30.6.18	30.9.17	Year-to-date 30.9.18	30.9.17
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	**3**	1	2	6	49
Other comprehensive income that will not be reclassified to the income statement					
Foreign currency translation movements, before tax	**0**	(2)	29	(2)	43
Income tax relating to foreign currency translation movements	**0**	0	0	0	0
Subtotal foreign currency translation, net of tax	**0**	(2)	29	(2)	43
Total other comprehensive income that will not be reclassified to the income statement, net of tax	**0**	(2)	29	(2)	43
Total comprehensive income attributable to non-controlling interests	**3**	(1)	31	4	92
Total comprehensive income					
Net profit / (loss)	**1,249**	1,285	948	4,050	3,438
Other comprehensive income	**(973)**	1,057	626	(735)	(1,095)
of which: other comprehensive income that may be reclassified to the income statement	***(641)***	*568*	*509*	*(962)*	*(1,132)*
of which: other comprehensive income that will not be reclassified to the income statement	***(333)***	*490*	*116*	*227*	*36*
Total comprehensive income	**276**	2,342	1,574	3,314	2,343

UBS Group AG interim consolidated financial statements (unaudited)

Balance sheet

CHF million	Note	**30.9.18**	30.6.18	31.12.17
Assets				
Cash and balances at central banks		**92,632**	102,262	87,775
Loans and advances to banks		**15,339**	15,577	13,739
Receivables from securities financing transactions		**81,951**	76,450	89,633
Cash collateral receivables on derivative instruments	11	**21,414**	24,937	23,434
Loans and advances to customers	9	**318,127**	318,278	318,509
Other financial assets measured at amortized cost	12	**20,623**	20,996	36,861
Total financial assets measured at amortized cost		**550,086**	558,500	569,950
Financial assets at fair value held for trading	10	**120,843**	112,121	126,144
of which: assets pledged as collateral that may be sold or repledged by counterparties		***37,019***	*36,580*	*35,363*
Derivative financial instruments	10, 11	**114,246**	121,604	118,227
Brokerage receivables	10	**20,235**	18,415	
Financial assets at fair value not held for trading	10	**87,196**	93,217	58,933
Total financial assets measured at fair value through profit or loss		**342,520**	345,357	303,304
Financial assets measured at fair value through other comprehensive income	10	**6,618**	6,941	8,665
Investments in associates		**982**	1,026	1,018
Property, equipment and software		**9,042**	9,083	8,829
Goodwill and intangible assets		**6,316**	6,391	6,398
Deferred tax assets		**9,635**	9,859	9,844
Other non-financial assets	12	**7,272**	7,324	7,633
Total assets		**932,471**	944,482	915,642

Balance sheet (continued)

CHF million	Note	**30.9.18**	30.6.18	31.12.17
Liabilities				
Amounts due to banks		**10,109**	10,242	7,533
Payables from securities financing transactions		**10,816**	10,130	17,044
Cash collateral payables on derivative instruments	11	**27,635**	31,843	30,247
Customer deposits		**401,298**	403,430	408,999
Debt issued measured at amortized cost	14	**133,990**	137,530	139,551
Other financial liabilities measured at amortized cost	12	**6,330**	6,909	36,337
Total financial liabilities measured at amortized cost		**590,179**	600,084	639,711
Financial liabilities at fair value held for trading	10	**32,030**	31,416	30,463
Derivative financial instruments	10, 11	**113,553**	119,223	116,133
Brokerage payables designated at fair value	10	**38,268**	37,904	
Debt issued designated at fair value	10, 13	**61,631**	56,849	49,502
Other financial liabilities designated at fair value	10, 12	**34,605**	37,342	16,223
Total financial liabilities measured at fair value through profit or loss		**280,087**	282,734	212,322
Provisions	15	**2,963**	3,123	3,133
Other non-financial liabilities	12	**8,083**	7,708	9,205
Total liabilities		**881,311**	893,649	864,371
Equity				
Share capital		**385**	385	385
Share premium		**23,087**	22,961	25,942
Treasury shares		**(2,082)**	(2,032)	(2,133)
Retained earnings		**36,497**	35,584	32,752
Other comprehensive income recognized directly in equity, net of tax		**(6,765)**	(6,124)	(5,732)
Equity attributable to shareholders		**51,122**	50,774	51,214
Equity attributable to non-controlling interests		**38**	60	57
Total equity		**51,160**	50,834	51,271
Total liabilities and equity		**932,471**	944,482	915,642

UBS Group AG interim consolidated financial statements (unaudited)

Statement of changes in equity

CHF million	Share capital	Share premium	Treasury shares	Retained earnings
Balance as of 1 January 2017	**385**	**28,254**	**(2,249)**	**31,725**
Issuance of share capital	0			
Acquisition of treasury shares			(883)	
Delivery of treasury shares under share-based compensation plans		(823)	920	
Other disposal of treasury shares			57	
Premium on shares issued and warrants exercised		13		
Share-based compensation expensed in the income statement		543		
Tax (expense) / benefit		24		
Dividends		(2,229)[2]		
New consolidations / (deconsolidations) and other increases / (decreases)		(1)		
Total comprehensive income for the period				3,382
of which: net profit / (loss)				*3,389*
of which: other comprehensive income (OCI) that may be reclassified to the income statement, net of tax				
of which: OCI that will not be reclassified to the income statement, net of tax – defined benefit plans				*283*
of which: OCI that will not be reclassified to the income statement, net of tax – own credit				*(290)*
of which: OCI that will not be reclassified to the income statement, net of tax – foreign currency translation				
Balance as of 30 September 2017	**385**	**25,782**	**(2,155)**	**35,107**
Balance as of 1 January 2018 before the adoption of IFRS 9 and IFRS 15	**385**	**25,942**	**(2,133)**	**32,752**
Effect of adoption of IFRS 9				**(505)**
Effect of adoption of IFRS 15				**(24)**
Balance as of 1 January 2018 after the adoption of IFRS 9 and IFRS 15	**385**	**25,942**	**(2,133)**	**32,223**
Issuance of share capital	**0**			
Acquisition of treasury shares			**(1,025)**	
Delivery of treasury shares under share-based compensation plans		**(939)**	**1,042**	

Other disposal of treasury shares			34	
Premium on shares issued and warrants exercised		17		
Share-based compensation expensed in the income statement		519		
Tax (expense) / benefit		15		
Dividends		(2,444)[2]		
Equity classified as obligation to purchase own shares		(15)		
New consolidations / (deconsolidations) and other increases / (decreases)		(8)		
Total comprehensive income for the period				4,273
of which: net profit / (loss)				*4,044*
of which: other comprehensive income (OCI) that may be reclassified to the income statement, net of tax				
of which: OCI that will not be reclassified to the income statement, net of tax – defined benefit plans				*94*
of which: OCI that will not be reclassified to the income statement, net of tax – own credit				*135*
of which: OCI that will not be reclassified to the income statement, net of tax – foreign currency translation				
Balance as of 30 September 2018	**385**	**23,087**	**(2,082)**	**36,497**

1 Excludes defined benefit plans and own credit that are recorded directly in Retained earnings. 2 Reflects the payment of an ordinary cash dividend of CHF 0.65 (2017: CHF 0.60) per dividend-bearing share out of the capital contribution reserve.

Other comprehensive income recognized directly in equity, net of tax[1]	*of which: foreign currency translation*	*of which: financial assets measured at fair value through OCI*	*of which: cash flow hedges*	Total equity attributable to shareholders	Non-controlling interests	Total equity
(4,494)	*(5,564)*	*98*	*972*	**53,621**	**682**	**54,302**
				0		0
				(883)		(883)
				97		97
				57		57
				13		13
				543		543
				24		24
				(2,229)	(50)	(2,280)
				(1)	19	18
(1,132)	*(733)*	*(47)*	*(351)*	2,251	92	2,343
				3,389	*49*	*3,438*
(1,132)	*(733)*	*(47)*	*(351)*	*(1,132)*		*(1,132)*
				283		*283*
				(290)		*(290)*
				0	*43*	*43*
(5,626)	*(6,298)*	*51*	*621*	**53,493**	**743**	**54,236**
(5,732)	***(6,095)***	***12***	***351***	**51,214**	**57**	**51,271**
(72)		***(72)***		**(577)**		**(577)**
				(24)		**(24)**
(5,804)	***(6,095)***	***(60)***	***351***	**50,612**	**57**	**50,670**
				0		**0**
				(1,025)		**(1,025)**
				103		**103**
				34		**34**
				17		**17**
				519		**519**
				15		**15**
				(2,444)	**(7)**	**(2,450)**
				(15)		**(15)**
				(8)	**(16)**	**(24)**
(962)	***(28)***	***(86)***	***(849)***	**3,311**	**4**	**3,314**
				4,044	***6***	***4,050***
(962)	***(28)***	***(86)***	***(849)***	***(962)***		***(962)***
				94		***94***
				135		***135***
				0	***(2)***	***(2)***

(6,765)	***(6,122)***	***(144)***	***(498)***	**51,122**	**38**	**51,160**

UBS Group AG interim consolidated financial statements (unaudited)

Statement of cash flows[1]

	Year-to-date	
CHF million	**30.9.18**	30.9.17
Cash flow from / (used in) operating activities		
Net profit / (loss)	**4,050**	3,438
Non-cash items included in net profit and other adjustments:		
Depreciation and impairment of property, equipment and software	**860**	761
Amortization and impairment of intangible assets	**47**	53
Credit loss expense / (recovery)	**63**	39
Share of net profits of associates / joint ventures and impairment of associates	**(46)**	(49)
Deferred tax expense / (benefit)	**643**	306
Net loss / (gain) from investing activities	**(16)**	85
Net loss / (gain) from financing activities	**2,636**	583
Other net adjustments	**(362)**	(334)
Net change in operating assets and liabilities:		
Loans and advances to banks / amounts due to banks	**2,359**	27
Securities financing transactions	**887**	(12,944)
Cash collateral on derivative instruments	**(339)**	(2,199)
Loans and advances to customers	**(8,399)**	(10,378)
Customer deposits	**(1,669)**	(18,465)
Financial assets and liabilities at FV held for trading and derivative financial instruments	**(6,981)**	(7,037)
Brokerage receivables and payables	**7,385**	
Financial assets at fair value not held for trading, other financial assets and liabilities	**7,066**	9,960
Provisions, other non-financial assets and liabilities	**(72)**	(579)
Income taxes paid, net of refunds	**(722)**	(875)
Net cash flow from / (used in) operating activities	**7,387**	(37,607)
Cash flow from / (used in) investing activities		
Purchase of subsidiaries, associates and intangible assets	**(16)**	(100)
Disposal of subsidiaries, associates and intangible assets[2]	**126**	148
Purchase of property, equipment and software	**(1,177)**	(1,138)
Disposal of property, equipment and software	**103**	28
Purchase of financial assets measured at fair value through other comprehensive income	**(1,038)**	(7,829)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	**1,049**	10,559
Net (purchase) / redemption of debt securities measured at amortized cost	**(2,084)**	
Net (purchase) / redemption of financial assets held to maturity		11
Net cash flow from / (used in) investing activities	**(3,037)**	1,679

Table continues on the next page.

Statement of cash flows (continued)[1]

Table continued from previous page.

	Year-to-date	
CHF million	**30.9.18**	30.9.17
Cash flow from / (used in) financing activities		
Net short-term debt issued / (repaid)	**(7,302)**	21,855
Net movements in treasury shares and own equity derivative activity	**(896)**	(737)
Distributions paid on UBS shares	**(2,444)**	(2,229)
Issuance of long-term debt, including debt issued designated at fair value	**48,932**	40,066
Repayment of long-term debt, including debt issued designated at fair value	**(35,163)**	(32,346)
Net changes in non-controlling interests and preferred notes	**14**	(50)
Net cash flow from / (used in) financing activities	**3,141**	26,558
Total cash flow		
Cash and cash equivalents at the beginning of the period	**102,200**	121,138
Net cash flow from / (used in) operating, investing and financing activities	**7,491**	(9,371)
Effects of exchange rate differences on cash and cash equivalents	**(938)**	(324)
Cash and cash equivalents at the end of the period[3]	**108,753**	111,444
of which: cash and balances at central banks	***92,518***	*94,563*
of which: loans and advances to banks	***13,846***	*13,783*
of which: money market paper[4]	***2,389***	*3,097*
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	**10,254**	9,126
Interest paid in cash	**6,665**	5,046
Dividends on equity investments, investment funds and associates received in cash[5]	**1,884**	1,465

1 Upon adoption of IFRS 9 on 1 January 2018, cash flows from certain financial instruments have been reclassified from investing to operating activities. Refer to Note 19 for more information. 2 Includes dividends received from associates. 3 CHF 3,054 million and CHF 2,559 million of cash and cash equivalents (mainly reflected in Loans and advances to banks) were restricted as of 30 September 2018 and 30 September 2017, respectively. Refer to “Note 23 Restricted and transferred financial assets” in the “Consolidated financial statements” section in the Annual Report 2017 for more information. 4 Money market paper is included in the balance sheet under Financial assets at fair value held for trading, Financial assets measured

at fair value through other comprehensive income, Financial assets at fair value not held for trading, and Other financial assets measured at amortized cost. 5 Includes dividends received from associates reported within Cash flow from / (used in) investing activities.

79

Notes to the UBS Group AG interim consolidated financial statements (unaudited)

Note 1 Basis of accounting

1.1 Basis of preparation

The consolidated financial statements (the Financial Statements) of UBS Group AG and its subsidiaries (together "UBS" or "the Group") are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and are presented in Swiss francs (CHF), which is also the functional currency of UBS Group AG and UBS AG's Head Office and its Swiss-based operations.[1] These interim Financial Statements are prepared in accordance with IAS 34, *Interim Financial Reporting*.

In preparing these interim Financial Statements, the same accounting policies and methods of computation have been applied as in the UBS Group AG consolidated annual Financial Statements for the period ended 31 December 2017, except for the changes described in this note, in Note 19 of this report and in "Note 1 Basis of accounting" in the "Consolidated financial statements" section of the first and second quarter 2018 reports. These interim Financial Statements are unaudited and should be read in conjunction with UBS Group AG's audited consolidated Financial Statements included in the Annual Report 2017. In the opinion of management, all necessary adjustments were made for a fair presentation of the Group's financial position, results of operations and cash flows.

Preparation of these interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and such differences may be material to the Financial Statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information on areas of estimation uncertainty considered to require critical judgment, refer to "Note 1a Significant accounting policies" in the "Consolidated financial statements" section of the Annual Report 2017 and in Note 19.1 of this report.

1.2 Adoption of IFRS 9 and IFRS 15 in the first quarter of 2018

IFRS 9, *Financial Instruments*

As disclosed in the UBS Group first and second quarter 2018 reports, effective 1 January 2018, UBS adopted IFRS 9, *Financial Instruments*, which replaces IAS 39*, Financial Instruments: Recognition and Measurement* and substantially changes accounting and financial reporting in three key areas: classification and measurement of financial assets, impairment and hedge accounting. In addition, UBS early adopted the Amendment to IFRS 9*, Prepayment Features with Negative Compensation*, issued in October 2017, which allows the Group to continue to apply amortized cost accounting to Swiss private mortgages and corporate loans that provide for two-way compensation if a prepayment occurs. The Group continues to apply hedge accounting under IAS 39 as permitted by IFRS 9 and early adopted the own credit requirements of IFRS 9 during the first quarter of 2016.

As permitted by the transitional provisions of IFRS 9, UBS elected not to restate comparative period information. Any effect on the carrying amounts of financial assets and liabilities at the date of transition to IFRS 9 was recognized as an adjustment to opening retained earnings. The adoption of IFRS 9 effective 1 January 2018 resulted in a reduction to IFRS consolidated equity as of 1 January 2018 of CHF 577 million. This effect is comprised of classification and measurement changes of CHF 351 million on a pre-tax basis and CHF 293 million net of tax, as well as effects from the implementation of impairment requirements based on an expected credit loss (ECL) methodology of CHF 348 million on a pre-tax basis and CHF 284 million net of tax.

1 Following expectations set out in UBS's Annual Report 2017, the functional currency of UBS Group AG and UBS AG's Head Office in Switzerland has changed from Swiss francs to US dollars (USD), and the functional currency of UBS AG's London Branch operations has changed from British pounds to USD effective 1 October 2018 on a prospective basis, in light of cumulative changes in UBS's legal structure, business activities and evolving changes to its structural currency management strategy. In line with these changes, the presentation currency of UBS Group AG's consolidated and UBS AG's consolidated financial statements has changed from Swiss francs to USD. Refer to Note 17 for more information on events after the reporting period.

Note 1 Basis of accounting (continued)

The calculation of ECL requires management to apply judgment and make estimates and assumptions that involve significant uncertainty at the time they are made and can have a material effect on the timing and amount of ECL to be recognized. These judgments, estimates and assumptions are an inherent part of the ECL calculation, which includes probability of default (PD), loss given default (LGD) and exposure at default (EAD) models, the determination of a significant increase in credit risk, the selection of appropriate scenarios and macroeconomic factors and the ECL measurement period. These inputs are based on the best available information and are subject to frequent re-assessment.

The updated accounting policies for classification and measurement of financial instruments and impairment of financial assets as applied from 1 January 2018 are presented in Note 19.1 of this report, alongside further detail on areas of critical accounting estimates and judgments. The detailed effects of the adoption of IFRS 9 on 1 January 2018 are presented in Note 19.2.

→ **Refer to the 31 March 2018 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups under "Pillar 3 disclosures" at *www.ubs.com/investors* for more information on the effect of the IFRS 9 transition on UBS's capital adequacy**

IFRS 15, *Revenue from Contracts with Customers*

As disclosed in the UBS Group first quarter and second quarter 2018 reports, effective from 1 January 2018, UBS adopted IFRS 15, *Revenue from Contracts with Customers*, which replaces IAS 18, *Revenue* and establishes principles for revenue recognition that apply to all contracts with customers except those relating to financial instruments, leases and insurance contracts and requires an entity to recognize revenue as performance obligations are satisfied.

The adoption of IFRS 15 resulted in changes to UBS's accounting policies applicable from 1 January 2018. Accounting policies set out in Note 1.3.2 in the "Consolidated financial statements" section of the first quarter 2018 report replace item 4 of Note 1a in the UBS Group AG consolidated annual Financial Statements for the year ended 31 December 2017. The primary changes stem from IFRS 15 requirements that fee and commission income is measured based on consideration specified in a legally enforceable contract and variable consideration that is contingent on an uncertain event can only be recognized to the extent that it is highly probable that a significant reversal will not occur. UBS does not generally consider the highly probable criteria to be met where the contingency is beyond the control of UBS. As permitted by the transitional provisions of IFRS 15, UBS elected not to restate comparative figures. Instead, the cumulative effect of initially applying the standard was recognized as an adjustment to the opening balance of retained earnings. A transition adjustment of CHF 27 million on a pre-tax basis and CHF 24 million net of tax was posted to retained earnings to reverse income recognized prior to 1 January 2018 under IAS 18 that must be deferred under IFRS 15 either due to the variable consideration constraint (asset management performance fees of CHF 16 million) or because UBS does not have an enforceable right to a specified amount of consideration (commission-sharing agreements for research services of CHF 11 million).

IFRS 15 also resulted in changes to presentation. Fee and commission income and expenses are presented gross rather than net on the face of the income statement when UBS is considered principal to the contract with a customer. In turn, fees and expenses can only be presented net when UBS is considered to be an agent.

→ **Refer to Note 3 for more information**

1.3 New accounting standards to be adopted in 2019

IFRS 16, *Leases*

UBS will adopt IFRS 16, *Leases,* on 1 January 2019. IFRS 16 will fundamentally change how UBS accounts for operating leases when UBS is acting as a lessee, with a requirement to record a lease obligation and a right-of-use asset on the balance sheet. Upon adoption of IFRS 16, assets and liabilities are expected to increase by approximately CHF 4 billion with no material impact to the Group's equity. The Group has made significant progress during 2018 in developing the core technology build, reporting impacts and governance frameworks, which it intends to finalize in the fourth quarter of 2018.

Notes to the UBS Group AG interim consolidated financial statements (unaudited)

Note 2 Segment reporting

UBS's businesses are organized globally into four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank, all of which are supported by Corporate Center. The four business divisions qualify as reportable segments for the purpose of segment reporting and, together with Corporate Center and its units, reflect the management structure of the Group. Corporate Center – Non-core and Legacy Portfolio is managed and reported as a separate reportable segment within Corporate Center. Refer to "Note 1a Significant accounting policies" item 2 and "Note 2 Segment reporting" in the "Consolidated financial statements" section of the Annual Report 2017 for more information on the Group's reporting segments.

Effective 1 February 2018, UBS integrated its Wealth Management and Wealth Management Americas business divisions into a single Global Wealth Management business division. Refer to "Note 1.2 Changes to segment reporting effective first quarter 2018" in the "Consolidated financial statements" section of the first quarter 2018 report for more information.

	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center		
CHF million					Services	Group ALM	Non-core and Legacy Portfolio
For the nine months ended 30 September 2018[1]							
Net interest income	3,042	1,504	(22)	758	(280)	(622)	21
Non-interest income	9,269	1,346	1,360	5,971	93	(90)	246
Allocations from CC – Group ALM	89	35	10	(304)	32	217	(78)
Income	12,399	2,885	1,348	6,425	(156)	(495)	189
Credit loss (expense) / recovery	(4)	(38)	0	(20)	0	0	(2)
Total operating income	12,395	2,847	1,348	6,405	(155)	(496)	187
Personnel expenses	5,631	601	522	2,327	2,793	29	28
	882	170	141	387	2,685	29	80

General and administrative expenses								
Services (to) / from CC and other BDs	2,748	867	356	2,045	(6,150)	2	132	
of which: services from CC − Services	*2,671*	*922*	*386*	*1,988*	*(6,204)*	*124*	*114*	
Depreciation and impairment of property, equipment and software	3	10	1	6	840	0	0	
Amortization and impairment of intangible assets	35	0	1	10	1	0	0	
Total operating expenses	9,298	1,647	1,021	4,775	170	59	241	
Operating profit / (loss) before tax	**3,097**	**1,200**	**327**	**1,630**	**(325)**	**(555)**	**(54)**	
Tax expense / (benefit)								
Net profit / (loss)								
As of 30 September 2018								
Total assets	**195,996**	**136,071**	**26,116**	**269,597**	**20,712**	**249,825**	**34,155**	**9**
For the nine months ended 30 September 2017[1]								
Net interest income	2,693	1,427	(23)	855	(260)	142	22	
Non-interest income	8,940	1,320	1,432	5,344	64	(21)	52	
Allocations from CC − Group ALM	275	139	14	(264)	89	(199)	(54)	
Income	11,908	2,886	1,422	5,935	(107)	(79)	19	
Credit loss (expense) /	(3)	(23)	0	(10)	0	0	(3)	

recovery							
Total operating income	11,905	2,864	1,422	5,924	(107)	(79)	16
Personnel expenses	5,628	648	542	2,300	2,788	25	34
General and administrative expenses	878	203	161	398	3,119	14	(19)
Services (to) / from CC and other BDs	2,641	819	375	2,009	(6,002)	(10)	167
of which: services from CC − Services	*2,567*	*887*	*403*	*1,942*	*(6,043)*	*100*	*144*
Depreciation and impairment of property, equipment and software	3	9	1	7	740	0	0
Amortization and impairment of intangible assets	34	0	3	9	6	0	0
Total operating expenses	9,184	1,678	1,082	4,724	652	29	183
Operating profit / (loss) before tax	**2,721**	**1,185**	**340**	**1,200**	**(759)**	**(108)**	**(167)**
Tax expense / (benefit)							
Net profit / (loss)							
As of 31 December 2017							
Total assets	**190,074**	**135,556**	**14,269**	**262,931**	**20,875**	**245,737**	**46,200 9**

1 Prior period information may not be comparable as a result of the adoption of IFRS 9 and IFRS 15, b
effective 1 January 2018. Refer to Note 1 for more information on these changes.

Note 3 Net fee and commission income[1]

	For the quarter ended			Year-to-date	
CHF million	**30.9.18**	30.6.18	30.9.17	30.9.18	30.9.17
Underwriting fees	**206**	183	236	613	788
of which: equity underwriting fees	***96***	*88*	*149*	*302*	*459*
of which: debt underwriting fees	***111***	*95*	*87*	*312*	*329*
M&A and corporate finance fees	**256**	178	174	627	521
Brokerage fees	**770**	877	871	2,615	2,838
Investment fund fees	**1,198**	1,213	1,052	3,618	3,159
Portfolio management and related services	**1,911**	1,902	1,890	5,649	5,536
Other	**439**	440	461	1,332	1,377
Total fee and commission income[2]	**4,779**	4,793	4,686	14,454	14,219
of which: recurring	***3,176***	*3,161*		*9,408*	
of which: transaction-based	***1,585***	*1,611*		*4,988*	
of which: performance-based	***18***	*22*		*58*	
Brokerage fees paid	**62**	75	162	221	506
Other	**340**	342	280	1,005	821
Total fee and commission expense	**401**	417	442	1,227	1,327
Net fee and commission income	**4,378**	4,377	4,244	13,228	12,892
of which: net brokerage fees	***709***	*802*	*709*	*2,394*	*2,332*

1 Upon adoption of IFRS 15, certain brokerage fees paid in an agency capacity have been reclassified from Fee and commission expense to Fee and commission income on a prospective basis from 1 January 2018, primarily relating to third-party execution costs for exchange-traded derivative transactions and fees payable to third-party research providers on behalf of clients. In addition to the IFRS 15 changes, certain revenues, primarily distribution fees and fund management fees, have been reclassified between reporting lines to better reflect the nature of the revenues, with prior period information restated accordingly. This resulted in the following impacts: For the quarter ended 30 September 2017, CHF 68 million was reclassified from Underwriting fees to Brokerage fees and CHF 265 million was reclassified from Portfolio management and related services to Investment fund fees. For the first nine months of 2017, CHF 232 million was reclassified from total Underwriting fees to Brokerage fees and CHF 764 million was reclassified from Portfolio management and related services to Investment fund fees. Also, certain expenses that are incremental and incidental to revenues have been reclassified prospectively from General and administrative expenses to Fee and commission expense to improve the alignment of transaction-based costs with the associated revenue stream, primarily impacting clearing costs, client loyalty costs, fund and custody expenses. As the impact of this reclassification was not material, prior period information was not restated. 2 Reflects third-party fee and commission income for the third quarter of 2018 of CHF 2,783 million for Global Wealth Management (second quarter of 2018: CHF 2,832 million), CHF 306 million for Personal & Corporate Banking (second quarter of 2018: CHF 301 million), CHF 792 million for Asset Management (second quarter of 2018: CHF 801 million), CHF 891 million for the Investment Bank (second quarter of 2018: CHF 857 million) and CHF 8 million for Corporate Center (second quarter of 2018: CHF 3 million).

Note 4 Other income

	For the quarter ended			Year-to-date	
CHF million	**30.9.18**	30.6.18	30.9.17	30.9.18	30.9.17
Associates, joint ventures and subsidiaries					
Net gains / (losses) from disposals of subsidiaries[1]	**19**	(10)	3	8	(19)
Share of net profits of associates and joint ventures	**16**	15	20	46	56
Impairments related to associates			(7)		(7)
Total	**35**	5	17	54	30
Financial assets measured at fair value through other comprehensive income					
Net gains / (losses) from disposals	**0**	0	11	0	147
Impairments	**0**	0	0	0	(13)
Total	**0**	0	10	0	133
Net gains / (losses) from disposals of financial assets measured at amortized cost	**0**	(1)	2	0	17
Net income from properties (excluding net gains / (losses) from disposals)[2]	**6**	6	6	18	18
Net gains / (losses) from disposals of properties held for sale	**30**	0	0	30	(1)
Other	**26**	23	27	68	54
Total other income	**97**				