UBS Group AG
Form 6-K
April 25, 2019

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: April 25, 2019

UBS Group AG

Commission File Number: 1-36764

UBS AG

Commission File Number: 1-15060

(Registrants' Name)

Bahnhofstrasse 45, Zurich, Switzerland

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 First Quarter 2019 Report of UBS Group AG, which appears immediately following this page.

Our financial results

Corporate calendar UBS Group AG

1.	**UBS Group**
4	Recent developments
7	Group performance
2.	**UBS business divisions and Corporate Center**
20	Global Wealth Management
23	Personal & Corporate Banking
27	Asset Management
30	Investment Bank
33	Corporate Center
3.	**Risk, treasury and capital management**
37	Risk management and control
42	Balance sheet, liquidity and funding management
46	Capital management
4.	**Consolidated financial statements**
61	UBS Group AG interim consolidated financial statements (unaudited)
103	UBS AG interim consolidated financial information (unaudited)
5.	**Significant regulated subsidiary and sub-group information**
106	Financial and regulatory key figures for our significant regulated subsidiaries and sub-groups
	Appendix
108	Abbreviations frequently used in our financial reports
111	Information sources
112	Cautionary statement

Annual General Meeting 2019:	Thursday, 2 May 2019
Publication of the second quarter 2019 report:	Tuesday, 23 July 2019
Publication of the third quarter 2019 report:	Tuesday, 22 October 2019
Publication of the fourth quarter 2019 report:	Tuesday, 21 January 2020

Corporate calendar UBS AG*

Publication of the first quarter 2019 report:	Tuesday, 30 April 2019

*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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First quarter 2019 report

Our key figures

	As of or for the quarter ended		
USD million, except where indicated	**31.3.19**	31.12.18	31.3.18
Group results			
Operating income	**7,218**	6,972	8,168
Operating expenses	**5,672**	6,492	6,069
Operating profit / (loss) before tax	**1,546**	481	2,100
Net profit / (loss) attributable to shareholders	**1,141**	315	1,566
Diluted earnings per share (USD)[1]	**0.30**	0.08	0.41
Profitability and growth[2]			
Return on equity (%)[3]	**8.6**	2.4	11.8
Return on tangible equity (%)[4]	**9.8**	2.7	13.5
Return on common equity tier 1 capital (%)[5]	**13.3**	3.7	18.3
Return on risk-weighted assets, gross (%)[6]	**10.9**	10.8	12.9
Return on leverage ratio denominator, gross (%)[6]	**3.2**	3.1	3.6
Cost / income ratio (%)[7]	**78.4**	92.4	74.1
Adjusted cost / income ratio (%)[8]	**77.9**	92.2	75.3
Net profit growth (%)[9]	**(27.1)**		25.1
Resources			
Total assets	**956,579**	958,489	964,260
Equity attributable to shareholders	**53,667**	52,928	53,662
Common equity tier 1 capital[10]	**34,658**	34,119	34,774
Risk-weighted assets[10]	**267,556**	263,747	266,169
Common equity tier 1 capital ratio (%)[10]	**13.0**	12.9	13.1
Going concern capital ratio (%)[10]	**18.5**	17.5	17.3
Total loss-absorbing capacity ratio (%)[10]	**32.7**	31.7	31.2
Leverage ratio denominator[10]	**910,993**	904,598	925,651
Common equity tier 1 leverage ratio (%)[10]	**3.80**	3.77	3.76
Going concern leverage ratio (%)[10]	**5.4**	5.1	5.0
Total loss-absorbing capacity leverage ratio (%)[10]	**9.6**	9.3	9.0
Liquidity coverage ratio (%)[11]	**153**	136	136
Other			
Invested assets (USD billion)[12]	**3,318**	3,101	3,309
Personnel (full-time equivalents)	**67,481**	66,888	62,537
Market capitalization[13,14]	**45,009**	45,907	66,261
Total book value per share (USD)[13]	**14.45**	14.35	14.27
Total book value per share (CHF)[13,15]	**14.39**	14.11	13.60
Tangible book value per share (USD)[13]	**12.67**	12.55	12.53
Tangible book value per share (CHF)[13,15]	**12.62**	12.33	11.94

1 Refer to “Note 9 Earnings per share (EPS) and shares outstanding” in the “Consolidated financial statements” section of this report for more information. 2 Refer to the “Performance targets and measurement” section of our Annual Report 2018 for more information on our

performance targets. 3 Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. 4 Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. The definition of the numerator for return on tangible equity has been revised to align with numerators for return on equity and return on CET1 capital; i.e., we no longer adjust for amortization and impairment of goodwill and intangible assets. Prior periods have been restated. 5 Calculated as net profit attributable to shareholders (annualized as applicable) / average common equity tier 1 capital. 6 Calculated as operating income before credit loss expense or recovery (annualized as applicable) / average risk-weighted assets and average leverage ratio denominator, respectively. 7 Calculated as operating expenses / operating income before credit loss expense or recovery. 8 Calculated as adjusted operating expenses / adjusted operating income before credit loss expense or recovery. 9 Calculated as change in net profit attributable to shareholders from continuing operations between current and comparison periods / net profit attributable to shareholders from continuing operations of comparison period. 10 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. 11 Refer to the “Balance sheet, liquidity and funding management” section of this report for more information. 12 Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. 13 Refer to “UBS shares” in the “Capital management” section of this report for more information. 14 Beginning with our Annual Report 2018, the calculation of market capitalization has been amended to reflect total shares outstanding multiplied by the share price at the end of the period. The calculation was previously based on total shares issued multiplied by the share price at the end of the period. Market capitalization has been reduced by USD 2.1 billion as of 31 December 2018 and by USD 1.7 billion as of 31 March 2018 as a result. 15 Total book value per share and tangible book value per share in Swiss francs are calculated based on a translation of equity under our US dollar presentation currency. As a consequence of the restatement to a US dollar presentation currency, amounts may differ from those originally published in our quarterly and annual reports.

Performance measures: reasons for use

Return on equity This measure provides information on the profitability of the business in relation to equity.

Return on tangible equity This measure provides information on the profitability of the business in relation to tangible equity.

Return on common equity tier 1 capital This measure provides information on the profitability of the business in relation to common equity tier 1 capital.

Return on risk-weighted assets, gross This measure provides information on the revenues of the business in relation to risk-weighted assets.

Return on leverage ratio denominator, gross This measure provides information on the revenues of the business in relation to leverage ratio denominator.

Cost / income ratio This measure provides information on the efficiency of the business by comparing operating expenses with gross income.

Adjusted cost / income ratio This measure provides information on the efficiency of the business by comparing operating expenses with gross income, while excluding items that management believes are not representative of the underlying performance of the businesses.

Net profit growth This measure provides information on profit growth in comparison with the prior-year period.

2

UBS Group

Management report

Changes to our presentation currency

Effective from 1 October 2018, the presentation currency of UBS Group AG’s consolidated financial statements has changed from Swiss francs to US dollars. Comparative information in this report for periods prior to the fourth quarter of 2018 has been restated. Assets, liabilities and total equity were translated to US dollars at closing exchange rates prevailing on the respective balance sheet dates, and income and expenses were translated at the respective average rates prevailing for the relevant periods.

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 Europe SE consolidated”	UBS Europe SE and its consolidated subsidiaries
“UBS Americas Holding LLC” and “UBS Americas Holding LLC consolidated”	UBS Americas Holding LLC and its consolidated subsidiaries

Recent developments

Regulatory and legal developments

Revised gone concern capital requirements in Switzerland

In April 2019, the Swiss Federal Department of Finance issued a revised Capital Adequacy Ordinance for consultation. Among other items, the proposal introduces gone concern capital requirements for Swiss-based legal entities of global systemically important banks. Under the proposal, UBS AG would be subject to a gone concern capital requirement on its third-party exposure on a standalone basis, as well as to an additional gone concern capital buffer requirement on its consolidated exposure. UBS Switzerland AG would continue to be required to maintain gone concern capital. These gone concern requirements would become effective on 1 January 2020 and the buffer would be phased in in full between 1 January 2021 and 1 January 2024.

The proposal also caps the maximum gone concern rebate relevant for UBS Group AG consolidated and UBS AG at 1.25% of total exposure, compared with a maximum rebate level of 2.0% under the current regime.

Finally, the eligibility of bail-in bonds with a remaining maturity between one and two years would increase, from 50% under the current regime to 100% effective 1 January 2020; however, their share in total gone concern capital would be capped at 20%.

Based on our initial assessment, we would expect that when fully phased in on 1 January 2024, UBS would be required to maintain a gone concern leverage ratio of around 100 basis points higher than otherwise needed to meet the Group requirements.

→ **Refer to the "Capital management" section of our Annual Report 2018 for information on the current capital requirements**

UK withdrawal from the EU

The previously announced combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE became legally effective on 1 March 2019. As a result, we are able to continue to serve our clients and access relevant markets in any political Brexit scenario, including a scenario in which the UK leaves the EU without a binding withdrawal agreement (a "no-deal scenario").

The cross-border merger of UBS Limited into UBS Europe SE resulted in a combined balance sheet of EUR 57 billion. Following the merger, UBS Europe SE is subject to direct supervision by the European Central Bank and is considered a significant regulated subsidiary. Effective from the first quarter of 2019, we include financial and regulatory information of UBS Europe SE in our quarterly and annual Group reporting.

→ **Refer to the "Significant regulated subsidiary and sub-group information" section of this report for the financial and regulatory key figures for UBS Europe SE**

consolidated

→ **Refer to the 31 March 2019 Pillar 3 report under "Pillar 3 disclosures" at *www.ubs.com/investors* for more information on the regulatory capital components and capital ratios, as well as the leverage ratio of UBS Europe SE consolidated**

The UK's Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) have opened registration for the Temporary Permissions Regime (TPR). This regime will allow firms and funds domiciled in the European Economic Area (EEA) that currently are passported into the UK to continue operating within the scope of their existing permissions for a limited period after the UK's withdrawal. UBS has provided TPR notifications for UBS subsidiaries in the EEA that currently passport into the UK, in order to ensure the continuity of UK regulatory permissions in the event of a no-deal scenario.

In addition, the European Securities and Markets Authority (ESMA) has taken measures to mitigate potential disruptions in a no-deal scenario. It agreed to recognize the three UK-authorized central counterparties (CCPs): LCH Limited, ICE Clear Europe Ltd and LME Clear Limited. This will allow them to continue to provide clearing services in the EU for a limited period in a no-deal scenario and will avoid the need to migrate UBS Europe SE's current derivatives exposures from a UK CCP to an EU CCP ahead of the exit date. ESMA has also announced a recognition decision for the UK-authorized Central Securities Depository – Euroclear UK & Ireland Limited – for a limited period. This will make possible the continued use of the Euroclear UK & Ireland securities depository to settle Irish securities for as long as they are recognized by ESMA.

These ESMA decisions will be effective from 31 October 2019 unless there is a change in circumstances.

Tailoring of regulation for foreign banks in the US

In April 2019, the US Federal banking agencies released two proposals that would tailor how certain capital and liquidity requirements and enhanced prudential standards (EPS) apply to foreign banking organizations (FBO) with significant US operations. Under the proposal, FBOs with USD 100 billion or more, over USD 250 billion and over USD 700 billion or more in combined US assets and their US intermediate holding companies (IHC) would be assigned to categories based on their size in total assets and scores for four other risk-based indicators: non-bank assets, a weighted measure of short-term wholesale funding, off-balance sheet exposure and cross-jurisdictional activity. The category determined based on calculations at the organizational level of an FBO’s intermediate holding company (IHC), would determine capital requirements and capital-related EPS applicable to the FBO’s IHC and, in some cases, a US depository institution subsidiary. The category, determined based on calculations at the organizational level of an FBO’s combined US operations (CUSO), would determine liquidity requirements, liquidity-related EPS and other EPS applicable to the FBO’s CUSO, IHC or certain US depository institution subsidiaries. The Federal Reserve Board has estimated that we would be a category III firm. In this category, among other things, UBS Americas Holding LLC would continue to be subject to annual assessments of its capital plan through the Comprehensive Capital Analysis and Review (CCAR) process, the supplementary leverage ratio, the newly applicable liquidity coverage ratio requirements and the proposed net stable funding ratio requirements.

We are evaluating the proposal’s implications.

Other developments

IFRS 16, *Leases*

We have adopted IFRS 16, *Leases*, effective 1 January 2019, fundamentally changing how we account for operating leases when acting as a lessee. Upon adoption, assets and liabilities increased by USD 3.5 billion, with a corresponding increase in risk-weighted assets (RWA) and leverage ratio denominator (LRD).

In the income statement, the adoption of the new standard has resulted in increases in *Depreciation and impairment of property, equipment and software* and *Interest expense*, which have been partly offset by a decrease in *General and administrative expenses*. In the first quarter of 2019, this resulted in a net decrease in operating profit or loss of USD 12 million. For the full year 2019, IFRS 16 is expected to result in a total net decrease in operating profit or loss of approximately USD 60 million, with this effect reversing over the tenor of the leases.

As permitted by IFRS 16, we elected not to restate prior-period information.

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

Presentation of dividend income and expense from financial instruments measured at fair value through profit or loss

Effective from 1 January 2019, we refined the presentation of dividend income and expense, reclassifying dividends from financial instruments measured at fair value through profit or loss from *Net interest income* to *Other net income from financial instruments measured at fair value through profit or loss* (prior to 1 January 2019: *Other net income from fair value changes on financial instruments*), in order to align the presentation of dividends with other associated fair value changes. There is no effect on *Total operating income* or *Net profit/(loss)*. The change reduces the significant volatility in *Net interest income* that previously arose on a quarterly basis.

Prior periods have been restated for this presentation change. For the financial year 2018, this resulted in a decrease of USD 976 million in *Net interest income* and a corresponding increase in *Other net income from financial instruments measured at fair value through profit or loss*.

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

Changes in Corporate Center cost and resource allocation to business divisions

In order to further align Group and divisional performance, we have adjusted our methodology for the allocation of Corporate Center funding costs and expenses to the business divisions. At the same time, we updated our funds transfer pricing framework to better reflect the sources and usage of funding. All of these changes were effective as of 1 January 2019. Prior periods have been restated.

Together, for the full year 2018, these changes reduced the business divisions' operating results and thereby increased their adjusted cost / income ratios by approximately 1–2 percentage points, while Corporate Center's 2018 operating loss before tax decreased by USD 0.7 billion.

In Corporate Center, we retain 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.

Alongside the updates to cost allocations and to our funds transfer pricing framework, we increased the allocation of balance sheet resources from Corporate Center to the business divisions. For 2018, the restatement resulted in USD 26 billion of additional RWA and USD 93 billion of additional LRD allocated from Corporate Center to the business divisions.

The additional USD 3.5 billion RWA and LRD that resulted from the adoption of IFRS 16, *Leases*, have been fully allocated to the business divisions.

Changes in equity attribution

The aforementioned changes in resource allocation from Corporate Center to the business divisions are reflected in the equity attribution to the business divisions. Furthermore, we have updated our equity attribution framework, revising the capital ratio for RWA from 11% to 12.5% and incrementally allocating to business divisions USD 2 billion of attributed equity that is related to certain common equity tier 1 (CET1) deduction items previously held centrally. In aggregate, we allocated USD 7 billion of additional attributed equity to the business divisions. The remaining attributed equity retained in Corporate Center primarily relates to deferred tax assets, dividend accruals and the Non-core and Legacy Portfolio. Prior periods have been restated.

For the full year 2018, the combined effect from the changes in equity attribution and the aforementioned changes in cost and resource allocation to the business divisions led to a 3–7 percentage point reduction in their respective return on attributed equity.

→ **Refer to “Equity attribution and return on attributed equity” in the “Capital management” section of this report for more information on the equity attributed to the business divisions**

Changes in Corporate Center segment reporting

Beginning with this report and in compliance with IFRS 8, *Operating Segments*, we provide results for total Corporate Center only and do not separately report Corporate Center – Services, Group ALM and Non-core and Legacy Portfolio. Furthermore, we operationally combined Group Treasury with Group ALM and call this combined function Group Treasury. Commentary on the performance of this function is included in the Corporate Center management discussion and analysis in our quarterly and annual reporting, with total revenue information for this function presented under *Net treasury income* as a separate line item. Prior-period information has been restated. In addition, we provide in separate line items information on net operating income and operating expenses after allocations related to Non-core and Legacy Portfolio.

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

Group performance

Income statement

	For the quarter ended			% change from	
USD million	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Net interest income	**1,123**	1,226	1,435	(8)	(22)
Other net income from financial instruments measured at fair value through profit or loss	**1,935**	1,297	1,973	49	(2)
Credit loss (expense) / recovery	**(20)**	(53)	(26)	(62)	(22)
Fee and commission income	**4,541**	4,700	5,178	(3)	(12)
Fee and commission expense	**(409)**	(439)	(433)	(7)	(6)
Net fee and commission income	**4,132**	4,261	4,744	(3)	(13)
Other income	**49**	241	42	(80)	15
Total operating income	**7,218**	6,972	8,168	4	(12)
Personnel expenses	**4,043**	3,839	4,254	5	(5)
General and administrative expenses	**1,187**	2,293	1,510	(48)	(21)
Depreciation and impairment of property, equipment and software	**427**	343	288	24	48
Amortization and impairment of intangible assets	**16**	17	16	(8)	(5)
Total operating expenses	**5,672**	6,492	6,069	(13)	(7)
Operating profit / (loss) before tax	**1,546**	481	2,100	222	(26)
Tax expense / (benefit)	**407**	165	533	146	(24)
Net profit / (loss)	**1,139**	315	1,567	261	(27)
Net profit / (loss) attributable to non-controlling interests	**(2)**	1	2		
Net profit / (loss) attributable to shareholders	**1,141**	315	1,566	263	(27)
Comprehensive income					
Total comprehensive income	**1,039**	1,208	1,854	(14)	(44)
Total comprehensive income attributable to non-controlling interests	**2**	2	3	0	(33)
Total comprehensive income attributable to shareholders	**1,037**	1,207	1,850	(14)	(44)

7

Performance of our business divisions and Corporate Center – reported and adjusted[1,2]

	For the quarter ended 31.3.19					
USD million	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	Corporate Center[3]	UBS
Operating income as reported	4,003	957	446	1,765	47	7,218
Operating income (adjusted)	4,003	957	446	1,765	47	7,218
Operating expenses as reported	3,140	570	343	1,558	62	5,672
of which: personnel-related restructuring expenses[4]	*0*	*0*	*2*	*1*	*14*	*17*
of which: non-personnel-related restructuring expenses[4]	*0*	*0*	*2*	*2*	*10*	*14*
of which: restructuring expenses allocated from Corporate Center[4]	*10*	*4*	*2*	*11*	*(27)*	*0*
Operating expenses (adjusted)	3,130	567	337	1,544	63	5,641
of which: net expenses for litigation, regulatory and similar matters[5]	*0*	*0*	*0*	*(1)*	*(8)*	*(8)*
Operating profit / (loss) before tax as reported	863	387	103	207	(15)	1,546
Operating profit / (loss) before tax (adjusted)	873	391	109	221	(17)	1,577

	For the quarter ended 31.12.18					
USD million	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	Corporate Center[3]	UBS
Operating income as reported	4,129	1,278	468	1,521	(423)	6,972
of which: gains related to investments in associates[6]	*101*	*359*				*460*

of which: remeasurement loss related to UBS Securities China[7]					*(270)*	*(270)*
Operating income (adjusted)	4,028	919	468	1,521	(154)	6,782
Operating expenses as reported	3,802	634	362	1,598	95	6,492
of which: personnel-related restructuring expenses[4]	*17*	*1*	*5*	*1*	*70*	*95*
of which: non-personnel-related restructuring expenses[4]	*0*	*0*	*3*	*3*	*87*	*93*
of which: restructuring expenses allocated from Corporate Center[4]	*59*	*17*	*13*	*69*	*(157)*	*0*
Operating expenses (adjusted)	3,726	616	342	1,526	95	6,304
of which: net expenses for litigation, regulatory and similar matters[5]	*505*	*41*	*0*	*(6)*	*(8)*	*533*
Operating profit / (loss) before tax as reported	**327**	**644**	**106**	**(78)**	**(518)**	**481**
Operating profit / (loss) before tax (adjusted)	**302**	**303**	**126**	**(5)**	**(248)**	**478**

8

Performance of our business divisions and Corporate Center – reported and adjusted (continued)[1,2]

	For the quarter ended 31.3.18					
USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center[3]	UBS
Operating income as reported	4,409	981	466	2,415	(101)	8,168
Operating income (adjusted)	4,409	981	466	2,415	(101)	8,168
Operating expenses as reported	3,306	573	360	1,838	(9)	6,069
of which: personnel-related restructuring expenses[4]	*3*	*1*	*1*	*12*	*50*	*68*
of which: non-personnel-related restructuring expenses[4]	*10*	*0*	*3*	*2*	*53*	*68*
of which: restructuring expenses allocated from Corporate Center[4]	*50*	*9*	*7*	*34*	*(99)*	*0*
of which: gain related to changes to the Swiss pension plan[8]	*(66)*	*(38)*	*(10)*	*(5)*	*(122)*	*(241)*
Operating expenses (adjusted)	3,310	600	359	1,796	109	6,174
of which: net expenses for litigation, regulatory and similar matters[5]	*32*	*0*	*0*	*(2)*	*(41)*	*(11)*
Operating profit / (loss) before tax as reported	**1,102**	**408**	**105**	**576**	**(92)**	**2,100**
Operating profit / (loss) before tax (adjusted)	**1,099**	**380**	**107**	**619**	**(211)**	**1,994**

1 Adjusted results are non-GAAP financial measures as defined by SEC regulations.
2 Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to the “Recent developments” section and “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 3 Corporate Center operating expenses presented in this table are after service allocations to business divisions. 4 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives. 5 Reflects the net increase in / (release of) provisions for litigation, regulatory and similar matters recognized in the income statement.

Refer to ”Note 16 Provisions and contingent liabilities” in the “Consolidated financial statements” section of this report for more information. Also includes recoveries from third parties (first quarter of 2019: USD 7 million; fourth quarter of 2018: USD 1 million; first quarter of 2018: USD 17 million). 6 Related to Worldline acquisition of SIX Payment Services. 7 Related to the increase of stake in and consolidation of UBS Securities China. 8 Changes to the Pension Fund of UBS in Switzerland in the first quarter of 2018 resulted in a reduction in the pension obligation recognized by UBS. As a consequence, a pre-tax gain of USD 241 million was recognized in the income statement in the first quarter of 2018, with no overall effect on total equity. Refer to “Note 5 Personnel expenses” in the “Consolidated financial statements” section of the first quarter 2018 report for more information.

Results: 1Q19 vs 1Q18

Profit before tax decreased by USD 554 million or 26% to USD 1,546 million, reflecting a decrease in operating income, partly offset by lower operating expenses. Operating income decreased by USD 950 million or 12% to USD 7,218 million mainly reflecting USD 612 million lower net fee and commission income and a USD 350 million decrease in net interest income and other net income from financial instruments measured at fair value through profit or loss. Operating expenses decreased by USD 397 million or 7% to USD 5,672 million, primarily due to a USD 323 million decrease in general and administrative expenses and a USD 211 million decrease in personnel expenses, partly offset by a USD 139 million increase in depreciation, amortization and impairment of property, equipment and software.

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. These adjustments include restructuring expenses related to our CHF 2.1 billion cost reduction program
completed at the end of 2017 (referred to as our “legacy cost programs” in this report). For the full year 2019, we expect residual restructuring expenses in connection with such legacy cost programs, as well as expenses relating to new restructuring initiatives to be approximately USD 0.2 billion.

For the purpose of determining adjusted results for the first quarter of 2019, we excluded USD 31 million of these net restructuring expenses. For the first quarter of 2018, we excluded a gain related to changes to our Swiss pension plan of USD 241 million and net restructuring expenses of USD 135 million.

On this adjusted basis, profit before tax for the first quarter of 2019 decreased by USD 417 million or 21% to USD 1,577 million, driven by a USD 950 million, or 12%, decrease in operating income, partly offset by a USD 533 million, or 9%, decrease in operating expenses.

Operating income: 1Q19 vs 1Q18

Total operating income decreased by USD 950 million or 12% to USD 7,218 million, mainly reflecting USD 612 million lower net fee and commission income and a USD 350 million decrease in net interest income and other net income from financial instruments measured at fair value through profit or loss.

Net interest income and other net income from financial instruments measured at fair value through profit or loss

	For the quarter ended			% change from	
USD million	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	**785**	902	998	(13)	(21)
Net interest income from financial instruments measured at fair value through profit or loss[1]	**339**	324	437	5	(22)
Other net income from financial instruments measured at fair value through profit or loss[1]	**1,935**	1,297	1,973	49	(2)
Total	**3,058**	2,523	3,408	21	(10)
Global Wealth Management[2]	**1,261**	1,246	1,317	1	(4)
of which: net interest income	***1,009***	*1,028*	*1,021*	*(2)*	*(1)*
of which: transaction-based income from foreign exchange and other intermediary activity[3]	***252***	*218*	*296*	*16*	*(15)*
Personal & Corporate Banking[2]	**609**	615	623	(1)	(2)
of which: net interest income	***493***	*517*	*516*	*(5)*	*(4)*
of which: transaction-based income from foreign exchange and other intermediary activity[3]	***116***	*98*	*107*	*18*	*8*
Asset Management[2]	**1**	(15)	(7)		
Investment Bank[2,4]	**1,094**	793	1,522	38	(28)
Corporate Client Solutions	***164***	*172*	*417*	*(5)*	*(61)*
Investor Client Services	***930***	*621*	*1,104*	*50*	*(16)*
Corporate Center[2]	**94**	(116)	(46)		

1 Effective as of 1 January 2019, UBS refined the presentation of dividend income and expense by reclassifying dividends from Net interest income from financial instruments measured at fair value through profit or loss to Other net income from financial instruments measured at fair value through profit or loss. Prior-period information was restated accordingly and the total effect to the Group was as follows: For the quarters ended 31 December 2018 and 31 March 2018, respectively USD 250 million and USD 412 million net dividend income was reclassified. Refer to the “Recent developments“ section and “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information. 2 Comparative figures have been restated for changes in Corporate Center cost allocations to the business divisions. Refer to the “Recent developments“ section and “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information. 3 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 financial instruments measured at fair value through profit or loss. 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 “Global Wealth

Management" and "Personal & Corporate Banking" sections of this report. 4 Investment Bank 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 the management discussion and analysis in the "Investment Bank" section of this report.

Net interest income and other net income from financial instruments measured at fair value through profit or loss

Total combined net interest income and other net income from financial instruments measured at fair value through profit or loss decreased by USD 350 million to USD 3,058 million. This was mainly driven by a USD 311 million decrease in net interest income, mainly in our Equities and Corporate Client Solutions businesses in the Investment Bank and in Corporate Center, with the latter reflecting higher funding costs relating to Corporate Center balance sheet assets, most of which were allocated to the business divisions.

Global Wealth Management

In Global Wealth Management, net interest income decreased by USD 12 million to USD 1,009 million, mainly reflecting lower loan volumes, mostly caused by currency effects, as well as reductions in net income from structural risk management activities and banking book interest income. This was partly offset by higher investment of equity income.

Transaction-based income from foreign exchange and other intermediary activity decreased by USD 44 million to USD 252 million, mainly due to lower client activity across all regions.

Personal & Corporate Banking

In Personal & Corporate Banking, net interest income decreased by USD 23 million to USD 493 million, reflecting foreign currency effects and higher funding costs for total loss-absorbing capacity, partly offset by an increase in deposit and loan revenues.

Transaction-based income from foreign exchange and other intermediary activity increased by USD 9 million to USD 116 million, mainly driven by higher client activity in derivatives.

Investment Bank

In the Investment Bank, net interest income and other net income from financial instruments measured at fair value through profit or loss decreased by USD 428 million to USD 1,094 million. This was driven by a USD 253 million decrease in Corporate Client Solutions, mainly reflecting lower revenues from private transactions in Equity Capital Markets. Additionally, a USD 211 million decrease in Investor Client Services – Equities was driven by lower client activity in Derivatives, as well as reduced net interest income in Financing Services, reflecting lower Prime Brokerage and Equity Finance revenues as a result of lower client balances and activity levels. These effects were partly offset by an increase of USD 37 million in Investor Client Services – Foreign Exchange, Rates and Credit.

Corporate Center

In Corporate Center, net interest income and other net income from fair value changes on financial instruments increased by USD 140 million to USD 94 million. Net treasury income increased by USD 255 million, reflecting net income from centralized Group Treasury risk management services, revenues from accounting asymmetries, mark-to-market effects from certain internal funding transactions and income related to hedge accounting ineffectiveness. This was partly offset by a decrease in other Corporate Center revenues, driven mainly by higher funding costs relating to Corporate Center balance sheet assets, most of which were allocated to the business divisions through the line "Services (to) / from business divisions." These costs included USD 32 million of additional interest expense related to lease liabilities recognized as a result of the adoption of IFRS 16, *Leases,* effective from 1 January 2019. The adoption of IFRS 16 has also resulted in a decrease in rental expense of USD 136 million, and an increase in depreciation expense of USD 118 million in the first quarter of 2019.

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

→ **Refer to "Note 3 Net interest income" in the "Consolidated financial statements" section of this report for more information on net interest income**

Net fee and commission income

Net fee and commission income was USD 4,132 million compared with USD 4,744 million.

Net brokerage fees decreased by USD 189 million to USD 748 million, mainly in Global Wealth Management, driven by lower client activity across all regions.

Portfolio management and related services decreased by USD 145 million to USD 1,804 million, mainly in Global Wealth Management, primarily driven by a decline in average invested assets as a result of the lower market levels in the fourth quarter of 2018 and margin compression, mainly reflecting shifts into lower margin products, partly offset by an increase in mandate penetration.

Investment fund fees decreased by USD 102 million to USD 1,177 million, mainly in Global Wealth Management, Asset Management and Personal & Corporate Banking, primarily driven by a decline in average invested assets as a result of the lower market levels in the fourth quarter of 2018 and lower sales volumes, as well as continued pressure on margins in Asset Management.

M&A and corporate finance fees decreased by USD 89 million to USD 117 million, primarily reflecting lower revenues from merger and acquisition transactions against a global fee pool decline of 6% and a decrease in revenues from private transactions.

Underwriting fees decreased by USD 84 million to USD 155 million, mainly in our Corporate Client Solutions business in the Investment Bank, driven by lower revenues from public offerings, where the global fee pool decreased 21%.

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

Other income

Other income was broadly unchanged at USD 49 million compared with USD 42 million.

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

Credit loss (expense) / recovery

	For the quarter ended			% change from	
USD million	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Global Wealth Management	**1**	(12)	3		(78)
Personal & Corporate Banking	**2**	(17)	(14)		
Investment Bank	**(22)**	(18)	(16)	25	43
Corporate Center	**0**	(7)	0	(94)	231
Total	**(20)**	(53)	(26)	(62)	(22)

Credit loss expense / recovery

Total net credit loss expenses were USD 20 million in the first quarter of 2019, mainly in the Investment Bank, reflecting losses of USD 15 million from credit-impaired (stage 3) positions and USD 5 million in expected credit losses from stage 1 and 2 positions.

→ **Refer to "Note 10 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	
USD million	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Operating expenses as reported					
Personnel expenses	**4,043**	3,839	4,254	5	(5)
General and administrative expenses	**1,187**	2,293	1,510	(48)	(21)
Depreciation and impairment of property, equipment and software	**427**	343	288	24	48
Amortization and impairment of intangible assets	**16**	17	16	(8)	(5)
Total operating expenses as reported	**5,672**	6,492	6,069	(13)	(7)
Adjusting items					
Personnel expenses	**17**	95	(174)		
of which: restructuring expenses[1]	***17***	*95*	*68*		
of which: gain related to changes to the Swiss pension plan[2]			*(241)*		
General and administrative expenses[1]	**10**	72	68		
Depreciation and impairment of property, equipment and software[1]	**4**	21	0		
Total adjusting items	**31**	188	(106)		
Operating expenses (adjusted)[3]					
Personnel expenses	**4,026**	3,744	4,428	8	(9)
of which: salaries and variable compensation	***2,410***	*2,100*	*2,687*	*15*	*(10)*
of which: financial advisor variable compensation[4]	***960***	*999*	*1,032*	*(4)*	*(7)*
of which: other personnel expenses[5]	***655***	*645*	*709*	*2*	*(8)*
General and administrative expenses	**1,177**	2,221	1,442	(47)	(18)
of which: net expenses for litigation, regulatory and similar matters	***(8)***	*533*	*(11)*		*(27)*
of which: other general and administrative expenses	***1,185***	*1,688*	*1,453*	*(30)*	*(18)*
Depreciation and impairment of property, equipment and software	**422**	322	288	31	47
Amortization and impairment of intangible assets	**16**	17	16	(8)	(5)
	5,641	6,304	6,174	(11)	(9)

Total operating expenses (adjusted)

1 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives. 2 Changes to the Pension Fund of UBS in Switzerland in the first quarter of 2018 resulted in a reduction in the pension obligation recognized by UBS. As a consequence, a pre-tax gain of USD 241 million was recognized in the income statement in the first quarter of 2018, with no overall effect on total equity. Refer to “Note 5 Personnel expenses” in the “Consolidated financial statements” section of the first quarter 2018 report for more information. 3 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 4 Financial advisor variable compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, new 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 6 Personnel expenses” in the “Consolidated financial statements” section of this report for more information.

Operating expenses: 1Q19 vs 1Q18

Total operating expenses decreased by USD 397 million or 7% to USD 5,672 million. Adjusted total operating expenses decreased by USD 533 million or 9% to USD 5,641 million. These exclude net restructuring expenses related to legacy cost programs and new restructuring initiatives of USD 31 million, compared with USD 135 million in the prior year, and a gain related to changes to our Swiss pension plan of USD 241 million in the first quarter of 2018.

Personnel expenses

Personnel expenses decreased by USD 211 million to USD 4,043 million on a reported basis, primarily due to lower variable compensation and a decrease in net restructuring expenses, partly offset by higher pension costs when compared with the first quarter of 2018, which included a gain of USD 241 million related to changes to our Swiss pension plan.

On an adjusted basis, personnel expenses decreased by USD 402 million to USD 4,026 million, primarily due to the aforementioned decrease in variable compensation.

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

General and administrative expenses

General and administrative expenses decreased by USD 323 million to USD 1,187 million, mainly driven by lower expenses related to outsourcing and professional fees. Additionally, rent expenses have decreased by USD 136 million following the adoption of IFRS 16, *Leases.* This decrease is more than offset by an increase of USD 118 million in depreciation expense and an increase of USD 32 million in interest expense relating to lease liabilities, also as a result of the adoption of IFRS 16.

On an adjusted basis, general and administrative expenses decreased by USD 265 million to USD 1,177 million, largely due to the aforementioned decreases in outsourcing and professional fees, as well as the decrease in rent expenses.

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 1 Basis of accounting" in the "Consolidated financial statements" section of this report for more information on the adoption of IFRS 16**

→ **Refer to "Note 7 General and administrative expenses" in the "Consolidated financial statements" section of this report for more information**

→ **Refer to "Note 16 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report and to the "Regulatory and legal**

developments” and “Risk factors” sections of our Annual Report 2018 for more information on litigation, regulatory and similar matters

Depreciation, amortization and impairment

Depreciation, amortization and impairment of property, equipment and software increased by USD 138 million to USD 442 million, mainly resulting from USD 118 million higher depreciation expenses following the adoption of IFRS 16 in the first quarter of 2019.

On an adjusted basis, depreciation, amortization and impairment of property, equipment and software increased by USD 134 million to USD 438 million, primarily due to the aforementioned effect of the adoption of IFRS 16.

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

Tax: 1Q19 vs 1Q18

We recognized income tax expenses of USD 407 million for the first quarter of 2019, compared with USD 533 million for the first quarter of 2018.

Current tax expenses were USD 170 million, compared with USD 215 million, and related to taxable profits of UBS Switzerland AG and other entities.

Deferred tax expenses were USD 237 million, compared with USD 318 million. These include expenses of USD 218 million relating to profits for the current quarter, which primarily reflect 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, including the amortization of US tax loss DTAs at the level of UBS Americas Inc. In addition, deferred tax expenses in the first quarter of 2019 included a net expense of USD 19 million, mainly relating to a decrease in temporary difference DTAs of USD 29 million as the expected value of future tax deductions for deferred compensation awards decreased. This deferred tax expense was partially offset by a tax loss DTA increase of USD 10 million for locations affected by our UK business transfer activity during the quarter.

For 2019, we expect a full-year tax rate of approximately 25%, excluding the effect of remeasurements of DTAs in the year.

→ **Refer to “Note 8 Income taxes” in the “Consolidated financial statements” section of this report for more information**

Total comprehensive income attributable to shareholders: 1Q19 vs 1Q18

Total comprehensive income attributable to shareholders was USD 1,037 million compared with USD 1,850 million. Net profit attributable to shareholders was USD 1,141 million compared with USD 1,566 million and other comprehensive income (OCI) attributable to shareholders, net of tax, was negative USD 104 million compared with positive USD 285 million.

In the first quarter of 2019, OCI related to own credit on financial liabilities designated at fair value was negative USD 318 million compared with positive USD 178 million and mainly reflected a tightening of credit spreads in the first quarter of 2019.

Defined benefit plan OCI was negative USD 179 million compared with negative USD 107 million. We recorded net pre-tax OCI losses of USD 153 million related to our non-Swiss pension plans, mainly driven by the UK defined benefit plans, which recorded OCI losses of USD 144 million. This reflected OCI losses of USD 316 million from the remeasurement of the defined benefit obligation, partly offset by OCI gains of USD 172 million due to a positive return on plan assets. Net pre-tax OCI losses related to the Swiss pension plans amounted to USD 10 million.

Foreign currency translation OCI was negative USD 128 million in the first quarter of 2019, mainly resulting from the weakening of the Swiss franc and the euro against the US dollar. OCI related to foreign currency translation in the same quarter of last year was positive USD 758 million.

OCI related to cash flow hedges was positive USD 459 million in the first quarter of 2019, mainly reflecting an increase in unrealized gains on US dollar hedging derivatives resulting from decreases in the relevant US dollar long-term interest rates. In the first quarter of 2018, OCI related to cash flow hedges was negative USD 488 million.

OCI associated with financial assets measured at fair value was positive USD 62 million compared with negative USD 57 million and mainly reflected net unrealized gains following decreases in the relevant US dollar long-term interest rates in the first quarter of 2019.

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

→ **Refer to “Note 29 Pension and other post-employment benefit plans” in the “Consolidated financial statements” section of our Annual Report 2018 for more information on other comprehensive income related to defined benefit plans**

Sensitivity to interest rate movements

As of 31 March 2019, 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 USD 0.6 billion in Global Wealth Management and Personal & Corporate Banking. Of this increase, approximately USD 0.3 billion and USD 0.2 billion would result from changes in US dollar and euro interest rates, respectively.

The immediate effect on shareholders' equity of such a shift in yield curves would be a decrease of approximately USD 2.3 billion recognized in OCI, of which approximately USD 1.7 billion would result from changes in US dollar interest rates. The immediate effect on regulatory capital would be immaterial, as OCI from cash flow hedges is not recognized in capital and the effect from debt instruments measured at fair value through OCI would be offset by a positive effect from pension fund assets and liabilities.

The aforementioned estimates are based on a hypothetical

scenario of 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.

Key figures and personnel

Return on common equity tier 1 (CET1) capital: 1Q19 vs 1Q18

The annualized return on CET1 capital (RoCET1) was 13.3% compared with 18.3%, reflecting a decrease in net profit / (loss) attributable to shareholders of USD 0.4 billion and a USD 0.1 billion decrease in CET1 capital.

Adjusted cost / income ratio: 1Q19 vs 1Q18

The adjusted cost / income ratio was 77.9% compared with 75.3%.

Risk-weighted assets: 1Q19 vs 4Q18

During the first quarter of 2019, risk-weighted assets (RWA) increased by USD 3.8 billion to USD 267.6 billion. USD 3.8 billion higher RWA from methodology and policy changes, including an increase of USD 3.5 billion from the adoption of IFRS 16, as well as increased RWA of USD 3.9 billion from model updates and USD 0.9 billion higher RWA from regulatory add-ons were partly offset by USD 3.8 billion lower RWA from asset size and other movements and currency effects of USD 0.9 billion. The increase in RWA from model updates was mainly due to an increase of USD 2.8 billion in operational risk RWA, as model inputs in the advanced measurement approach model were updated during the quarter to reflect developments related to litigation on the cross-border matter.

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

Common equity tier 1 capital ratio: 1Q19 vs 4Q18

Our CET1 capital ratio increased 0.1 percentage points to 13.0%, reflecting a USD 0.5 billion increase in CET1 capital, partly offset by a USD 3.8 billion increase in RWA.

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

Leverage ratio denominator: 1Q19 vs 4Q18

During the first quarter of 2019, the leverage ratio denominator (LRD) increased by USD 6 billion to USD 911 billion. This increase was driven by asset size and other movements of USD 8 billion, as well as policy changes of USD 4 billion related to the adoption of IFRS 16, *Leases*, partly offset by a decrease in currency effects of USD 5 billion.

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

Common equity tier 1 leverage ratio: 1Q19 vs 4Q18

Our CET1 leverage ratio increased from 3.77% to 3.80% in the first quarter of 2019, reflecting the aforementioned increase in CET1 capital, partly offset by a USD 6 billion increase in the LRD.

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

Going concern leverage ratio: 1Q19 vs 4Q18

Our going concern leverage ratio increased from 5.1% to 5.4%, reflecting a USD 3.2 billion increase in going concern capital, partly offset by a USD 6 billion increase in the 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: 1Q19 vs 4Q18

We employed 67,481 personnel (full-time equivalents) as of 31 March 2019, a net increase of 593 compared with 31 December 2018. Corporate Center personnel increased by 639, 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. At the same time, we have seen a decrease of 1,256 in external staff.

Return on equity

USD million, except where indicated	As of or for the quarter ended 31.3.19	31.12.18	31.3.18
Net profit			
Net profit / (loss) attributable to shareholders	**1,141**	315	1,566
Equity			
Equity attributable to shareholders	**53,667**	52,928	53,662
Less: goodwill and intangible assets	**6,621**	6,647	6,540
Tangible equity attributable to shareholders	**47,046**	46,281	47,122
Less: other CET1 deductions	**12,388**	12,162	12,348
Common equity tier 1 capital	**34,658**	34,119	34,774
Return on equity			
Return on equity (%)[1]	**8.6**	2.4	11.8
Return on tangible equity (%)[2]	**9.8**	2.7	13.5
Return on common equity tier 1 capital (%)[3]	**13.3**	3.7	18.3

1 Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders. 2 Calculated as net profit attributable to shareholders (annualized as applicable) / average equity attributable to shareholders less average goodwill and intangible assets. The definition of the numerator for return on tangible equity has been revised to align with numerators for return on equity and return on CET1 capital, i.e., we no longer adjust for amortization and impairment of goodwill and intangible assets. Prior periods have been restated. 3 Calculated as net profit attributable to shareholders (annualized as applicable) / average common equity tier 1 capital.

Net new money[1]

	For the quarter ended		
USD billion	**31.3.19**	31.12.18	31.3.18
Global Wealth Management	**22.3**	(7.9)	20.0
Asset Management[2]	**0.1**	(2.1)	33.3
of which: excluding money market flows	***(2.3)***	*(4.9)*	*27.8*
of which: money market flows	***2.3***	*2.8*	*5.5*

1 Net new money excludes interest and dividend income. 2 Effective 1 January 2019, certain assets have been reclassified between asset classes to better reflect their underlying nature, with prior-period information restated. The adjustments have no effect on total net new money. This change resulted in a reclassification from net new money excluding money market flows to net new money from money market flows of USD 0.4 billion for 31 March 2018.

Invested assets

	As of			% change from	
USD billion	**31.3.19**	31.12.18	31.3.18	31.12.18	31.3.18
Global Wealth Management	**2,432**	2,260	2,415	8	1
Asset Management[1]	**824**	781	831	5	(1)
of which: excluding money market funds	***726***	*686*	*737*	*6*	*(2)*
of which: money market funds	***98***	*95*	*93*	*3*	*5*

1 Effective 1 January 2019, certain assets have been reclassified between asset classes to better reflect their underlying nature, with prior-period information restated. The adjustments have no effect on total invested assets. This change resulted in a reclassification from invested assets excluding money market funds to invested assets from money market funds of USD 10 billion and USD 11 billion for 31 December 2018 and 31 March 2018, respectively.

Outlook

The overall pace of growth has decreased as a result of a synchronized global slowdown. Economic growth and markets are expected to continue to recover and stabilize at different speeds across regions and asset classes.

We are likely to benefit from this environment as a result of our regional and business diversification. Higher invested assets are expected to lead to an increase in recurring revenues in Global Wealth Management and Asset Management, compared with the first quarter of 2019. Further momentum would require a sustained improvement in market activity and client sentiment across our businesses.

We will continue to execute our strategy with discipline, focusing on balancing efficiency and investments for growth, to deliver on our capital return objectives and to create sustainable long-term value for our shareholders.

UBS business divisions and Corporate Center

Management report

Global Wealth Management

Global Wealth Management

Global Wealth Management[1]

USD million, except where indicated	As of or for the quarter ended			% change from	
	31.3.19	31.12.18	31.3.18	4Q18	1Q18
Results					
Net interest income	**1,009**	1,028	1,021	(2)	(1)
Recurring net fee income[2]	**2,218**	2,374	2,419	(7)	(8)
Transaction-based income[3]	**765**	627	953	22	(20)
Other income	**11**	112	11	(90)	(1)
Income	**4,003**	4,141	4,405	(3)	(9)
Credit loss (expense) / recovery	**1**	(12)	3		(78)
Total operating income	**4,003**	4,129	4,409	(3)	(9)
Personnel expenses	**1,900**	1,882	1,973	1	(4)
Salaries and other personnel costs	**940**	883	941	7	0
Financial advisor variable compensation[4,5]	**816**	857	878	(5)	(7)
Compensation commitments with recruited financial advisors[4,6]	**144**	142	155	2	(7)
General and administrative expenses	**249**	816	304	(69)	(18)
Services (to) / from Corporate Center and other business divisions	**975**	1,088	1,015	(10)	(4)
of which: services from Corporate Center	***938***	*1,050*	*981*	*(11)*	*(4)*
Depreciation and impairment of property, equipment and software	**1**	2	1	(18)	62
Amortization and impairment of intangible assets	**14**	14	13	(6)	3
Total operating expenses	**3,140**	3,802	3,306	(17)	(5)
Business division operating profit / (loss) before tax	**863**	327	1,102	164	(22)
Adjusted results[7]					
Total operating income as reported	**4,003**	4,129	4,409	(3)	(9)
of which: gains related to investments in associates		*101*			
Total operating income (adjusted)	**4,003**	4,028	4,409	(1)	(9)
Total operating expenses as reported	**3,140**	3,802	3,306	(17)	(5)
of which: personnel-related restructuring expenses[8]	***0***	*17*	*3*		
of which: non-personnel-related restructuring expenses[8]	***0***	*0*	*10*		
of which: restructuring expenses allocated from Corporate Center[8]	***10***	*59*	*50*		
			(66)		

of which: gain related to changes to the Swiss pension plan					
Total operating expenses (adjusted)	**3,130**	3,726	3,310	(16)	(5)
Business division operating profit / (loss) before tax as reported	**863**	327	1,102	164	(22)
Business division operating profit / (loss) before tax (adjusted)	**873**	302	1,099	189	(21)
Performance measures[9]					
Pre-tax profit growth (%)	**(21.7)**	(52.9)	31.3		
Cost / income ratio (%)	**78.4**	91.8	75.1		
Net new money growth (%)	**3.9**	(1.3)	3.3		
Adjusted performance measures[7,9]					
Pre-tax profit growth (%)	**(20.5)**	(66.1)	15.7		
Cost / income ratio (%)	**78.2**	92.2	75.1		

Global Wealth Management (continued)[1]

USD million, except where indicated	As of or for the quarter ended			% change from	
	31.3.19	31.12.18	31.3.18	4Q18	1Q18
Additional information					
Recurring income[10]	**3,227**	3,402	3,440	(5)	(6)
Recurring income as a percentage of income (%)	**80.6**	82.2	78.1		
Average attributed equity (USD billion)[11]	**16.4**	16.3	16.3	0	1
Return on attributed equity (%)[11]	**21.1**	8.0	27.1		
Risk-weighted assets (USD billion)[11]	**76.9**	74.3	76.8	4	0
Leverage ratio denominator (USD billion)[11]	**325.9**	315.8	307.5	3	6
Goodwill and intangible assets (USD billion)	**5.1**	5.2	5.1	0	1
Net new money (USD billion)	**22.3**	(7.9)	20.0		
Invested assets (USD billion)	**2,432**	2,260	2,415	8	1
Net margin on invested assets (bps)[12]	**15**	6	18	164	(20)
Gross margin on invested assets (bps)	**68**	71	73	(3)	(7)
Client assets (USD billion)	**2,709**	2,519	2,676	8	1
Loans, gross (USD billion)[13]	**174.3**	174.7	180.1	0	(3)
Due to customers (USD billion)[13]	**274.8**	271.8	277.0	1	(1)
Recruitment loans to financial advisors[4]	**2,264**	2,296	2,490	(1)	(9)
Other loans to financial advisors[4]	**894**	994	999	(10)	(10)
Personnel (full-time equivalents)	**23,443**	23,618	23,383	(1)	0
Advisors (full-time equivalents)	**10,573**	10,677	10,654	(1)	(1)

1 Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to the “Recent developments” section and “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 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 financial instruments measured at fair value through profit or loss. 4 Relates to licensed professionals with the ability to provide investment advice to clients in the Americas. 5 Financial advisor variable compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor

productivity, firm tenure, new assets and other variables. 6 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. 7 Adjusted results are non-GAAP financial measures as defined by SEC regulations. 8 Reflects restructuring expenses related to legacy cost programs as well as expenses for new restructuring initiatives. 9 Refer to the "Performance targets and measurement" section of our Annual Report 2018 for the definitions of our performance measures. 10 Recurring income consists of net interest income and recurring net fee income. 11 Refer to the "Capital management" section of this report for more information. 12 Calculated as operating profit before tax (annualized as applicable) / average invested assets. 13 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 performance measures[1]

As of or for the quarter ended 31.03.19

USD billion, except where indicated	Americas	EMEA	Asia Pacific	Switzerland	Total of regions[2]	*of which: ultra high net worth (UHNW)*
Net new money	**(0.1)**	**2.9**	**16.3**	**3.2**	**22.2**	*20.5*
Net new money growth (%)	**0.0**	**2.3**	**18.2**	**6.4**	**3.9**	*7.3*
Invested assets	**1,298**	**514**	**405**	**212**	**2,429**	*1,236*
Loans, gross	**59.2[3]**	**37.2**	**42.5**	**34.8**	**173.7**	
Advisors (full-time equivalents)	**6,790**	**1,797**	**1,136**	**741**	**10,463**	*1,100[4]*

1 Refer to the "Performance targets and measurement" section of our Annual Report 2018 for the definitions of our performance measures. 2 Excluding minor functions with 110 advisors, USD 4 billion of invested assets, USD 0.6 billion of loans and USD 0.1 billion of net new money inflows in the first quarter of 2019. 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: 1Q19 vs 1Q18

Profit before tax decreased by USD 239 million, or 22%, to USD 863 million. Excluding a credit of USD 66 million related to changes to our Swiss pension plan in the first quarter of 2018 and restructuring expenses, adjusted profit before tax decreased by USD 226 million, or 21%, to USD 873 million, reflecting lower operating income, partly offset by lower operating expenses.

Operating income

Total operating income decreased by USD 406 million, or 9%, to USD 4,003 million, mainly driven by lower recurring net fee income and transaction-based income.

Net interest income decreased by USD 12 million to USD 1,009 million, mainly reflecting lower loan volumes, mostly caused by currency effects, as well as reductions in net income from structural risk management activities and banking book interest income. This was partly offset by higher investment of equity income.

Recurring net fee income decreased by USD 201 million to USD 2,218 million, primarily driven by a decline in average invested assets as a result of the lower market levels in the fourth quarter of 2018. Margin compression also contributed to the decrease, mainly reflecting shifts into lower-margin products, although this was partly offset by an increase in mandate penetration.

Transaction-based income decreased by USD 188 million to USD 765 million, mainly due to lower client activity in all regions, most notably in Asia Pacific and, to a lesser extent, the Americas.

Other income was unchanged at USD 11 million.

Operating expenses

Total operating expenses decreased by USD 166 million, or 5%, to USD 3,140 million and adjusted operating expenses decreased by USD 180 million, or 5%, to USD 3,130 million.

Personnel expenses decreased by USD 73 million. Excluding the aforementioned credit related to changes to our Swiss pension plan in the first quarter of 2018 and personnel-related restructuring expenses, adjusted personnel expenses decreased by USD 135 million to USD 1,901 million. This decrease was mainly due to lower variable compensation.

General and administrative expenses decreased by USD 55 million and adjusted general and administrative expenses decreased by USD 45 million to USD 249 million, predominantly driven by lower expenses for provisions for litigation matters.

Net expenses for services from Corporate Center and other business divisions decreased by USD 40 million to USD 975 million, while adjusted net expenses for services remained stable at USD 965 million.

Net new money: 1Q19 vs 1Q18

Net new money was USD 22.3 billion, including a small number of large inflows, compared with USD 20.0 billion; an annualized net new money growth rate of 3.9% compared with 3.3%. Net new money was notably strong in Asia Pacific, with USD 16.3 billion. Net new money from ultra high net worth clients was USD 20.5 billion.

Invested assets: 1Q19 vs 4Q18

Invested assets increased by USD 172 billion to USD 2,432 billion, driven by a positive market performance of USD 160 billion and net new money inflows of USD 22 billion, slightly offset by currency effects of USD 7 billion and reclassifications of USD 3 billion from invested assets to client assets, mainly related to regulatory change. Mandate penetration increased to 33.9% from 33.6%.

Personal & Corporate Banking

Personal & Corporate Banking – in Swiss francs[1]

CHF million, except where indicated	As of or for the quarter ended 31.3.19	31.12.18	31.3.18	% change from 4Q18	1Q18
Results					
Net interest income	**491**	515	487	(5)	1
Recurring net fee income[2]	**155**	157	154	(1)	1
Transaction-based income[3]	**282**	247	281	14	1
Other income	**23**	373	17	(94)	37
Income	**952**	1,292	938	(26)	1
Credit loss (expense) / recovery	**2**	(17)	(13)		
Total operating income	**954**	1,275	925	(25)	3
Personnel expenses	**218**	185	178	18	23
General and administrative expenses	**52**	109	59	(52)	(11)
Services (to) / from Corporate Center and other business divisions	**295**	334	301	(12)	(2)
of which: services from Corporate Center	***319***	*360*	*331*	*(11)*	*(4)*
Depreciation and impairment of property, equipment and software	**3**	4	3	(30)	(1)
Amortization and impairment of intangible assets	**0**	0	0		
Total operating expenses	**568**	632	541	(10)	5
Business division operating profit / (loss) before tax	**385**	643	384	(40)	0
Adjusted results[4]					
Total operating income as reported	**954**	1,275	925	(25)	3
of which: gains related to investments in associates		*359*			
Total operating income (adjusted)	**954**	916	925	4	3
Total operating expenses as reported	**568**	632	541	(10)	5
of which: personnel-related restructuring expenses[5]	***0***	*1*	*1*		
of which: non-personnel-related restructuring expenses[5]	***0***	*0*	*0*		
of which: restructuring expenses allocated from Corporate Center[5]	***4***	*17*	*9*		
of which: gain related to changes to the Swiss pension plan			*(35)*		
Total operating expenses (adjusted)	**564**	614	566	(8)	0
Business division operating profit / (loss) before tax as reported	**385**	643	384	(40)	0
Business division operating profit / (loss) before tax (adjusted)	**389**	303	359	29	8
Performance measures[6]					
Pre-tax profit growth (%)	**0.3**	79.9	1.5		
Cost / income ratio (%)	**59.7**	48.9	57.7		
Net interest margin (bps)	**150**	157	148		

Adjusted performance measures[4,6]			
Pre-tax profit growth (%)	**8.5**	(23.1)	(9.8)
Cost / income ratio (%)	**59.3**	65.8	60.4

Personal & Corporate Banking

Personal & Corporate Banking – in Swiss francs (continued)[1]

CHF million, except where indicated	As of or for the quarter ended 31.3.19	31.12.18	31.3.18
Additional information			
Average attributed equity (CHF billion)[7]	**8.3**	8.1	7.5
Return on attributed equity (%)[7]	**18.5**	31.8	20.3
Risk-weighted assets (CHF billion)[7]	**64.0**	62.8	56.5
Leverage ratio denominator (CHF billion)[7]	**210.7**	210.2	205.6
Business volume for personal banking (CHF billion)	**159**	156	156
Net new business volume for personal banking (CHF billion)	**3.2**	0.9	2.4
Net new business volume growth for personal banking (%)[8]	**8.2**	2.2	6.3
Client assets (CHF billion)[9]	**674**	638	652
Loans, gross (CHF billion)	**131.5**	131.0	130.8
Due to customers (CHF billion)	**143.5**	141.7	137.6
Secured loan portfolio as a percentage of total loan portfolio, gross (%)	**91.9**	92.0	92.2
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[10]	**1.2**	1.3	1.2
Personnel (full-time equivalents)	**5,220**	5,183	5,160

1 Comparative figures in this table have been restated for the changes in Corporate Center cost and r allocation to the business divisions and the changes in the equity attribution framework. Refer to the developments" section and "Note 1 Basis of accounting" in the "Consolidated financial statements" s report for more information. Comparatives may additionally differ due to adjustments following organ changes, restatements due to the retrospective adoption of new accounting standards or changes in policies, and events after the reporting period. 2 Recurring net fee income consists of fees for servic on an ongoing basis such as portfolio management fees, asset-based investment fund fees, custody f account-keeping fees, which are generated on client assets. 3 Transaction-based income comprises non-recurring portion of net fee and commission income, mainly consisting of brokerage and transact investment fund fees as well as credit card fees and fees for payment transactions, together with Oth income from financial instruments measured at fair value through profit or loss. 4 Adjusted results a non-GAAP financial measures as defined by SEC regulations. 5 Reflects restructuring expenses relat cost programs. 6 Refer to the "Performance targets and measurement" section of our Annual Repor definitions of our performance measures. 7 Refer to the "Capital management" section of this repor information. 8 Calculated as net new business volume for the period (annualized as applicable) / bu volume at the beginning of the period. 9 Client assets are comprised of invested assets and other a purely for transactional purposes or custody only. We do not measure net new money for Personal & Banking. 10 Refer to the "Risk management and control" section of this report for more informatio (credit-)impaired exposures.

Results: 1Q19 vs 1Q18

Profit before tax increased by CHF 1 million to CHF 385 million. Excluding a credit of CHF 35 million related to changes to our Swiss pension plan in the first quarter of 2018 and restructuring expenses, adjusted profit before tax increased by CHF 30 million, or 8%, to CHF 389 million, predominantly reflecting higher operating income.

Operating income

Total operating income increased by 3% to CHF 954 million from CHF 925 million, mainly reflecting a net credit loss recovery of CHF 2 million compared with credit loss expenses of CHF 13 million in the first quarter of 2018, as well as higher other income and net interest income.

Net interest income increased by CHF 4 million to CHF 491 million as a result of higher deposit and loan revenues, partly offset by higher funding costs for total loss-absorbing capacity.

Recurring net fee income was CHF 155 million compared with CHF 154 million in the first quarter of 2018.

Transaction-based income increased by CHF 1 million to CHF 282 million. Higher fees in the Corporate Clients business were partly offset by lower fees received from Global Wealth Management, reflecting decreased referral volumes.

Other income increased by CHF 6 million to CHF 23 million, primarily due to the sale of an investment in an associate.

Net credit loss recovery was CHF 2 million, compared with losses of CHF 13 million in the first quarter of 2018, as small stage 3 expected credit losses, primarily in the Corporate Clients area, were more than offset by a release of CHF 4 million of stage 1 and 2 expected credit losses.

Operating expenses

Total operating expenses increased by CHF 27 million, or 5%, to CHF 568 million. Excluding a credit of CHF 35 million related to changes to our Swiss pension plan in the first quarter of 2018 and a reduction in restructuring expenses, adjusted operating expenses decreased by CHF 2 million to CHF 564 million.

Personnel expenses increased by CHF 40 million to CHF 218 million. Excluding the aforementioned credit of CHF 35 million related to changes to our Swiss pension plan in the first quarter of 2018 and personnel-related restructuring expenses, adjusted personnel expenses increased by CHF 7 million to CHF 218 million, reflecting higher salaries and variable compensation. General and administrative expenses decreased by CHF 7 million to CHF 52 million, mainly reflecting lower marketing and consulting costs.

Net expenses for services from Corporate Center and other business divisions decreased by CHF 6 million to CHF 295 million. On an adjusted basis, net expenses for services from Corporate Center and other business divisions decreased by CHF 2 million to CHF 291 million. This reflected lower expenses for Group Operations as well as strategic and regulatory initiatives, partly offset by higher expenses from Group Technology.

Personal & Corporate Banking – in US dollars[1]

	As of or for the quarter ended			% change from	
USD million, except where indicated	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Results					
Net interest income	**493**	517	516	(5)	(4)
Recurring net fee income[2]	**156**	157	163	(1)	(4)
Transaction-based income[3]	**283**	247	298	15	(5)
Other income	**23**	373	18	(94)	30
Income	**955**	1,295	994	(26)	(4)
Credit loss (expense) / recovery	**2**	(17)	(14)		
Total operating income	**957**	1,278	981	(25)	(2)
Personnel expenses	**219**	185	188	18	17
General and administrative expenses	**52**	110	62	(52)	(16)
Services (to) / from Corporate Center and other business divisions	**296**	335	320	(12)	(7)
of which: services from Corporate Center	***320***	*361*	*351*	*(11)*	*(9)*
Depreciation and impairment of property, equipment and software	**3**	4	3	(30)	(7)
Amortization and impairment of intangible assets	**0**	0	0		
Total operating expenses	**570**	634	573	(10)	0
Business division operating profit / (loss) before tax	**387**	644	408	(40)	(5)
Adjusted results[4]					
Total operating income as reported	**957**	1,278	981	(25)	(2)
of which: gains related to investments in associates		*359*			
Total operating income (adjusted)	**957**	919	981	4	(2)
Total operating expenses as reported	**570**	634	573	(10)	0
of which: personnel-related restructuring expenses[5]	***0***	*1*	*1*		
of which: non-personnel-related restructuring expenses[5]	***0***	*0*	*0*		
of which: restructuring expenses allocated from Corporate Center[5]	***4***	*17*	*9*		
of which: gain related to changes to the Swiss pension plan			*(38)*		
Total operating expenses (adjusted)	**567**	616	600	(8)	(6)
Business division operating profit / (loss) before tax as reported	**387**	644	408	(40)	(5)
Business division operating profit / (loss) before tax (adjusted)	**391**	303	380	29	3
Performance measures[6]					
Pre-tax profit growth (%)	**(5.2)**	77.6	7.6		
Cost / income ratio (%)	**59.7**	49.0	57.6		
Net interest margin (bps)	**149**	155	152		
Adjusted performance measures[4,6]					

Pre-tax profit growth (%)	**2.7**	(24.0)	(4.5)
Cost / income ratio (%)	**59.3**	65.8	60.4

Personal & Corporate Banking

Personal & Corporate Banking – in US dollars (continued)[1]

USD million, except where indicated	As of or for the quarter ended			% change from	
	31.3.19	31.12.18	31.3.18	4Q18	1Q18
Additional information					
Average attributed equity (USD billion)[7]	**8.3**	8.1	8.0	3	5
Return on attributed equity (%)[7]	**18.5**	31.8	20.4		
Risk-weighted assets (USD billion)[7]	**64.3**	63.9	59.3	1	8
Leverage ratio denominator (USD billion)[7]	**211.6**	213.7	215.7	(1)	(2)
Business volume for personal banking (USD billion)	**160**	158	163	1	(2)
Net new business volume for personal banking (USD billion)	**3.2**	0.9	2.6		
Net new business volume growth for personal banking (%)[8]	**8.0**	2.1	6.5		
Client assets (USD billion)[9]	**677**	648	684	4	(1)
Loans, gross (USD billion)	**132.0**	133.3	137.2	(1)	(4)
Due to customers (USD billion)	**144.1**	144.1	144.3	0	0
Secured loan portfolio as a percentage of total loan portfolio, gross (%)	**91.9**	92.0	92.2		
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[10]	**1.2**	1.3	1.2		
Personnel (full-time equivalents)	**5,220**	5,183	5,160	1	1

1 Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to the “Recent developments” section and “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 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 Other net income from financial instruments measured at fair value through profit or loss. 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 “Performance targets and measurement” section of our Annual Report 2018 for the definitions of our performance measures. 7 Refer to the “Capital management” section of this report for more information. 8 Calculated as net new business volume for the period (annualized as applicable) / business volume at the beginning of the period. 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.

Asset Management

Asset Management[1]

	As of or for the quarter ended			% change from	
USD million, except where indicated	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Results					
Net management fees[2]	**419**	440	451	(5)	(7)
Performance fees	**27**	28	15	(4)	79
Total operating income	**446**	468	466	(5)	(4)
Personnel expenses	**178**	166	177	7	1
General and administrative expenses	**48**	57	52	(16)	(8)
Services (to) / from Corporate Center and other business divisions	**117**	139	131	(16)	(11)
of which: services from Corporate Center	***128***	*150*	*143*	*(15)*	*(10)*
Depreciation and impairment of property, equipment and software	**0**	0	0		
Amortization and impairment of intangible assets	**0**	0	0		
Total operating expenses	**343**	362	360	(5)	(5)
Business division operating profit / (loss) before tax	**103**	106	105	(2)	(2)
Adjusted results[3]					
Total operating income as reported	**446**	468	466	(5)	(4)
Total operating income (adjusted)	**446**	468	466	(5)	(4)
Total operating expenses as reported	**343**	362	360	(5)	(5)
of which: personnel-related restructuring expenses[4]	***2***	*5*	*1*		
of which: non-personnel-related restructuring expenses[4]	***2***	*3*	*3*		
of which: restructuring expenses allocated from Corporate Center[4]	***2***	*13*	*7*		
of which: gain related to changes to the Swiss pension plan			*(10)*		
Total operating expenses (adjusted)	**337**	342	359	(1)	(6)
Business division operating profit / (loss) before tax as reported	**103**	106	105	(2)	(2)
Business division operating profit / (loss) before tax (adjusted)	**109**	126	107	(14)	2
Performance measures[5]					
Pre-tax profit growth (%)	**(1.8)**	(54.5)	12.1		
Cost / income ratio (%)	**76.8**	77.4	77.4		
Net new money growth excluding money market flows (%)[6]	**(1.3)**	(2.7)	15.7		
Adjusted performance measures[3,5]					
Pre-tax profit growth (%)[7]	**2.1**	14.4	0.5		
Cost / income ratio (%)	**75.5**	73.0	77.1		

Information by business line / asset class

Net new money (USD billion)[6]			
Equities	**6.0**	(6.4)	16.6
Fixed Income	**(5.5)**	6.7	3.9
of which: money market	***2.3***	*2.8*	*5.5*
Multi-asset & Solutions	**(1.0)**	(1.3)	13.0
Hedge Fund Businesses	**(0.1)**	(0.4)	(0.8)
Real Estate & Private Markets	**0.7**	(0.8)	0.6
Total net new money	**0.1**	(2.1)	33.3
of which: net new money excluding money markets	***(2.3)***	*(4.9)*	*27.8*

Asset Management

Asset Management (continued)[1]

	As of or for the quarter ended			% change from	
USD million, except where indicated	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Invested assets (USD billion)[6]					
Equities	**310**	272	312	14	(1)
Fixed Income	**250**	253	252	(1)	(1)
of which: money market	***98***	*95*	*93*	*3*	*5*
Multi-asset & Solutions	**138**	132	143	5	(3)
Hedge Fund Businesses	**43**	42	43	1	0
Real Estate & Private Markets	**82**	82	79	1	4
Total invested assets	**824**	781	831	5	(1)
of which: passive strategies	***327***	*298*	*320*	*10*	*2*
Information by region					
Invested assets (USD billion)					
Americas	**196**	192	188	2	4
Asia Pacific	**149**	141	166	6	(11)
Europe, Middle East and Africa	**209**	189	204	11	3
Switzerland	**270**	259	272	4	(1)
Total invested assets	**824**	781	831	5	(1)
Information by channel					
Invested assets (USD billion)					
Third-party institutional	**509**	484	526	5	(3)
Third-party wholesale	**84**	78	85	8	(1)
UBS's wealth management businesses	**230**	219	220	5	5
Total invested assets	**824**	781	831	5	(1)
Additional information					
Average attributed equity (USD billion)[8]	**1.8**	1.8	1.8	0	(2)
Return on attributed equity (%)[8]	**23.0**	23.7	22.9		
Risk-weighted assets (USD billion)[8]	**4.8**	4.3	4.5	11	6
Leverage ratio denominator (USD billion)[8]	**5.1**	5.0	5.0	1	1
Goodwill and intangible assets (USD billion)	**1.3**	1.4	1.4	0	(3)
Net margin on invested assets (bps)[9]	**5**	5	5	(2)	0
Gross margin on invested assets (bps)	**22**	23	23	(4)	(3)
Personnel (full-time equivalents)	**2,287**	2,301	2,361	(1)	(3)

1 Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to the "Recent developments" section and "Note 1 Basis of

accounting" in the "Consolidated financial statements" section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 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. 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. 5 Refer to the "Performance targets and measurement" section of our Annual Report 2018 for the definitions of our performance measures. 6 Effective 1 January 2019, certain assets have been reclassified between asset classes to better reflect their underlying nature, with prior-period information restated. The adjustments have no effect on total net new money and total invested assets. This primarily resulted in the following effects for invested assets: for the quarter ended 31 December 2018, USD 13 billion was reclassified from Equities to Multi-asset & Solutions and USD 10 billion was reclassified within Fixed Income to money market instruments. The change had a corresponding effect on the composition of net new money for the respective periods resulting in an immaterial effect on net new money growth excluding money market flows. 7 Excluding the effect of business exits. 8 Refer to the "Capital management" section of this report for more information. 9 Calculated as operating profit before tax (annualized as applicable) / average invested assets.

Results: 1Q19 vs 1Q18

Profit before tax decreased by USD 2 million, or 2%, to USD 103 million. Excluding a credit of USD 10 million related to changes to our Swiss pension plan in the first quarter of 2018 and restructuring expenses, adjusted profit before tax increased by USD 2 million, or 2%, to USD 109 million, reflecting reduced operating expenses, largely offset by lower operating income.

Operating income

Total operating income decreased by USD 20 million, or 4%, to USD 446 million. Net management fees decreased by USD 32 million to USD 419 million, driven by lower average invested assets as a result of the lower market levels in the fourth quarter of 2018, and continued pressure on margins.

Performance fees increased by USD 12 million to USD 27 million, mainly driven by an increase in performance fees in Equities.

We expect to see a continuation of the trend of clients moving invested assets into lower-margin passive products, which is expected to have a dampening effect on margins.

Operating expenses

Total operating expenses decreased by USD 17 million, or 5%, to USD 343 million, and adjusted operating expenses decreased by USD 22 million, or 6%, to USD 337 million.

Personnel expenses remained stable at USD 178 million. Excluding the aforementioned credit related to changes to our Swiss pension plan in the first quarter of 2018 and personnel-related restructuring expenses, adjusted personnel expenses decreased by USD 9 million to USD 176 million, primarily driven by reduced salaries and lower expenses for variable compensation.

General and administrative expenses decreased by USD 4 million to USD 48 million, and on an adjusted basis by USD 3 million to USD 46 million. This reduction in adjusted general and <R> </R>administrative expenses was mainly due to lower expenses for tax-related provisions, reduced marketing costs and lower expenses for travel and entertainment.

Net expenses for services to / from Corporate Center and other business divisions decreased by USD 14 million to USD 117 million, and on an adjusted basis by USD 9 million to USD 115 million, reflecting lower expenses from Group Operations, variable compensation, and strategic and regulatory initiatives, partly offset by higher expenses from Group Technology.

Net new money: 1Q19 vs 1Q18

Net new money was USD 0.1 billion compared with net inflows of USD 33.3 billion. Excluding money market flows, net new money was negative USD 2.3 billion compared with net inflows of USD 27.8 billion, an annualized net new money growth rate of negative 1.3% compared with positive 15.7%. The first quarter of 2018 included two large inflows from institutional clients totaling USD 22.5 billion.

Invested assets: 1Q19 vs 4Q18

Invested assets increased by USD 43 billion to USD 824 billion, reflecting positive market performance of USD 48 billion, partly offset by currency effects of USD 4 billion, resulting primarily from the strengthening of the US dollar against the euro and the Swiss franc.

Following an internal asset reporting methodology review, we have adjusted our asset classification, effective as of 1 January 2019, in order to better reflect the underlying nature of respective assets. The adjustments had no effect on total net new money and total invested assets. Prior-period information was restated, primarily resulting for 2018 in a 12% increase in fixed income money market instruments, a 10% increase in Multi-asset & Solutions and a 5% decrease in Equities.

Investment Bank

Investment Bank

Investment Bank[1]

	As of or for the quarter ended			% change from	
USD million, except where indicated	**31.3.19**	31.12.18	31.3.18	4Q18	1Q18
Results					
Corporate Client Solutions	**451**	460	875	(2)	(48)
Advisory	**109**	115	197	(5)	(45)
Equity Capital Markets	**126**	122	312	4	(60)
Debt Capital Markets	**154**	160	262	(4)	(41)
Financing Solutions	**57**	53	72	7	(21)
Risk Management	**5**	11	31	(56)	(84)
Investor Client Services	**1,337**	1,078	1,556	24	(14)
Equities	**883**	776	1,138	14	(22)
Foreign Exchange, Rates and Credit	**454**	302	417	50	9
Income	**1,788**	1,539	2,430	16	(26)
Credit loss (expense) / recovery	**(22)**	(18)	(16)	25	43
Total operating income	**1,765**	1,521	2,415	16	(27)
Personnel expenses	**705**	537	952	31	(26)
General and administrative expenses	**141**	253	152	(44)	(7)
Services (to) / from Corporate Center and other business divisions	**708**	805	730	(12)	(3)
of which: services from Corporate Center	***722***	*820*	*738*	*(12)*	*(2)*
Depreciation and impairment of property, equipment and software	**2**	2	2	1	1
Amortization and impairment of intangible assets	**2**	2	3	1	(16)
Total operating expenses	**1,558**	1,598	1,838	(3)	(15)
Business division operating profit / (loss) before tax	**207**	(78)	576		(64)
Adjusted results[2]					
Total operating income as reported	**1,765**	1,521	2,415	16	(27)
Total operating income (adjusted)	**1,765**	1,521	2,415	16	(27)
Total operating expenses as reported	**1,558**	1,598	1,838	(3)	(15)
of which: personnel-related restructuring expenses[3]	***1***	*1*	*12*		
of which: non-personnel-related restructuring expenses[3]	***2***	*3*	*2*		
of which: restructuring expenses allocated from Corporate Center[3]	***11***	*69*	*34*		
of which: gain related to changes to the Swiss pension plan			*(5)*		
Total operating expenses (adjusted)	**1,544**	1,526	1,796	1	(14)
Business division operating profit / (loss) before tax as reported	**207**	(78)	576		(64)
Business division operating profit / (loss) before tax (adjusted)	**221**	(5)	619		(64)

Performance measures[4]			
Return on attributed equity (%)[5]	**6.8**	(2.5)	17.6
Cost / income ratio (%)	**87.1**	103.9	75.6
Adjusted performance measures[2,4]			
Return on attributed equity (%)[5]	**7.2**	(0.2)	18.9
Cost / income ratio (%)	**86.4**	99.1	73.9

30

Investment Bank (continued)[1]

USD million, except where indicated	As of or for the quarter ended 31.3.19	31.12.18	31.3.18	% change from 4Q18	1Q18
Additional information					
Pre-tax profit growth (%)	**(64.0)**		33.8		
Adjusted pre-tax profit growth (%)	**(64.3)**		21.7		
Average attributed equity (USD billion)[5]	**12.3**	12.7	13.1	(3)	(6)
Risk-weighted assets (USD billion)[5]	**92.6**	93.2	95.8	(1)	(3)
Return on risk-weighted assets, gross (%)[6]	**7.7**	6.8	11.0		
Leverage ratio denominator (USD billion)[5]	**288.4**	283.4	313.5	2	(8)
Return on leverage ratio denominator, gross (%)[6]	**2.5**	2.1	3.1		
Goodwill and intangible assets (USD billion)	**0.1**	0.1	0.1	1	100
Compensation ratio (%)	**39.4**	34.9	39.2		
Average VaR (1-day, 95% confidence, 5 years of historical data)	**10**	10	16	1	(39)
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[7]	**1.5**	1.5	1.0		
Personnel (full-time equivalents)	**5,311**	5,205	4,867	2	9

1 Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to the “Recent developments” section and “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 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 “Performance targets and measurement” section of our Annual Report 2018 for the definitions of our performance measures. 5 Refer to the “Capital management” section of this report for more information. 6 Based on total RWA and LRD. 7 Refer to the “Risk management and control” section of this report for more information on (credit-)impaired loan exposures.

Results: 1Q19 vs 1Q18

Profit before tax decreased by USD 369 million, or 64%, to USD 207 million. Excluding restructuring expenses and a credit related to changes to our Swiss pension plan in the first quarter of 2018, adjusted profit before tax decreased by USD 398 million, or 64%, to USD 221 million. This was driven mainly by lower operating income in Corporate Client Solutions and Equities, partly offset by lower operating expenses and higher Foreign Exchange, Rates and

Credit revenues.

Operating income

Total operating income decreased by USD 650 million, or 27%, to USD 1,765 million, driven by a decrease in Corporate Client Solutions and Equities revenues, partly offset by higher Foreign Exchange, Rates and Credit revenues.

Corporate Client Solutions

Corporate Client Solutions revenues decreased by USD 424 million, or 48%, to USD 451 million. This mainly reflected lower revenues in Equity Capital Markets, Debt Capital Markets and Advisory, the result of significantly lower levels of market activity and significantly reduced private transaction revenues, particularly in Equity Capital Markets, compared with a strong first quarter of 2018.

Advisory revenues decreased to USD 109 million from USD 197 million, due to lower revenues from merger and acquisition transactions, where the global fee pool declined 6%, as well as from private transactions. The reduction in merger and acquisition revenues was partly a result of participating in fewer large deals.

Equity Capital Markets revenues decreased by USD 186 million to USD 126 million, compared with a strong first quarter of 2018, mainly due to reduced revenues from private transactions. Revenues from public offerings were also lower, with the global fee pool decreasing 42%.

Debt Capital Markets revenues decreased to USD 154 million from USD 262 million, primarily reflecting lower leveraged finance revenues, where the fee pool decreased 21%.

Financing Solutions revenues decreased to USD 57 million from USD 72 million, reflecting lower client activity across most products.

Risk Management revenues decreased by USD 26 million to USD 5 million, mainly as the first quarter 2018 included gains related to a portfolio of loans, almost all of which have been subsequently sold.

Investment Bank

Investor Client Services

Investor Client Services revenues decreased by USD 219 million, or 14%, to USD 1,337 million, reflecting a decrease in Equities revenues, partly offset by higher Foreign Exchange, Rates and Credit revenues.

Equities

Equities revenues decreased by USD 255 million, or 22%, to USD 883 million, reflecting reduced client activity amid challenging market conditions and lower market volatility, as well as a strong first quarter of 2018.

Cash revenues decreased to USD 302 million from USD 346 million, mainly due to lower client activity levels.

Derivatives revenues decreased to USD 258 million from USD 362 million, reflecting a strong first quarter of 2018 and reduced client activity.

Financing Services revenues decreased to USD 338 million from USD 434 million, driven by lower prime brokerage and equity finance revenues as a result of lower client balances and activity levels.

Foreign Exchange, Rates and Credit

Foreign Exchange, Rates and Credit revenues increased by USD 37 million, or 9%, to USD 454 million, driven by higher Rates and Credit revenues. Foreign Exchange revenues decreased, reflecting lower volatility and client activity levels. Rates and Credit revenues increased across most regions, reflecting higher revenues across most products.

Operating expenses

Total operating expenses decreased by USD 280 million, or 15%, to USD 1,558 million and adjusted operating expenses decreased by USD 252 million, or 14%, to USD 1,544 million.

Personnel expenses decreased by USD 247 million to USD 705 million and adjusted personnel expenses decreased by USD 242 million to USD 704 million, mainly due to lower variable compensation and salaries.

General and administrative expenses decreased by USD 11 million to USD 141 million, and on an adjusted basis by USD 10 million to USD 139 million, mainly due to the reclassification of certain administration costs to personnel expenses following the consolidation of UBS Securities China, as well as lower expenses for communication and market data services.

Net expenses for services from Corporate Center and other business divisions decreased to USD 708 million from USD 730 million. Excluding a reduction in restructuring expenses, adjusted net expenses remained stable at USD 697 million.

Risk-weighted assets and leverage ratio denominator: 1Q19 vs 4Q18

Risk-weighted assets

Total risk-weighted assets (RWA) were stable at USD 93 billion. A decrease in market risk RWA, reflecting lower average regulatory and stressed value-at-risk (VaR) levels following reduced market volatility in the quarter, was offset by a credit risk RWA increase from asset size and other movements.

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

Leverage ratio denominator

The leverage ratio denominator (LRD) increased by USD 5 billion to USD 288 billion, mainly due to higher trading portfolio assets in Equities, reflecting market-driven effects.

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

Corporate Center

Corporate Center[1]

USD million, except where indicated	As of or for the quarter ended			% change from	
	31.3.19	31.12.18	31.3.18	4Q18	1Q18
Results					
Total operating income	**47**	(423)	(101)		
of which: net treasury income	***124***	*(59)*	*(131)*		
of which: Non-core and Legacy Portfolio	***47***	*(26)*	*50*		*(6)*
Personnel expenses	**1,040**	1,069	965	(3)	8
General and administrative expenses	**697**	1,058	940	(34)	(26)
Depreciation and impairment of property, equipment and software	**420**	334	281	26	49
Amortization and impairment of intangible assets	**0**	0	0		
Total operating expenses before allocations to / from BDs	**2,157**	2,461	2,186	(12)	(1)
Services (to) / from business divisions	**(2,095)**	(2,367)	(2,195)	(11)	(5)
of which: services to Global Wealth Management	***(938)***	*(1,050)*	*(981)*	*(11)*	*(4)*
of which: services to Personal & Corporate Banking	***(320)***	*(361)*	*(351)*	*(11)*	*(9)*
of which: services to Asset Management	***(128)***	*(150)*	*(143)*	*(15)*	*(10)*
of which: services to Investment Bank	***(722)***	*(820)*	*(738)*	*(12)*	*(2)*
Total operating expenses	**62**	95	(9)	(35)	
of which: Non-core and Legacy Portfolio	***43***	*65*	*56*	*(33)*	*(23)*
Operating profit / (loss) before tax	**(15)**	(518)	(92)	(97)	(84)
Adjusted results[2]					
Total operating income as reported	**47**	(423)	(101)		
of which: remeasurement loss related to UBS Securities China		*(270)*			
Total operating income (adjusted)	**47**	(154)	(101)		
Total operating expenses as reported	**62**	95	(9)	(35)	
of which: personnel-related restructuring expenses[3]	***14***	*70*	*50*		
of which: non-personnel-related restructuring expenses[3]	***10***	*87*	*53*		

of which: restructuring expenses allocated from Corporate Center[3]	***(27)***	*(157)*	*(99)*		
of which: gain related to changes to the Swiss pension plan			*(122)*		
Total operating expenses (adjusted)	**63**	95	109	(33)	(42)
Operating profit / (loss) before tax as reported	**(15)**	(518)	(92)	(97)	(84)
Operating profit / (loss) before tax (adjusted)	**(17)**	(248)	(211)	(93)	(92)
Additional information					
Average attributed equity (USD billion)[4]	**14.5**	13.6	13.9	6	5
Risk-weighted assets (USD billion)[4]	**29.0**	28.1	29.7	3	(2)
Leverage ratio denominator (USD billion)[4]	**79.9**	86.5	84.0	(8)	(5)
Personnel (full-time equivalents)	**31,220**	30,581	26,766	2	17

1 Comparative figures in this table have been restated for the changes in Corporate Center cost and resource allocation to the business divisions and the changes in the equity attribution framework. Refer to the “Recent developments” section and “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information. Comparatives may additionally differ due to adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 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.

Corporate Center

Results: 1Q19 vs 1Q18

Corporate Center recorded a loss before tax of USD 15 million compared with a loss of USD 92 million in the prior-year quarter, and an adjusted loss before tax of USD 17 million compared with a loss of USD 211 million.

Operating income

Operating income was positive USD 47 million compared with negative USD 101 million. An increase in net treasury income of USD 255 million was partly offset by slightly lower net income from Non-core and Legacy Portfolio and a decrease in other Corporate Center revenues, driven mainly by higher funding costs relating to Corporate Center balance sheet assets, most of which were allocated to the business divisions through the line ”Services (to) / from business divisions.” These costs included additional interest expenses related to right-of-use assets as a result of the adoption of IFRS 16, *Leases*, effective from 1 January 2019.

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

Net treasury income

The net treasury income result was positive USD 124 million in the first quarter of 2019 compared with negative USD 131 million.

This included negative revenues of USD 19 million relating to centralized Group Treasury risk management services (previously called total risk management net income after allocations), compared with negative revenues of USD 89 million.

Revenues from accounting asymmetries related to economic hedges and the mark-to-market effects from certain internal funding transactions were positive USD 80 million compared with positive USD 5 million.

Income related to hedge accounting ineffectiveness was positive USD 60 million compared with negative USD 55 million. The prior-year quarter was negatively affected by increases in the London Interbank Offered Rate (LIBOR) rates and overnight index swap (OIS) rates and a widening of the spread between the rates. The first quarter of 2019 was positively affected by decreases in rates and a tightening of the spread.

Operating income from Non-core and Legacy Portfolio

The operating income from Non-core and Legacy Portfolio was USD 47 million compared with USD 50 million. The first quarter of 2019 included valuation gains on financial assets measured at fair value through profit or loss and gains related to the unwinding of certain transactions.

Operating expenses

Operating expenses before service allocations to / from business divisions

Before service allocations to business divisions, total operating expenses decreased by USD 29 million to USD 2,157 million, for reasons including favorable currency effects and lower restructuring costs. The first quarter of 2018 included a credit of USD 122 million related to changes to our Swiss pension plan. Adjusted operating expenses before allocations decreased by USD 73 million, or 3%, to USD 2,132 million.

Personnel expenses increased by USD 75 million to USD 1,040 million, mainly due to the credit of USD 122 million in the first quarter of 2018 related to changes to our Swiss pension plan, partly offset by lower restructuring costs. On an adjusted basis, personnel expenses decreased by USD 11 million or 1%, to USD 1,026 million, mainly driven by lower variable compensation and favorable currency movements, partly offset by continued insourcing of certain activities and staff from third-party vendors to our Business Solutions Centers.

General and administrative expenses decreased by USD 243 million to USD 697 million and on an adjusted basis decreased by USD 196 million to USD 691 million. This was mainly due to the adoption of IFRS 16 resulting in lower rental costs, a reduction in outsourcing costs following the aforementioned insourcing of certain activities and staff, and lower professional fees, as well as favorable currency movements.

Depreciation expenses increased to USD 420 million from USD 281 million, primarily reflecting higher depreciation charges related to right-of-use assets resulting from the adoption of IFRS 16 and increased amortization expenses for internally generated capitalized software.

Services to / from business divisions

Corporate Center allocated net expenses of USD 2,095 million to the business divisions, compared with USD 2,195 million. Adjusted allocated net expenses for services to business divisions were USD 2,069 million compared with USD 2,096 million, mainly reflecting the aforementioned movements in operating expenses before allocations, partly offset by the allocation of certain funding costs, including additional interest expenses relating to the adoption of IFRS 16.

Operating expenses after service allocations to / from business divisions

Corporate Center retains costs mainly related to our legal entity transformation program and other costs not attributable to, or representative of the performance of, the business divisions. Total operating expenses remaining in Corporate Center after allocations were USD 62 million compared with negative USD 9 million, which included the aforementioned credit related to changes to our Swiss pension plan, and USD 63 million on an adjusted basis compared with USD 109 million, mainly related to the allocation of the funding costs recorded under operating income.

Personnel: 1Q19 vs 4Q18

As of 31 March 2019, Corporate Center employed 31,220 personnel (full-time equivalents), a net increase of 639 compared with 31 December 2018. The increase was primarily due to the continued insourcing of certain activities from third-party vendors to our Business Solutions Centers, mainly in Group Technology. At the same time, we have seen a decrease of 1,256 in external staff.

Table of contents

37 **Risk management and control**
37 Credit risk
37 Market risk
38 Country risk
38 Operational risk
39 Key risk metrics

42 **Balance sheet, liquidity and funding management**
42 Strategy, objectives and governance
42 Assets and liquidity management
43 Liabilities and funding management

46 **Capital management**
47 Swiss SRB requirements and information
48 Total loss-absorbing capacity
52 Risk-weighted assets
54 Leverage ratio denominator
56 Equity attribution and return on attributed equity
58 UBS shares

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 2018.

Credit risk

Total net credit loss expenses were USD 20 million in the first quarter of 2019, mainly in the Investment Bank, reflecting losses of USD 15 million from credit-impaired (stage 3) positions and USD 5 million in expected credit losses from stage 1 and 2 positions.

Overall credit risk exposures were broadly unchanged during the first quarter of 2019.

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's 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.

Market risk

We continued to manage market risks at generally low levels of management value-at-risk (VaR). Average management VaR
(1-day, 95% confidence level) remained unchanged, at USD 11 million, compared with the fourth quarter of 2018. Average regulatory VaR and stressed VaR decreased in the first quarter. This decrease was driven by the Investment Bank's Equities business due to a reduction in market volatility, a decrease in client activity and an overall reduction in credit exposure in the Foreign Exchange, Rates and Credit business.

There were no Group VaR negative backtesting exceptions in the first quarter of 2019, and the total number of negative backtesting exceptions within the most recent 250-business-day window remained at 2. The FINMA VaR multiplier for market risk RWA was unchanged compared with the prior quarter, at 3.

As of 31 March 2019, the interest rate sensitivity of our banking book to a +1 basis point parallel shift in yield curves was positive USD 1.1 million, compared with positive USD 1.0 million as of 31 December 2018.

→ **Refer to "Interest rate risk in the banking book" in the "Market risk" section of our Annual Report 2018 for more information on the management of interest rate risk in the banking book**

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 USD 26 million as of 31 March 2019. 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 cash flow hedges is not recognized for the purpose 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 increases in 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 is limited, although we have significant country risk exposure to major European economies, including the UK, Germany and France. The UK's process of exiting the EU, as well as Italy's deficit and tensions between Italy and the EU are still areas of concern.

→ **Refer to the "Recent developments" section of this report for more information on the UK's withdrawal from the EU**

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

We also continue to closely monitor our direct exposure to China. In addition, a number of emerging markets are facing economic, political and market pressures. Our exposure to emerging market countries is well diversified.

→ **Refer to the "Risk management and control" section of our Annual Report 2018 for more information**

Operational risk

Operational resilience, conduct and culture, and financial crime continue to be the pervasive consequential risk themes challenging both UBS and the financial industry.

Operational resilience remains a key focus for the firm as we continually enhance our ability to respond to disruptions and maintain effective day-to-day business activities. Cybersecurity and data protection are critical elements of operational resilience, and our cybersecurity objectives are set in line with prevailing international standards, while our data protection standards are intended to align with applicable data protection regulations and standards. We are investing in preemptive and detective measures to defend against evolving and highly sophisticated cyberattacks, to achieve our objectives and meet applicable standards. Our investment priorities focus on increasing readiness to detect and respond to cyber threats and data loss, employee training and behaviors, and application and infrastructure security (including vulnerability management).

Financial crime (including money laundering, terrorist financing, sanctions violations, fraud, bribery and corruption) continues to present a risk, as technological innovation and geopolitical developments increase the complexity of doing business and heightened regulatory attention persists. An effective financial crime prevention program remains essential for the firm. Money laundering and financial fraud techniques are becoming increasingly sophisticated, while geopolitical volatility makes the sanctions landscape more complex. We continue to invest heavily in our detection capabilities and core systems as part of our financial crime prevention program, with a focus on improving these to meet regulatory expectations, including to address the requirements of the May 2018 cease and desist order issued by the Office of the Comptroller of the Currency relating to our US branch know-your-customer and AML programs.

Management of conduct risk is an integral part of our operational risk framework. In managing conduct risk, we are focusing on embedding the framework, enhancing management information and maintaining the momentum of improving culture. Conduct-related management information is reviewed at the business and regional governance level, providing metrics on employee conduct, clients and markets. Furthermore, we continue to pursue behavioral initiatives, such as the “Principles of Good Supervision,” and provide mandatory compliance and risk training.

We maintain our focus on regulatory reporting, updating our regulatory process management framework and enhancing our regulatory developments tracking, as well as continuing to enhance our operational risk framework (ORF) assessment processes, including legal entity reporting, to meet evolving regulatory expectations.

Key risk metrics

Banking and traded products exposure in our business divisions and Corporate Center

	31.3.19					
USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center	Group
Banking products[1]						
Gross exposure (IFRS 9)	243,592	184,219	3,016	54,513	28,959	514,299
of which: loans and advances to customers (on-balance sheet)	*169,600*	*132,020*	*0*	*9,593*	*8,171*	*319,383*
of which: guarantees and loan commitments (off-balance sheet)	*6,060*	*19,718*	*0*	*19,245*	*331*	*45,353*
Traded products[2, 3]						
Gross exposure	9,038	953	0	33,850		43,840
of which: over-the-counter derivatives	*5,979*	*866*	*0*	*9,324*		*16,169*
of which: securities financing transactions	*190*	*0*	*0*	*17,943*		*18,133*
of which: exchange-traded derivatives	*2,868*	*86*	*0*	*6,584*		*9,539*
Other credit lines, gross[4]	7,422	23,513	0	2,305	139	33,379
Total credit-impaired exposure, gross (stage 3)[1]	583	1,848	0	127	433	2,991
Total allowances and provisions for expected	216	677	0	132	27	1,052

credit losses (stages 1 to 3)						
of which: stage 1	***57***	***78***	***0***	***45***	***2***	***182***
of which: stage 2	***35***	***138***	***0***	***5***	***0***	***179***
of which: stage 3 (allowances and provisions for credit-impaired exposures)	***123***	***461***	***0***	***82***	***25***	***691***

	31.12.18					
USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center	Group
Banking products[1]						
Gross exposure (IFRS 9)	239,835	186,802	2,751	59,980	28,357	517,725
of which: loans and advances to customers (on-balance sheet)	*170,413*	*133,253*	*7*	*9,090*	*8,362*	*321,125*
of which: guarantees and loan commitments (off-balance sheet)	*6,111*	*20,609*	*0*	*22,290*	*348*	*49,358*
Traded products[2, 3]						
Gross exposure	10,606	873	0	30,771		42,250
of which: over-the-counter derivatives	*5,960*	*762*	*0*	*9,441*		*16,163*
of which: securities financing transactions	*153*	*0*	*0*	*16,004*		*16,157*
of which: exchange-traded derivatives	*4,494*	*111*	*0*	*5,325*		*9,930*
Other credit lines, gross[4]	10,345	22,994	0	3,202	94	36,634
Total credit-impaired exposure, gross (stage 3)[1]	625	1,974	0	140	415	3,154

Total allowances and provisions for expected credit losses (stages 1 to 3)	223	697	0	108	26	1,054
of which: stage 1	*62*	*78*	*0*	*34*	*3*	*176*
of which: stage 2	*34*	*146*	*0*	*3*	*0*	*183*
of which: stage 3 (allowances and provisions for credit-impaired exposures)	*127*	*474*	*0*	*71*	*23*	*695*

1 IFRS 9 gross exposure including other financial assets at amortized cost, but excluding cash, receivables from securities financing transactions, cash collateral receivables on derivative instruments, financial assets at FVOCI, irrevocable committed prolongation of existing loans and unconditionally revocable committed credit lines and forward starting reverse repurchase and securities borrowing agreements. 2 Internal management view of credit risk, which differs in certain respects from IFRS. 3 As counterparty risk for traded products is managed at counterparty level, no further split between exposures in the Investment Bank and Corporate Center is provided. 4 Unconditionally revocable committed credit lines.

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

	Global Wealth Management		Personal & Corporate Banking	
USD million	**31.3.19**	31.12.18	**31.3.19**	31.12.18
Secured by residential property	**51,774**	51,251	**95,984**	96,841
Secured by commercial / industrial property	**2,297**	2,233	**16,805**	16,887
Secured by cash	**14,191**	15,529	**1,424**	1,467
Secured by securities	**91,142**	90,946	**1,751**	1,647
Secured by guarantees and other collateral	**9,388**	9,469	**5,411**	5,754
Unsecured loans and advances to customers	**807**	986	**10,645**	10,657
Total loans and advances to customers, gross	**169,600**	170,413	**132,020**	133,253
Allowances	**(101)**	(102)	**(564)**	(594)
Total loans and advances to customers, net of allowances	**169,500**	170,312	**131,455**	132,659

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

Corporate Center by general market risk type[1]

					Average by risk type				
USD 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	**7**	**13**	**13**	**10**	**6**	**7**	**4**	**3**	**2**
Corporate Center	**4**	**6**	**5**	**5**	**1**	**4**	**2**	**1**	**0**
Diversification effect[2,3]			**(4)**	**(4)**	**(1)**	**(4)**	**(2)**	**(1)**	**0**
Total as of 31.3.19	**7**	**15**	**15**	**11**	**6**	**8**	**4**	**4**	**2**
Total as of 31.12.18	7	15	12	11	7	7	6	3	2

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 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, it is not meaningful to calculate a portfolio diversification effect.

Interest rate sensitivity – banking book[1]

USD million	–200 bps	–100 bps	+1 bp	+100 bps	+200 bps
CHF	**(6.8)**	**(6.8)**	**1.6**	**158.0**	**315.4**
EUR	**(113.2)**	**(114.9)**	**(0.3)**	**(26.9)**	**(51.8)**
GBP	**(37.0)**	**(43.9)**	**0.1**	**12.7**	**23.7**
USD	**(281.1)**	**(105.0)**	**(0.3)**	**(143.2)**	**(400.7)**
Other	**15.7**	**6.9**	**(0.1)**	**(7.4)**	**(13.8)**
Total effect on fair value of interest rate-sensitive banking book positions as of 31.3.19	**(422.4)**	**(263.8)**	**1.1**	**(6.9)**	**(127.2)**
Total effect on fair value of interest rate-sensitive banking book positions as of 31.12.18	(611.1)	(298.5)	1.0	33.4	13.6

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

USD million	31.3.19							31.12.18	
	Banking products, gross[1]		Traded products		Trading inventory	Total		Total	
	Before hedges	Net of hedges	Before hedges	Net of hedges	Net long per issuer		Net of hedges		Net of hedges
Austria	**81**	**79**	**93**	**30**	**195**	**369**	**305**	379	298
Belgium	**362**	**358**	**110**	**110**	**46**	**518**	**514**	425	420
Finland	**13**	**13**	**112**	**112**	**90**	**215**	**215**	310	310
France	**459**	**457**	**1,104**	**1,012**	**1,473**	**3,036**	**2,941**	3,475	3,381
Greece	**8**	**3**	**0**	**0**	**3**	**12**	**6**	6	4
Ireland[2]	**246**	**239**	**40**	**40**	**635**	**921**	**914**	1,100	1,093
Italy	**730**	**637**	**278**	**249**	**172**	**1,181**	**1,058**	1,181	1,041
Portugal	**26**	**26**	**22**	**21**	**3**	**52**	**50**	27	27
Spain	**396**	**395**	**39**	**39**	**245**	**680**	**678**	635	633
Other[3]	**281**	**260**	**3**	**3**	**33**	**317**	**296**	307	290
Total	**2,604**	**2,466**	**1,802**	**1,617**	**2,895**	**7,300**	**6,978**	7,845	7,497

1 Before deduction of IFRS 9 ECL allowances and provisions. 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.

41

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 2018, 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.

Assets and liquidity management

Balance sheet assets (31 March 2019 vs 31 December 2018)

As of 31 March 2019, balance sheet assets totaled USD 957 billion, a decrease of USD 2 billion from 31 December 2018. Total assets excluding derivatives and cash collateral receivables on derivative instruments increased by USD 12 billion to USD 820 billion, mainly driven by increases in trading portfolio assets, non-financial assets and financial assets for unit-linked investment contracts, and securities financing transactions at amortized cost, partly offset by a decrease in other financial assets measured at amortized cost and fair value.

Derivatives and cash collateral receivables on derivative instruments decreased by USD 13 billion, primarily in the Investment Bank, reflecting lower embedded spreads on new trades compared to those rolling off in our Equities and Foreign Exchange, Rates and Credit businesses. Other financial assets measured at amortized cost and fair value decreased by USD 4 billion, mainly relating to a reduction in receivables for securities financing transactions measured at fair value, as well as transfers into cash within our high-quality liquid assets (HQLA) portfolio. Lending assets decreased by USD 2 billion, driven by Global Wealth Management and Personal & Corporate Banking, mainly reflecting currency effects.

These decreases were partly offset by a USD 5 billion increase in trading portfolio assets, primarily in the Investment Bank, mainly reflecting increases in economic hedges of long-term debt issued measured at fair value in our Equities business and higher client activity in fixed income products in our Foreign Exchange, Rates and Credit business. Non-financial assets and financial assets for unit-linked investment contracts increased by USD 5 billion, driven in part by the recognition of USD 3.4 billion of right-of-use assets with the adoption of IFRS 16, as well as by a USD 2.5 billion increase in assets held to hedge unit-linked investment contracts, reflecting fair value changes. Receivables from securities financing transactions held at amortized cost increased by USD 5 billion, mainly relating to increased client activity in our Equities business. Cash and balances at central banks increased by USD 2 billion, primarily driven by an increase in deposits and reduced funding consumption by the business divisions.

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

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

Assets

	As of		% change from
USD billion	**31.3.19**	31.12.18	31.12.18
Cash and balances at central banks	**110.6**	108.4	2
Lending[1]	**335.6**	337.2	0
Securities financing transactions at amortized cost	**100.2**	95.3	5
Trading portfolio[2]	**109.6**	104.4	5
Derivatives and cash collateral receivables on derivative instruments	**136.3**	149.8	(9)
Brokerage receivables	**16.3**	16.8	(3)
Other financial assets at AC / FV[3]	**86.9**	90.5	(4)
Non-financial assets and financial assets for unit-linked investment contracts	**61.0**	56.1	9
Total assets	**956.6**	**958.5**	**0**

1 Consists of loans and advances to banks and customers. 2 Consists of financial assets at fair value held for trading. 3 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 and cash collateral receivables on derivative instruments.

Liquidity coverage ratio

In the first quarter of 2019, the UBS Group liquidity coverage ratio (LCR) increased by 17 percentage points to 153%, remaining above the 110% Group LCR minimum communicated by the Swiss Financial Market Supervisory Authority (FINMA). The LCR increase was primarily driven by additional HQLA relating to higher average cash balances, reflecting higher deposit volumes and reduced funding consumption by the business divisions, as well as lower net cash outflows, mainly from secured financing transactions, driven by additional inflows from excess cash investments and lower outflows from client activity.

→ **Refer to the "Treasury management" section of our Annual Report 2018 for more information on liquidity management and the liquidity coverage ratio**

Liquidity coverage ratio

USD billion, except where indicated	**Average 1Q19[1]**	Average 4Q18[1]
High-quality liquid assets[2]		
Cash balances[3]	**115**	96
Securities (on- and off-balance sheet)	**71**	78
Total high-quality liquid assets[4]	**186**	173
Cash outflows[5]		
Retail deposits and deposits from small business customers	**27**	26
Unsecured wholesale funding	**103**	102
Secured wholesale funding	**73**	76
Other cash outflows	**42**	42
Total cash outflows	**246**	246
Cash inflows[5]		
Secured lending	**84**	79
Inflows from fully performing exposures	**29**	29
Other cash inflows	**11**	10
Total cash inflows	**124**	119
Liquidity coverage ratio		
High-quality liquid assets	**186**	173
Net cash outflows	**122**	127
Liquidity coverage ratio (%)	**153**	136

1 Calculated based on an average of 63 data points in the first quarter of 2019 and 64 data points in the fourth 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 (31 March 2019 vs 31 December 2018)

Total liabilities decreased by USD 3 billion to USD 903 billion as of 31 March 2019. Total liabilities excluding derivatives and cash collateral increased to USD 762 billion as of 31 March 2019 from USD 751 billion as of 31 December 2018.

Derivatives and cash collateral payables on derivative instruments decreased by USD 14 billion, in line with the aforementioned decrease in derivative financial assets and cash collateral receivables. Short-term borrowings decreased by USD 9 billion, mainly reflecting net maturities and redemptions of commercial paper and certificates of deposit. Securities financing transactions at amortized cost decreased by USD 5 billion, mainly reflecting reduced funding needs in asset-sourcing and firm-financing activities.

Long-term debt issued increased by USD 13 billion, primarily related to a USD 10 billion increase in debt issued designated at fair value in the Investment Bank, driven by client activity and mark-to-market effects. Long-term debt issued measured at amortized cost increased by USD 3 billion, reflecting the issuance of a USD 2.5 billion US dollar-denominated high-trigger loss-absorbing additional tier 1 capital instrument and USD 0.4 billion-equivalent Swiss franc-denominated senior unsecured debt that contributes to our total loss-absorbing capacity (TLAC). Customer deposits increased by USD 6 billion, predominantly in Global Wealth Management. Trading portfolio liabilities increased by USD 5 billion, driven by both increased client activity and mark-to-market effects in the Investment Bank.

Other financial liabilities at amortized cost and fair value were stable at USD 19 billion. Upon adoption of IFRS 16, an increase in lease liabilities of USD 4 billion was recognized. This effect was largely offset by a decrease in payables for securities financing transactions measured at fair value.

The “Funding by product and currency” table in this section provides 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**

Balance sheet, liquidity and funding management

Equity

Equity attributable to shareholders increased to USD 53,667 million as of 31 March 2019 from USD 52,928 million as of 31 December 2018.

Total comprehensive income attributable to shareholders was USD 1,037 million, reflecting net profit of USD 1,141 million and negative other comprehensive income (OCI) of USD 104 million. OCI included negative OCI related to own credit of USD 318 million, negative defined benefit plan OCI of USD 179 million and negative foreign currency translation OCI of USD 128 million. These effects were partly offset by positive cash flow hedge OCI of USD 459 million and positive OCI related to debt instruments measured at fair value of USD 62 million.

Share premium decreased by USD 708 million, mainly due to the delivery of treasury shares under share-based compensation plans.

Net treasury share activity increased equity attributable to shareholders by USD 421 million, reflecting the aforementioned delivery of treasury shares, partly offset by the purchase of shares from the market in order to hedge future share delivery obligations related to employee share-based compensation awards.

The effect of adopting IFRIC 23, *Uncertainty over Income Tax Treatments*, decreased equity attributable to shareholders by USD 11 million.

We expect that the payment of the proposed CHF 0.70 dividend per share, which is subject to approval by the Annual General Meeting of Shareholders on 2 May 2019, will reduce equity attributable to shareholders by approximately USD 2.6 billion in the second quarter of 2019, subject to the CHF / USD exchange rate on 2 May 2019.

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

→ **Refer to “Note 1 Basis of accounting” in the “Consolidated financial statements” section of this report for more information on the adoption of IFRIC 23**

→ **Refer to the “UBS Group AG standalone financial statements” section of our Annual Report 2018 for more information on the proposed dividend for the financial year 2018**

Liabilities and equity

	As of		% change from
USD billion	**31.3.19**	31.12.18	31.12.18
Short-term borrowings[1]	**41.1**	50.0	(18)
Securities financing transactions at amortized cost	**5.2**	10.3	(49)
Customer deposits	**425.9**	419.8	1
Long-term debt issued[2]	**163.0**	150.3	8

Trading portfolio[3]	**34.3**	28.9	18
Derivatives and cash collateral payables on derivative instruments	**141.1**	154.6	(9)
Brokerage payables	**39.3**	38.4	2
Other financial liabilities at AC / FV[4]	**18.5**	18.8	(2)
Non-financial liabilities and amounts due under unit-linked investment contracts	**34.2**	34.2	0
Total liabilities	**902.7**	905.4	0
Share capital	**0.3**	0.3	0
Share premium	**20.1**	20.8	(3)
Treasury shares	**(2.2)**	(2.6)	(16)
Retained earnings	**31.1**	30.4	2
Other comprehensive income[5]	**4.3**	3.9	10
Total equity attributable to shareholders	**53.7**	52.9	1
Equity attributable to non-controlling interests	**0.2**	0.2	(1)
Total equity	**53.8**	53.1	1
Total liabilities and equity	**956.6**	958.5	0

1 Consists of short-term debt issued measured at amortized cost and amounts due to banks. 2 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. 3 Consists of financial liabilities at fair value held for trading. 4 Consists of other financial liabilities measured at amortized cost and other financial liabilities designated at fair value, but excludes amounts due under unit-linked investment contracts. 5 Excludes defined benefit plans and own credit that are recorded directly in Retained earnings.

Off-balance sheet[1]

	As of		% change from
USD billion	**31.3.19**	31.12.18	31.12.18
Total guarantees[2]	**16.5**	17.0	(3)
Loan commitments[2]	**33.6**	34.1	(1)
Forward starting reverse repurchase agreements	**31.3**	9.0	248
Forward starting repurchase agreements	**16.0**	8.3	93

1 The information provided in this table is aligned with the scope disclosed in "Note 17 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 (31 March 2019 vs 31 December 2018)

Forward starting reverse repurchase agreements and forward starting repurchase agreements increased by USD 22 billion and USD 8 billion, respectively, primarily in Corporate Center, reflecting higher market activity on the back of a seasonally low year-end period in 2018. Guarantees and Loan commitments each decreased by USD 0.5 billion, primarily in Personal & Corporate Banking.

Pro forma net stable funding ratio

USD billion, except where indicated	**31.3.19**	31.12.18
Available stable funding	**474**	469
Required stable funding	**432**	426
Pro forma net stable funding ratio (%)	**110**	110

Net stable funding ratio

As of 31 March 2019, our estimated pro forma net stable funding ratio (NSFR) was 110%, unchanged from 31 December 2018, primarily reflecting a USD 5 billion increase in available stable funding, mainly driven by an increase in deposits and debt issuances, offset by a USD 6 billion increase in required stable funding, mainly due to an increase in trading 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 2018 for more information on the net stable funding ratio**

Funding by product and currency

	USD billion		As a percentage of total funding sources (%							
	All currencies		All currencies		USD		CHF		EUR	
	31.3.19	31.12.18	31.3.19	31.12.18	31.3.19	31.12.18	31.3.19	31.12.18	31.3.19	31.1
Short-term borrowings	**41.1**	50.0	**5.8**	7.2	**3.0**	4.0	**0.4**	0.5	**1.5**	
of which: due to banks	***9.1***	*11.0*	***1.3***	*1.6*	***0.3***	*0.5*	***0.4***	*0.4*	***0.2***	
of which: short-term debt issued[1]	***32.0***	*39.0*	***4.5***	*5.6*	***2.7***	*3.5*	***0.0***	*0.0*	***1.3***	
Securities financing transactions	**5.2**	10.3	**0.7**	1.5	**0.6**	1.2	**0.0**	0.0	**0.0**	
Cash collateral payables on derivative instruments	**30.3**	28.9	**4.3**	4.1	**2.0**	1.9	**0.1**	0.1	**1.5**	
Customer deposits	**425.9**	419.8	**60.4**	60.2	**20.4**	20.5	**26.2**	26.0	**8.1**	
of which: demand deposits	***179.9***	*181.9*	***25.5***	*26.1*	***5.7***	*5.8*	***9.9***	*9.9*	***6.5***	
of which: retail savings / deposits	***162.2***	*165.8*	***23.0***	*23.8*	***6.9***	*7.8*	***15.3***	*15.2*	***0.8***	
of which: time deposits	***61.7***	*53.6*	***8.8***	*7.7*	***5.9***	*4.9*	***0.8***	*0.8*	***0.1***	
of which: fiduciary deposits	***22.2***	*18.6*	***3.1***	*2.7*	***1.9***	*2.0*	***0.2***	*0.1*	***0.8***	
Long-term debt issued[2]	**163.0**	150.3	**23.1**	21.5	**13.3**	6.8	**2.1**	1.4	**5.2**	
Brokerage payables	**39.3**	38.4	**5.6**	5.5	**3.9**	3.8	**0.1**	0.1	**0.5**	
Total	**704.9**	697.7	**100.0**	100.0	**43.1**	38.2	**28.9**	28.0	**16.9**	1

1 Short-term debt issued is comprised of certificates of deposit, commercial paper, acceptances and p other money market paper. 2 Long-term debt issued also includes debt with a remaining time to ma 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 2018, 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 consolidated and standalone, UBS Switzerland AG standalone, UBS Europe SE consolidated and UBS Americas Holding LLC consolidated is provided in our 31 March 2019 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 first quarter 2019 report, which will be available as of 30 April 2019 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 2018, 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 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*, and in our 31 March 2019 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 31 March 2019.

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

	Swiss SRB, including transitional arrangements						
As of 31.3.19	**RWA**				**LRD**		
USD million, except where indicated	**Requirement (%)**	**Actual (%)**	**Requirement**	**Eligible**	**Requirement (%)**	**Actual (%)**	**Requirement**
Common equity tier 1 capital	9.99	12.95	26,730	34,658	3.20	3.80	29,152
Maximum high-trigger loss-absorbing additional tier 1 capital[2,3]	3.90	7.77	10,435	20,790	1.30	2.28	11,843
of which: high-trigger loss-absorbing additional tier 1 capital		*4.63*		*12,397*		*1.36*	
of which: low-trigger loss-absorbing additional tier 1 capital		*0.89*		*2,381*		*0.26*	
of which: low-trigger loss-absorbing tier 2 capital		*2.25*		*6,012*		*0.66*	
	13.89[4]	**20.72**	**37,165**	**55,448**	**4.50[5]**	**6.09**	**40,995**

Total going concern capital							
Base gone concern loss-absorbing capacity, including applicable add-ons and rebate	9.74[6]	11.97	26,071	32,020	3.36[6]	3.51	30,609
Total gone concern loss-absorbing capacity	**9.74**	**11.97**	**26,071**	**32,020**	**3.36**	**3.51**	**30,609**
Total loss-absorbing capacity	**23.63**	**32.69**	**63,236**	**87,468**	**7.86**	**9.60**	**71,604**

	Swiss SRB as of 1.1.20						
As of 31.3.19	RWA				LRD		
USD million, except where indicated	Requirement (%)	Actual (%)	Requirement	Eligible	Requirement (%)	Actual (%)	Requirement
Common equity tier 1 capital	10.31	12.95	27,586	34,658	3.50	3.80	31,885
Maximum high-trigger loss-absorbing additional tier 1 capital[2]	4.30	5.52	11,505	14,778	1.50	1.62	13,665
of which: high-trigger loss-absorbing additional tier 1 capital		*4.63*		*12,397*		*1.36*	
of which: low-trigger loss-absorbing additional tier 1 capital		*0.89*		*2,381*		*0.26*	
Total going concern capital	**14.61[7]**	**18.48**	**39,091**	**49,436**	**5.00[8]**	**5.43**	**45,550**
Base gone concern loss-absorbing capacity, including applicable add-ons and rebate/reduction	10.74[9]	14.21	28,742	38,032	3.83[9]	4.17	34,865

Total gone concern loss-absorbing capacity	**10.74**	**14.21**	**28,742**	**38,032**	**3.83**	**4.17**	**34,865**
Total loss-absorbing capacity	**25.35**	**32.69**	**67,834**	**87,468**	**8.83**	**9.60**	**80,415**

1 This table includes a rebate equal to 40% of the maximum rebate on the gone concern requirement was granted by FINMA and will be phased in until 1 January 2020, plus an additional reduction of 1.27 RWA requirement and 0.37% for the LRD requirement, respectively under Swiss SRB as of 1.1.20 rule usage of low-trigger tier 2 capital instruments to fulfill gone concern requirements. 2 Includes outst low-trigger loss-absorbing additional tier 1 (AT1) capital instruments, which are available under the tr rules of the Swiss SRB framework to meet the going concern requirements until their first call date, e first call date is after 31 December 2019. As of their first call date, these instruments are eligible to m gone concern requirements. 3 Includes outstanding high- and low-trigger loss-absorbing tier 2 capit instruments, which are available under the transitional rules of the Swiss SRB framework to meet the concern requirements until the earlier of (i) their maturity or first call date or (ii) 31 December 2019, meet gone concern requirements thereafter. Outstanding low-trigger loss-absorbing tier 2 capital inst are subject to amortization starting five years prior to their maturity, with the amortized portion quali gone concern loss-absorbing capacity. Instruments available to meet gone concern requirements are until one year before maturity, with a haircut of 50% applied in the last year of eligibility. 4 Consists minimum capital requirement of 8% and a buffer capital requirement of 5.89%, including the effect o countercyclical buffers of 0.31%. 5 Consists of a minimum leverage ratio requirement of 3% and a b leverage ratio requirement of 1.5%. 6 Includes applicable add-ons of 1.08% for RWA and 0.38% for applicable rebate of 1.86% for RWA and 0.64% for LRD. 7 Consists of a minimum capital requireme and a buffer capital requirement of 6.61%, including the effect of countercyclical buffers of 0.31% an applicable add-ons of 1.44%. 8 Consists of a minimum leverage ratio requirement of 3% and a buffe leverage ratio requirement of 2%, including applicable add-ons of 0.5%. 9 Includes applicable add-o 1.44% for RWA and 0.5% for LRD and applicable rebate/reduction of 3.56% for RWA and 1.17% for LR

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, which will be effective as of 1 January 2020. 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 2018.

Swiss SRB going and gone concern information

	Swiss SRB, including transitional arrangements		Swiss SRB as of 1.1.20	
USD million, except where indicated	**31.3.19**	31.12.18	**31.3.19**	31.12.18
Going concern capital				
Common equity tier 1 capital	**34,658**	34,119	**34,658**	34,119
High-trigger loss-absorbing additional tier 1 capital	**12,397**	9,790	**12,397**	9,790
Low-trigger loss-absorbing additional tier 1 capital	**2,381**	2,369	**2,381**	2,369
Total loss-absorbing additional tier 1 capital	**14,778**	12,160	**14,778**	12,160
Total tier 1 capital	**49,436**	46,279	**49,436**	46,279
Low-trigger loss-absorbing tier 2 capital[1]	**6,012**	6,008		
Total tier 2 capital	**6,012**	6,008		
Total going concern capital	**55,448**	52,287	**49,436**	46,279
Gone concern loss-absorbing capacity[2]				
Low-trigger loss-absorbing tier 2 capital[1]	**781**	771	**6,793**	6,779
Non-Basel III-compliant tier 2 capital[3]	**690**	693	**690**	693
Total tier 2 capital	**1,471**	1,464	**7,483**	7,471
TLAC-eligible senior unsecured debt	**30,548**	29,988	**30,548**	29,988
Total gone concern loss-absorbing capacity	**32,020**	31,452	**38,032**	37,460

Total loss-absorbing capacity				
Total loss-absorbing capacity	**87,468**	83,738	**87,468**	83,738
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets	**267,556**	263,747	**267,556**	263,747
Leverage ratio denominator	**910,993**	904,598	**910,993**	904,598
Capital and loss-absorbing capacity ratios (%)				
Going concern capital ratio	**20.7**	19.8	**18.5**	17.5
of which: common equity tier 1 capital ratio	***13.0***	*12.9*	***13.0***	*12.9*
Gone concern loss-absorbing capacity ratio	**12.0**	11.9	**14.2**	14.2
Total loss-absorbing capacity ratio	**32.7**	31.7	**32.7**	31.7
Leverage ratios (%)				
Going concern leverage ratio	**6.1**	5.8	**5.4**	5.1
of which: common equity tier 1 leverage ratio	***3.80***	*3.77*	***3.80***	*3.77*
Gone concern leverage ratio	**3.5**	3.5	**4.2**	4.1
Total loss-absorbing capacity leverage ratio	**9.6**	9.3	**9.6**	9.3

1 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. 2 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. 3 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 31 March 2019, our common equity tier 1 (CET1) capital increased by USD 0.5 billion to USD 34.7 billion, mainly as a result of higher operating profit before tax, partly offset by accruals for capital returns to shareholders. Our loss-absorbing additional tier 1 (AT1) capital increased by USD 2.6 billion to USD 14.8 billion as of 31 March 2019, following the issuance of a US dollar-denominated high-trigger additional tier 1 capital instrument.

→ **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 increased by USD 0.6 billion to USD 38.0 billion, primarily due to the issuance of USD 0.4 billion equivalent of total loss-absorbing capacity (TLAC)-eligible senior unsecured debt instruments denominated in Swiss francs.

→ **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 13.0%, reflecting a USD 0.5 billion increase in CET1 capital, partly offset by a USD 3.8 billion increase in RWA.

Our CET1 leverage ratio increased from 3.77% to 3.80% in the first quarter of 2019, reflecting the aforementioned increase in CET1 capital, partly offset by a USD 6 billion increase in the leverage ratio denominator (LRD).

Our gone concern loss-absorbing capacity ratio remained at 14.2% as increased loss absorbing capacity was offset mainly by the aforementioned increase in RWA. Our gone concern leverage ratio increased 0.1 percentage points to 4.2%, mainly resulting from the aforementioned increase in TLAC-eligible senior unsecured debt instruments.

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

USD million	**31.3.19**	31.12.18
Total IFRS equity	**53,840**	53,103

Equity attributable to non-controlling interests	**(173)**	(176)
Deferred tax assets recognized for tax loss carry-forwards	**(6,308)**	(6,107)
Deferred tax assets on temporary differences, excess over threshold	**(344)**	(586)
Goodwill, net of tax[1]	**(6,298)**	(6,514)
Intangible assets, net of tax	**(236)**	(251)
Compensation-related components (not recognized in net profit)	**(1,359)**	(1,652)
Expected losses on advanced internal ratings-based portfolio less provisions	**(379)**	(368)
Unrealized (gains) / losses from cash flow hedges, net of tax	**(564)**	(109)
Unrealized own credit related to financial liabilities designated at fair value, net of tax, and replacement values	**(51)**	(397)
Prudential valuation adjustments	**(104)**	(120)
Accruals for proposed dividends to shareholders for 2018	**(2,648)**	(2,648)
Other[2]	**(717)**	(56)
Total common equity tier 1 capital	**34,658**	34,119

1 Includes goodwill related to significant investments in financial institutions of USD 175 million (31 December 2018: USD 176 million) presented on the balance sheet line "Investments in associates." 2 Includes accruals for dividends to shareholders for the current year and other items.

49

Swiss SRB total loss-absorbing capacity movement

USD million	**Swiss SRB, including transitional arrangements**	**Swiss SRB as of 1.1.20**
Going concern capital		
Common equity tier 1 capital as of 31.12.18	**34,119**	**34,119**
Operating profit before tax	1,546	1,546
Current tax (expense) / benefit	(170)	(170)
Foreign currency translation effects	(102)	(102)
Defined benefit plans	(165)	(165)
Other	(570)	(570)
Common equity tier 1 capital as of 31.3.19	**34,658**	**34,658**
Loss-absorbing additional tier 1 capital as of 31.12.18	**12,160**	**12,160**
Issuance of high-trigger loss-absorbing additional tier 1 capital	2,534	2,534
Foreign currency translation and other effects	84	84
Loss-absorbing additional tier 1 capital as of 31.3.19	**14,778**	**14,778**
Tier 2 capital as of 31.12.18	**6,008**	
Foreign currency translation and other effects	4	
Tier 2 capital as of 31.3.19	**6,012**	
Total going concern capital as of 31.12.18	**52,287**	**46,279**
Total going concern capital as of 31.3.19	**55,448**	**49,436**
Gone concern loss-absorbing capacity		
Tier 2 capital as of 31.12.18	**1,464**	**7,471**
Foreign currency translation and other effects	8	12
Tier 2 capital as of 31.3.19	**1,471**	**7,483**
TLAC-eligible senior unsecured debt as of 31.12.18	**29,988**	**29,988**
Issuance of TLAC-eligible senior unsecured debt instruments	407	407
Foreign currency translation and other effects	154	154
TLAC-eligible senior unsecured debt as of 31.3.19	**30,548**	**30,548**
Total gone concern loss-absorbing capacity as of 31.12.18	**31,452**	**37,460**

Total gone concern loss-absorbing capacity as of 31.3.19	**32,020**	**38,032**
Total loss-absorbing capacity		
Total loss-absorbing capacity as of 31.12.18	**83,738**	**83,738**
Total loss-absorbing capacity as of 31.3.19	**87,468**	**87,468**

Additional information

Sensitivity to currency movements

Risk-weighted assets

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our RWA by USD 11 billion and our CET1 capital by USD 1.2 billion as of 31 March 2019 (31 December 2018: USD 11 billion and USD 1.2 billion, respectively) and reduced our CET1 capital ratio by 9 basis points (31 December 2018: 9 basis points). Conversely, we estimate that a 10% appreciation of the US dollar against other currencies would have reduced our RWA by USD 10 billion and our CET1 capital by USD 1.1 billion (31 December 2018: USD 10 billion and USD 1.1 billion, respectively) and increased our CET1 capital ratio by 9 basis points (31 December 2018: 9 basis points).

Leverage ratio denominator

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our LRD by USD 58 billion (31 December 2018: USD 57 billion) and reduced our Swiss SRB going concern leverage ratio by 18 basis points (31 December 2018: 15 basis points). Conversely, we estimate that a 10% appreciation of the US dollar against other currencies would have reduced our LRD by USD 52 billion (31 December 2018: USD 51 billion) and increased our Swiss SRB going concern leverage ratio by 18 basis points (31 December 2018: 16 basis points).

The aforementioned sensitivities do not consider foreign currency translation effects related to defined benefit plans other than those related to the currency translation of the net equity of foreign operations.

→ **Refer to “Active management of sensitivity to currency movements” in the “Capital management” section of our Annual Report 2018 for more information**

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 16 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 USD 4.6 billion as of 31 March 2019. 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 2018 for more information**

→ **Refer to “Note 16 Provisions and contingent liabilities” in the “Consolidated financial statements” section of this report for more information**

Capital management

Risk-weighted assets

During the first quarter of 2019, risk-weighted assets (RWA) increased by USD 3.8 billion to USD 267.6 billion, reflecting increases from model updates of USD 3.9 billion, methodology and policy changes of USD 3.8 billion and regulatory add-ons of USD 0.9 billion, partly offset by asset size and other movements of USD 3.8 billion and currency effects of USD 0.9 billion.

Movement in risk-weighted assets by key driver

USD billion	**RWA as of 31.12.18**	Currency effects	Methodology and policy changes	Model updates changes	/Regulatory add-ons	Asset size and other[1]	**RWA as of 31.3.19**
Credit and counterparty credit risk[2]	147.9	(0.9)	0.3	0.4	0.6	4.3	**152.7**
Non-counterparty-related risk	18.3	(0.1)	3.5			(0.2)	**21.5**
Market risk	20.0			0.7	0.3	(8.0)	**13.0**
Operational risk	77.6			2.8			**80.3**
Total	**263.7**	**(0.9)**	**3.8**	**3.9**	**0.9**	**(3.8)**	**267.6**

1 Includes the Pillar 3 categories “Asset size,” “Credit quality of counterparties,” “Acquisitions and disposals” and “Other.” Refer to the 31 March 2019 Pillar 3 report 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 USD 4.8 billion to USD 152.7 billion as of 31 March 2019.

The RWA increase from asset size and other movements of USD 4.3 billion was mainly driven by a USD 4.3 billion increase in the Investment Bank, primarily reflecting increases in traded loans and exposures in real estate financing within the Corporate Client Solutions business, as well as an increase in derivative exposures within the Foreign Exchange, Rates and Credit business.

A regulatory add-on of USD 0.6 billion was agreed with FINMA in the first quarter for certain portfolios awaiting the development of a formalized rating tool, resulting in an increase of USD 0.5 billion in Corporate Center, and USD 0.1 billion in the Investment Bank. In addition, RWA increased by USD 0.4 billion as a result of model updates, predominantly the continued phasing-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, affecting Personal & Corporate Banking and Global Wealth Management.

A further increase from methodology and policy changes of USD 0.3 billion was related to the removal of the expert rating approach applied for exposures with no approved rating methodology.

We anticipate that methodology changes and model updates, including the continued phase-in of RWA increases related to PD and LGD factors on Swiss mortgages, will increase credit and counterparty credit risk RWA by around USD 1.5 billion for the remainder of 2019, of which approximately USD 0.5 billion is expected in the second quarter of 2019. The extent and timing of RWA changes may vary as methodology changes and model updates are completed and receive regulatory approval, and as regulatory multipliers are adjusted. In addition, changes in the 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 2018 for more information**

Non-counterparty credit risk

Non-counterparty credit risk RWA increased by USD 3.2 billion to USD 21.5 billion as of 31 March 2019, primarily driven by an increase of USD 3.5 billion from the adoption of IFRS 16, *Leases*.

→ **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 USD 7.0 billion in the first quarter of 2019, driven by asset size and other movements resulting from lower average regulatory value-at-risk (VaR), stressed VaR and incremental risk charge (IRC) levels observed in the Investment Bank. This decrease was driven by the Equities business due to a reduction in market volatility as well as a decrease in client activity along with an overall reduction in credit exposure in the FRC business. This was partly offset by an increase of USD 0.7 billion, primarily related to the ongoing parameter update of the VaR model and VaR model changes as well as an increase from regulatory add-ons of USD 0.3 billion, reflecting updates from the monthly risks-not-in-VaR assessment.

→ **Refer to the "Risk management and control" section of this report and the 31 March 2019 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 increased by USD 2.8 billion to USD 80.3 billion as of 31 March 2019, as model inputs in the advanced measurement approach (AMA) model were updated during the quarter to reflect developments related to litigation on the cross-border matter.

→ **Refer to "Operational risk" in the "Risk management and control" section of our Annual Report 2018 for more information on the advanced measurement approach model**

→ **Refer to "Note 16 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information on the French litigation matter**

Risk-weighted assets by business division and Corporate Center

USD billion	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	Corporate Center	Total RWA
			31.3.19			
Credit and counterparty credit risk[1]	32.6	54.2	2.0	55.5	8.5	152.7
Non-counterparty-related risk[2]	6.3	2.1	0.7	3.3	9.1	21.5
Market risk	0.8	0.0	0.0	10.5	1.7	13.0
Operational risk	37.2	8.0	2.1	23.3	9.7	80.3
Total	**76.9**	**64.3**	**4.8**	**92.6**	**29.0**	**267.6**
			31.12.18			
Credit and counterparty credit risk[1]	32.5	54.7	1.8	51.3	7.7	147.9
Non-counterparty-related risk[2]	4.5	1.5	0.6	2.5	9.2	18.3
Market risk	1.3	0.0	0.0	16.8	1.9	20.0
Operational risk	36.0	7.7	2.0	22.5	9.4	77.6
Total	**74.3**	**63.9**	**4.3**	**93.2**	**28.1**	**263.7**
			31.3.19 vs 31.12.18			
Credit and counterparty credit risk[1]	0.1	(0.4)	0.2	4.1	0.8	4.8
Non-counterparty-related risk[2]	1.7	0.6	0.2	0.8	(0.1)	3.2
Market risk	(0.5)	0.0	0.0	(6.3)	(0.2)	(7.0)

Operational risk	1.3