



Annual Report 2019

Select Swiss franc disclosures



1. UBS Group

- 4 Our key figures
- 5 Income statement
- 6 Balance sheet
- 7 Liquidity coverage ratio
- 8 Swiss SRB going and gone concern information
- 9 Risk-weighted assets by business division and Corporate Center
- 10 Leverage ratio denominator by business division and Corporate Center
- 10 BCBS Basel III leverage ratio

2. UBS AG consolidated

- 12 UBS AG consolidated key figures
- 13 Comparison between UBS Group AG consolidated and UBS AG consolidated

3. UBS AG standalone

- 16 Income statement
- 17 Balance sheet
- 18 Liquidity coverage ratio
- 19 Swiss SRB going concern requirements and information
- 19 BCBS Basel III leverage ratio

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Basis of preparation

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

The select Swiss franc disclosures in this document include information prepared on the basis of US dollar values disclosed in our Annual Report 2019, translated to Swiss francs using a simplified approach. Assets, liabilities and total equity were translated to Swiss francs at closing exchange rates prevailing on

the respective balance sheet dates, and income and expenses were translated at the respective average rates prevailing for the relevant periods. As a consequence of restatements for this presentation currency change, Swiss franc figures may differ from those originally published in quarterly (third quarter of 2018 report and earlier reports) and annual reports (2018 and earlier reports).

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

UBS Group

Select Swiss franc disclosures (unaudited)

Our key figures

CHF million, except where indicated	As of or for the year ended		
	31.12.19	31.12.18	31.12.17
Group results			
Operating income	28,706	29,501	29,063
Operating expenses	23,156	23,676	23,800
Operating profit / (loss) before tax	5,551	5,826	5,263
Net profit / (loss) attributable to shareholders	4,281	4,394	980
Diluted earnings per share (CHF) ¹	1.14	1.14	0.26
Profitability and growth²			
Return on equity (%)	8.0	8.6	1.9
Return on tangible equity (%)	9.1	9.8	2.1
Return on common equity tier 1 capital (%)	12.5	13.1	3.1
Return on risk-weighted assets, gross (%)	11.1	11.8	12.6
Return on leverage ratio denominator, gross (%)	3.2	3.3	3.3
Cost / income ratio (%)	80.4	79.9	81.5
Adjusted cost / income ratio (%)	78.9	79.5	78.2
Effective tax rate (%)	22.8	24.5	80.0
Net profit growth (%)	(2.6)	348.4	(70.3)
Resources			
Total assets	941,198	942,416	915,600
Equity attributable to shareholders	52,795	52,040	51,172
Common equity tier 1 capital ³	34,448	33,554	32,671
Risk-weighted assets ³	250,946	259,324	237,494
Common equity tier 1 capital ratio (%) ³	13.7	12.9	13.8
Going concern capital ratio (%) ³	20.0	17.5	17.6
Total loss-absorbing capacity ratio (%) ³	34.6	31.7	33.0
Leverage ratio denominator ³	882,280	889,445	886,116
Common equity tier 1 leverage ratio (%) ³	3.90	3.77	3.69
Going concern leverage ratio (%) ³	5.7	5.1	4.7
Total loss-absorbing capacity leverage ratio (%) ³	9.8	9.3	8.8
Liquidity coverage ratio (%) ⁴	134	136	143
Other			
Invested assets (CHF billion) ⁵	3,492	3,049	3,179
Personnel (full-time equivalents) ⁶	68,601	66,888	61,253
Market capitalization ⁷	44,206	45,137	66,751
Total book value per share (CHF) ⁷	14.60	14.11	13.75
Tangible book value per share (CHF) ⁷	12.87	12.33	12.03

1 Refer to "Note 9 Earnings per share (EPS) and shares outstanding" in the "Consolidated financial statements" section of our Annual Report 2019 for more information. 2 Refer to the "Performance targets and measurement" section of our Annual Report 2019 for more information about our performance targets. 3 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of our Annual Report 2019 for more information. 4 Refer to the "Balance sheet, liquidity and funding management" section of our Annual Report 2019 for more information. 5 Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. 6 Personnel (full-time equivalents) as of 31 December 2019 has been amended compared with our fourth quarter 2019 report, resulting in a decrease of 61. 7 Refer to "UBS shares" in the "Capital management" section of our Annual Report 2019 for more information.

UBS Group AG interim consolidated financial information (unaudited)

Income statement

CHF million, except per share data	For the year ended		
	31.12.19	31.12.18	31.12.17
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	10,618	9,879	10,218
Interest expense from financial instruments measured at amortized cost	(7,151)	(6,257)	(5,296)
Interest income from financial instruments measured at fair value through profit or loss	4,691	4,559	2,236
Interest expense from financial instruments measured at fair value through profit or loss	(3,687)	(3,256)	(1,205)
Net interest income	4,471	4,926	5,954
Other net income from fair value changes on financial instruments	6,800	6,787	5,533
Credit loss (expense) / recovery	(78)	(115)	(128)
Fee and commission income	18,988	19,142	18,991
Fee and commission expense	(1,685)	(1,664)	(1,804)
Net fee and commission income	17,303	17,477	17,186
Other income	211	427	518
Total operating income	28,706	29,501	29,063
Personnel expenses	15,983	15,760	15,889
General and administrative expenses	5,248	6,650	6,808
Depreciation and impairment of property, equipment and software	1,753	1,201	1,033
Amortization and impairment of goodwill and intangible assets	171	64	70
Total operating expenses	23,156	23,676	23,800
Operating profit / (loss) before tax	5,551	5,826	5,263
Tax expense / (benefit)	1,264	1,426	4,208
Net profit / (loss)	4,287	4,400	1,056
Net profit / (loss) attributable to non-controlling interests	6	7	76
Net profit / (loss) attributable to shareholders	4,281	4,394	980
Earnings per share (CHF)			
Basic	1.17	1.18	0.26
Diluted	1.14	1.14	0.26

Balance sheet

<i>CHF million</i>	31.12.19	31.12.18
Assets		
Cash and balances at central banks	103,656	106,553
Loans and advances to banks	12,051	16,585
Receivables from securities financing transactions	81,560	93,750
Cash collateral receivables on derivative instruments	22,546	23,206
Loans and advances to customers	316,371	314,980
Other financial assets measured at amortized cost	22,247	22,185
Total financial assets measured at amortized cost	558,430	577,259
Financial assets at fair value held for trading	123,450	102,620
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>	<i>39,969</i>	<i>31,583</i>
Derivative financial instruments	117,958	124,093
Brokerage receivables	17,433	16,558
Financial assets at fair value not held for trading	81,269	81,303
Total financial assets measured at fair value through profit or loss	340,110	324,575
Financial assets measured at fair value through other comprehensive income	6,142	6,555
Investments in associates	1,018	1,081
Property, equipment and software	12,395	9,191
Goodwill and intangible assets	6,263	6,535
Deferred tax assets	9,233	9,935
Other non-financial assets	7,606	7,286
Total assets	941,198	942,416
Liabilities		
Amounts due to banks	6,361	10,779
Payables from securities financing transactions	7,530	10,123
Cash collateral payables on derivative instruments	30,414	28,422
Customer deposits	433,996	412,798
Debt issued measured at amortized cost	106,975	130,053
Other financial liabilities measured at amortized cost	9,403	6,769
Total financial liabilities measured at amortized cost	594,678	598,944
Financial liabilities at fair value held for trading	29,616	28,458
Derivative financial instruments	117,027	123,615
Brokerage payables designated at fair value	36,046	37,775
Debt issued designated at fair value	64,679	56,075
Other financial liabilities designated at fair value	34,795	33,031
Total financial liabilities measured at fair value through profit or loss	282,163	278,954
Provisions	2,879	3,435
Other non-financial liabilities	8,514	8,871
Total liabilities	888,234	890,204
Equity		
Share capital	327	332
Share premium	17,488	20,493
Treasury shares	(3,220)	(2,587)
Retained earnings	33,066	29,937
Other comprehensive income recognized directly in equity, net of tax	5,134	3,865
Equity attributable to shareholders	52,795	52,040
Equity attributable to non-controlling interests	169	173
Total equity	52,963	52,213
Total liabilities and equity	941,198	942,416

UBS Group AG key regulatory information

Liquidity coverage ratio

CHF billion, except where indicated

Average 4Q19¹

Average 4Q18¹

High-quality liquid assets²

Cash balances ³	99	95
Securities (on- and off-balance sheet)	65	77
Total high-quality liquid assets⁴	165	173

Cash outflows⁵

Retail deposits and deposits from small business customers	28	26
Unsecured wholesale funding	105	102
Secured wholesale funding	73	76
Other cash outflows	40	41
Total cash outflows	245	245

Cash inflows⁵

Secured lending	80	79
Inflows from fully performing exposures	29	29
Other cash inflows	13	10
Total cash inflows	122	118

Liquidity coverage ratio

High-quality liquid assets	165	173
Net cash outflows	123	127
Liquidity coverage ratio (%)	134	136

¹ Calculated based on an average of 64 data points in the fourth 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.

Swiss SRB going and gone concern information

<i>CHF million, except where indicated</i>	Swiss SRB, including transitional arrangements		Swiss SRB as of 1.1.20	
	31.12.19	31.12.18	31.12.19	31.12.18
Eligible going concern capital				
Total going concern capital	55,237	51,423	50,234	45,516
Total tier 1 capital	50,234	45,516	50,234	45,516
Common equity tier 1 capital	34,448	33,554	34,448	33,554
Total loss-absorbing additional tier 1 capital	15,786	11,962	15,786	11,962
<i>of which: high-trigger loss-absorbing additional tier 1 capital</i>	<i>13,450</i>	<i>9,632</i>	<i>13,450</i>	<i>9,632</i>
<i>of which: low-trigger loss-absorbing additional tier 1 capital</i>	<i>2,337</i>	<i>2,330</i>	<i>2,337</i>	<i>2,330</i>
Total tier 2 capital	5,003	5,907		
<i>of which: low-trigger loss-absorbing tier 2 capital¹</i>	<i>5,003</i>	<i>5,907</i>		
Eligible gone concern capital²				
Total gone concern loss-absorbing capacity	31,547	30,924	36,550	36,831
Total tier 2 capital	2,191	1,439	7,195	7,346
<i>of which: low-trigger loss-absorbing tier 2 capital¹</i>	<i>1,669</i>	<i>758</i>	<i>6,672</i>	<i>6,665</i>
<i>of which: non-Basel III-compliant tier 2 capital³</i>	<i>522</i>	<i>681</i>	<i>522</i>	<i>681</i>
TLAC-eligible senior unsecured debt	29,355	29,485	29,355	29,485
Total loss-absorbing capacity				
Total loss-absorbing capacity	86,784	82,347	86,784	82,347
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets	250,946	259,324	250,946	259,324
Leverage ratio denominator	882,280	889,445	882,280	889,445
Capital and loss-absorbing capacity ratios (%)				
Going concern capital ratio	22.0	19.8	20.0	17.5
<i>of which: common equity tier 1 capital ratio</i>	<i>13.7</i>	<i>12.9</i>	<i>13.7</i>	<i>12.9</i>
Gone concern loss-absorbing capacity ratio	12.6	11.9	14.6	14.2
Total loss-absorbing capacity ratio	34.6	31.7	34.6	31.7
Leverage ratios (%)				
Going concern leverage ratio	6.3	5.8	5.7	5.1
<i>of which: common equity tier 1 leverage ratio</i>	<i>3.90</i>	<i>3.77</i>	<i>3.90</i>	<i>3.77</i>
Gone concern leverage ratio	3.6	3.5	4.1	4.1
Total loss-absorbing capacity leverage ratio	9.8	9.3	9.8	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, as reflected in this table. Under the revised Capital Adequacy Ordinance issued in November 2019, effective 1 January 2020, the 50% haircut is no longer applied; refer to "Regulatory and legal developments" in the "Recent developments" section of the financial report for the fourth quarter 2019 for more information. 3 Non-Basel III-compliant tier 2 capital instruments qualify as gone concern instruments.

Risk-weighted assets by business division and Corporate Center

<i>CHF billion</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center	Total RWA
			31.12.19			
Credit and counterparty credit risk ¹	33.9	55.5	1.8	49.0	8.0	148.1
Non-counterparty-related risk ²	6.2	2.0	0.7	3.3	9.2	21.4
Market risk	0.8	0.0	0.0	4.5	1.1	6.3
Operational risk	34.8	7.4	2.0	21.8	9.1	75.1
Total	75.6	65.0	4.4	78.5	27.4	250.9
			31.12.18			
Credit and counterparty credit risk ¹	31.9	53.7	1.7	50.4	7.6	145.4
Non-counterparty-related risk ²	4.4	1.5	0.6	2.5	9.0	18.0
Market risk	1.3	0.0	0.0	16.5	1.8	19.7
Operational risk	35.4	7.6	2.0	22.1	9.2	76.3
Total	73.0	62.8	4.3	91.6	27.7	259.3
			31.12.19 vs 31.12.18			
Credit and counterparty credit risk ¹	2.0	1.8	0.0	(1.5)	0.5	2.7
Non-counterparty-related risk ²	1.7	0.6	0.2	0.8	0.2	3.4
Market risk	(0.5)	0.0	0.0	(12.1)	(0.7)	(13.3)
Operational risk	(0.6)	(0.1)	0.0	(0.3)	(0.1)	(1.2)
Total	2.6	2.2	0.2	(13.1)	(0.3)	(8.4)

¹ Includes settlement risk, credit valuation adjustments, equity exposures in the banking book and securitization exposures in the banking book. ² Non-counterparty-related risk includes deferred tax assets recognized for temporary differences (31 December 2019: CHF 8.7 billion; 31 December 2018: CHF 8.6 billion), property, equipment and software (31 December 2019: CHF 12.3 billion; 31 December 2018: CHF 9.1 billion;) and other items (31 December 2019: CHF 0.4 billion; 31 December 2018: CHF 0.2 billion;).

Leverage ratio denominator by business division and Corporate Center

<i>CHF billion</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Corporate Center	Total
			31.12.19			
Total IFRS assets	299.9	202.7	33.5	305.8	99.3	941.2
Difference in scope of consolidation ¹	(0.1)	0.0	(27.3)	0.0	0.1	(27.4)
Less: derivative exposures and SFTs ²	(33.8)	(19.9)	(0.9)	(137.4)	(53.5)	(245.5)
On-balance sheet exposures	265.9	182.8	5.3	168.4	45.8	668.3
Derivative exposures	6.2	1.4	0.0	70.9	7.7	86.1
Securities financing transactions	31.1	18.9	0.9	37.6	25.2	113.7
Off-balance sheet items	4.6	14.3	0.0	7.1	1.0	27.0
Items deducted from Swiss SRB tier 1 capital	(5.0)	(0.4)	(1.3)	(0.2)	(6.0)	(12.9)
Total	302.7	217.1	4.8	283.8	73.8	882.3
			31.12.18			
Total IFRS assets	308.5	197.3	27.7	297.0	111.8	942.3
Difference in scope of consolidation ¹	(0.2)	0.0	(21.4)	(0.4)	0.1	(21.9)
Less: derivative exposures and SFTs ²	(40.9)	(18.6)	(1.0)	(145.6)	(62.3)	(268.4)
On-balance sheet exposures	267.5	178.7	5.3	151.0	49.5	652.0
Derivative exposures	8.4	1.2	0.0	74.0	10.2	93.8
Securities financing transactions	34.9	17.8	1.0	43.6	31.5	128.7
Off-balance sheet items	4.9	12.7	0.0	10.4	0.5	28.5
Items deducted from Swiss SRB tier 1 capital	(5.2)	(0.2)	(1.4)	(0.2)	(6.6)	(13.6)
Total	310.5	210.2	5.0	278.7	85.1	889.4
			31.12.19 vs 31.12.18			
Total IFRS assets	(8.6)	5.4	5.8	8.7	(12.4)	(1.1)
Difference in scope of consolidation ¹	0.0	0.0	(6.0)	0.4	0.0	(5.5)
Less: derivative exposures and SFTs ²	7.0	(1.3)	0.1	8.2	8.7	22.9
On-balance sheet exposures	(1.5)	4.1	(0.1)	17.4	(3.7)	16.3
Derivative exposures	(2.3)	0.2	0.0	(3.1)	(2.4)	(7.6)
Securities financing transactions	(3.8)	1.1	(0.1)	(5.9)	(6.2)	(15.0)
Off-balance sheet items	(0.3)	1.6	0.0	(3.3)	0.5	(1.5)
Items deducted from Swiss SRB tier 1 capital	0.2	(0.1)	0.0	0.0	0.6	0.7
Total	(7.8)	6.9	(0.2)	5.1	(11.2)	(7.2)

¹ Represents the difference between the IFRS and the regulatory scope of consolidation, which is the applicable scope for the LRD calculation. ² Consists of derivative financial instruments, cash collateral receivables on derivative instruments, receivables from securities financing transactions, and margin loans as well as prime brokerage receivables and financial assets at fair value not held for trading, both related to securities financing transactions, in accordance with the regulatory scope of consolidation, which are presented separately under Derivative exposures and Securities financing transactions.

BCBS Basel III leverage ratio
CHF million, except where indicated

	31.12.19	30.9.19	30.6.19	31.3.19	31.12.18
Total tier 1 capital	50,234	50,617	48,802	49,225	45,516
BCBS total exposures (leverage ratio denominator)	882,280	900,399	889,676	907,107	889,445
BCBS Basel III leverage ratio (%)	5.7	5.6	5.5	5.4	5.1

UBS AG consolidated

Select Swiss franc disclosures (unaudited)

UBS AG consolidated key figures

CHF million, except where indicated	As of or for the year ended		
	31.12.19	31.12.18	31.12.17
Results			
Operating income	29,121	29,920	29,475
Operating expenses	23,976	24,610	24,481
Operating profit / (loss) before tax	5,145	5,309	4,994
Net profit / (loss) attributable to shareholders	3,944	3,997	773
Profitability and growth¹			
Return on equity (%)	7.5	7.9	1.5
Return on tangible equity (%)	8.6	9.1	1.7
Return on common equity tier 1 capital (%)	11.3	11.8	2.3
Return on risk-weighted assets, gross (%)	11.3	12.0	12.8
Return on leverage ratio denominator, gross (%)	3.3	3.4	3.4
Cost / income ratio (%)	82.1	81.9	82.7
Net profit growth (%)	(1.3)	417.2	(76.6)
Resources			
Total assets	940,939	941,990	916,322
Equity attributable to shareholders	52,041	51,380	50,676
Common equity tier 1 capital ²	34,155	34,006	33,240
Risk-weighted assets ²	249,614	258,443	236,606
Common equity tier 1 capital ratio (%) ²	13.7	13.2	14.0
Going concern capital ratio (%) ²	18.3	16.1	15.6
Total loss-absorbing capacity ratio (%) ²	33.9	31.3	31.4
Leverage ratio denominator ²	882,189	889,304	887,189
Common equity tier 1 leverage ratio (%) ²	3.87	3.83	3.75
Going concern leverage ratio (%) ²	5.2	4.7	4.2
Total loss-absorbing capacity leverage ratio (%) ²	9.6	9.1	8.4
Other			
Invested assets (CHF billion) ³	3,492	3,049	3,179
Personnel (full-time equivalents) ⁴	47,005	47,643	46,009

¹ Refer to the "Performance targets and measurement" section of our Annual Report 2019 for more information about our performance targets. ² Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of our Annual Report 2019 for more information. ³ Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. ⁴ Personnel (full-time equivalents) as of 31 December 2019 has been amended compared with our fourth quarter 2019 report, resulting in a decrease of 28. As of 31 December 2019, the breakdown of personnel by business division and Corporate Center was: Global Wealth Management: 22,626; Personal & Corporate Banking: 5,064; Asset Management: 2,220; Investment Bank: 4,973; Corporate Center: 12,121.

Comparison between UBS Group AG consolidated and UBS AG consolidated

CHF million, except where indicated	As of or for the year ended 31.12.19			As of or for the year ended 31.12.18		
	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
Income statement						
Operating income	28,706	29,121	(415)	29,501	29,920	(419)
Operating expenses	23,156	23,976	(820)	23,676	24,610	(934)
Operating profit / (loss) before tax	5,551	5,145	406	5,826	5,309	517
<i>of which: Global Wealth Management</i>	3,378	3,316	62	3,170	3,128	42
<i>of which: Personal & Corporate Banking</i>	1,433	1,435	(2)	1,760	1,763	(3)
<i>of which: Asset Management</i>	527	526	1	416	414	2
<i>of which: Investment Bank</i>	785	755	30	1,439	1,396	43
<i>of which: Corporate Center</i>	(572)	(886)	314	(959)	(1,392)	433
Net profit / (loss)	4,287	3,950	337	4,400	4,003	397
<i>of which: net profit / (loss) attributable to shareholders</i>	4,281	3,944	337	4,394	3,997	397
<i>of which: net profit / (loss) attributable to non-controlling interests</i>	6	6	0	7	7	0
Statement of comprehensive income						
Other comprehensive income	803	799	4	(287)	(149)	(138)
<i>of which: attributable to shareholders</i>	807	803	4	(286)	(147)	(138)
<i>of which: attributable to non-controlling interests</i>	(4)	(4)	0	(2)	(2)	0
Total comprehensive income	5,090	4,749	341	4,113	3,854	259
<i>of which: attributable to shareholders</i>	5,089	4,747	341	4,108	3,849	259
<i>of which: attributable to non-controlling interests</i>	2	2	0	5	5	0
Balance sheet						
Total assets	941,198	940,939	258	942,416	941,990	426
Total liabilities	888,234	888,730	(496)	890,204	890,438	(234)
Total equity	52,963	52,209	754	52,213	51,553	660
<i>of which: equity attributable to shareholders</i>	52,795	52,041	754	52,040	51,380	660
<i>of which: equity attributable to non-controlling interests</i>	169	169	0	173	173	0
Capital information						
Common equity tier 1 capital	34,448	34,155	292	33,554	34,006	(452)
Going concern capital	50,234	45,732	4,502	45,516	41,680	3,835
Risk-weighted assets	250,946	249,614	1,332	259,324	258,433	891
Common equity tier 1 capital ratio (%)	13.7	13.7	0.0	12.9	13.2	(0.2)
Going concern capital ratio (%)	20.0	18.3	1.7	17.5	16.1	1.4
Total loss-absorbing capacity ratio (%)	34.6	33.9	0.7	31.7	31.3	0.5
Leverage ratio denominator	882,280	882,189	91	889,445	889,304	141
Common equity tier 1 leverage ratio (%)	3.90	3.87	0.03	3.77	3.83	(0.05)
Going concern leverage ratio (%)	5.7	5.2	0.5	5.1	4.7	0.4
Total loss-absorbing capacity leverage ratio (%)	9.8	9.6	0.2	9.3	9.1	0.2

UBS AG standalone

Select Swiss franc disclosures (unaudited)

Income statement

	USD million		CHF million	
	For the year ended	31.12.18	For the year ended	31.12.18
	31.12.19		31.12.19	
Interest and discount income ¹	7,421	6,439	7,380	6,347
Interest and dividend income from trading portfolio ¹	3,322	2,708	3,300	2,666
Interest and dividend income from financial investments	470	401	467	395
Interest expense ²	(10,474)	(9,240)	(10,427)	(9,106)
Gross interest income	739	308	721	301
Credit loss (expense) / recovery	(43)	(54)	(43)	(54)
Net interest income	695	254	677	248
Fee and commission income from securities and investment business and other fee and commission income	3,164	2,491	3,146	2,454
Credit-related fees and commissions	154	152	153	150
Fee and commission expense	(674)	(844)	(670)	(832)
Net fee and commission income	2,643	1,799	2,629	1,772
Net trading income	3,337	4,443	3,342	4,381
Dividend income from investments in subsidiaries and other participations	3,508	3,712	3,537	3,645
Income from real estate holdings	532	645	530	635
Sundry ordinary income	1,579	1,786	1,569	1,761
Sundry ordinary expenses	(321)	(599)	(322)	(590)
Other income from ordinary activities	5,298	5,544	5,314	5,452
Total operating income	11,975	12,040	11,962	11,853
Personnel expenses	3,330	3,456	3,310	3,407
General and administrative expenses	3,676	4,212	3,650	4,151
Subtotal operating expenses	7,006	7,667	6,960	7,558
Impairment of investments in subsidiaries and other participations	206	760	202	747
Depreciation, amortization and impairment of property, equipment, software and intangible assets	762	712	755	702
Changes in provisions and other allowances and losses	112	399	108	394
Total operating expenses	8,086	9,539	8,026	9,400
Operating profit	3,889	2,501	3,935	2,452
Extraordinary income	204	170	199	167
Extraordinary expenses	1	0	1	0
Tax expense / (benefit)	245	(663)	244	(651)
Net profit / (loss)	3,848	3,333	3,890	3,269

¹ Interest income includes negative interest income of approximately USD 0.4 billion (CHF 0.4 billion) for the year ended 31 December 2019 (approximately USD 0.4 billion (CHF 0.4 billion) for the year ended 31 December 2018). ² Includes negative interest expense on financial liabilities of approximately USD 0.3 billion (CHF 0.3 billion) for the year ended 31 December 2019 (approximately USD 0.3 billion (CHF 0.3 billion) for the year ended 31 December 2018).

Balance sheet

	USD million		CHF million	
	31.12.19	31.12.18	31.12.19	31.12.18
Assets				
Cash and balances at central banks	36,258	36,297	35,102	35,688
Due from banks	27,474	29,761	26,598	29,262
Receivables from securities financing transactions	62,844	77,893	60,841	76,587
Due from customers	110,334	111,317	106,818	109,450
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	24,203	22,431	23,432	22,055
Mortgage loans	4,664	4,727	4,515	4,648
Trading portfolio assets	116,843	95,612	113,119	94,009
Derivative financial instruments	12,436	15,139	12,039	14,885
Financial investments	23,463	25,666	22,715	25,235
Accrued income and prepaid expenses	1,400	1,410	1,356	1,387
Investments in subsidiaries and other participations	49,631	49,528	48,049	48,698
Property, equipment and software	6,227	6,546	6,029	6,437
Goodwill and other intangible assets	12	22	12	22
Other assets	3,158	3,888	3,056	3,822
Total assets	478,946	480,238	463,681	472,184
<i>of which: subordinated assets</i>	<i>6,688</i>	<i>6,009</i>	<i>6,475</i>	<i>5,908</i>
<i>of which: subject to mandatory conversion and/or debt waiver</i>	<i>4,885</i>	<i>4,332</i>	<i>4,729</i>	<i>4,260</i>
Liabilities				
Due to banks	61,860	42,482	59,889	41,769
Payables from securities financing transactions	27,022	44,016	26,160	43,278
Due to customers	120,417	112,794	116,580	110,903
Funding received from UBS Group AG and UBS Group Funding (Switzerland) AG eligible as total loss-absorbing capacity at UBS AG level	47,553	41,782	46,037	41,081
Trading portfolio liabilities	25,292	23,453	24,486	23,060
Derivative financial instruments	16,326	17,268	15,805	16,979
Financial liabilities designated at fair value	65,647	56,226	63,555	55,283
<i>of which: debt issued designated at fair value</i>	<i>64,260</i>	<i>54,203</i>	<i>62,212</i>	<i>53,294</i>
<i>of which: other financial liabilities designated at fair value</i>	<i>1,386</i>	<i>2,023</i>	<i>1,342</i>	<i>1,989</i>
Bonds issued	55,014	83,743	53,261	82,339
<i>of which: eligible as total loss-absorbing capacity at UBS AG Level</i>	<i>7,266</i>	<i>7,468</i>	<i>7,034</i>	<i>7,343</i>
Accrued expenses and deferred income	3,362	3,350	3,255	3,294
Other liabilities	3,551	2,601	3,439	2,557
Provisions	1,198	1,416	1,160	1,392
Total liabilities	427,242	429,130	413,626	421,934
Equity				
Share capital	393	393	386	386
General reserve	36,326	36,326	35,649	35,649
<i>of which: statutory capital reserve</i>	<i>36,326</i>	<i>36,326</i>	<i>35,649</i>	<i>35,649</i>
<i>of which: capital contribution reserve¹</i>	<i>36,326</i>	<i>36,326</i>	<i>35,649</i>	<i>35,649</i>
Voluntary earnings reserve	11,138	11,054	10,130	10,946
Net profit / (loss) for the period	3,848	3,333	3,890	3,269
Total equity	51,705	51,107	50,055	50,250
Total liabilities and equity	478,946	480,238	463,681	472,184
<i>of which: subordinated liabilities</i>	<i>22,236</i>	<i>18,446</i>	<i>21,528</i>	<i>18,137</i>
<i>of which: subject to mandatory conversion and/or debt waiver</i>	<i>21,674</i>	<i>17,721</i>	<i>20,984</i>	<i>17,423</i>

Balance sheet (continued)

	USD million		CHF million	
	31.12.19	31.12.18	31.12.19	31.12.18
Off-balance sheet items				
Contingent liabilities, gross	13,116	16,019	12,698	15,750
Sub-participations	(1,489)	(1,675)	(1,441)	(1,647)
Contingent liabilities, net	11,627	14,344	11,257	14,103
<i>of which: guarantees to third parties related to subsidiaries</i>	<i>5,867</i>	<i>7,480</i>	<i>5,680</i>	<i>7,355</i>
Irrevocable loan commitments, gross	22,232	25,664	21,524	25,234
Sub-participations	(782)	(643)	(758)	(632)
Irrevocable loan commitments, net	21,450	25,021	20,766	24,601
Forward starting transactions²	12,372	8,536	11,978	8,393
<i>of which: reverse repurchase agreements</i>	<i>9,288</i>	<i>4,766</i>	<i>8,992</i>	<i>4,686</i>
<i>of which: securities borrowing agreements</i>	<i>0</i>	<i>12</i>	<i>0</i>	<i>12</i>
<i>of which: repurchase agreements</i>	<i>3,085</i>	<i>3,758</i>	<i>2,986</i>	<i>3,695</i>
Liabilities for calls on shares and other equity instruments	4	5	4	5

¹ The Swiss Federal Tax Administration's current position is that, of the CHF 35.6 billion capital contribution reserve available as of 31 December 2019, an amount limited to CHF 20.5 billion is available from which dividends may be paid without a Swiss withholding tax deduction. ² Cash to be paid in the future by either UBS AG or the counterparty.

Liquidity coverage ratio

CHF billion, except where indicated	Weighted value ¹	
	Average 4Q19 ²	Average 4Q18 ²
High-quality liquid assets	73	76
Total net cash outflows	53	55
<i>of which: cash outflows</i>	<i>159</i>	<i>168</i>
<i>of which: cash inflows</i>	<i>105</i>	<i>114</i>
Liquidity coverage ratio (%)	137	139

¹ Calculated after the application of haircuts and inflow and outflow rates. ² Calculated based on an average of 64 data points in the fourth quarter of 2019 and 64 data points in the fourth quarter of 2018.

Swiss SRB going concern requirements and information

As of 31.12.19 <i>CHF million, except where indicated</i>	Swiss SRB, including transitional arrangements				Swiss SRB as of 1.1.20			
	RWA		LRD		RWA		LRD	
	in % ¹		in % ¹		in %		in %	
Required going concern capital								
Total going concern capital	14.01²	39,067	4.88²	27,805	14.01²	50,781	4.88²	27,805
Common equity tier 1 capital	9.71	27,078	3.38	19,249	9.71	35,197	3.38	19,249
<i>of which: minimum capital</i>	<i>4.50</i>	<i>12,547</i>	<i>1.50</i>	<i>8,555</i>	<i>4.50</i>	<i>16,309</i>	<i>1.50</i>	<i>8,555</i>
<i>of which: buffer capital</i>	<i>5.14</i>	<i>14,331</i>	<i>1.88</i>	<i>10,694</i>	<i>5.14</i>	<i>18,628</i>	<i>1.88</i>	<i>10,694</i>
<i>of which: countercyclical buffer</i>	<i>0.07</i>	<i>200</i>			<i>0.07</i>	<i>260</i>		
Maximum additional tier 1 capital	4.30	11,989	1.50	8,555	4.30	15,584	1.50	8,555
<i>of which: additional tier 1 capital</i>	<i>3.50</i>	<i>9,759</i>	<i>1.50</i>	<i>8,555</i>	<i>3.50</i>	<i>12,685</i>	<i>1.50</i>	<i>8,555</i>
<i>of which: additional tier 1 buffer capital</i>	<i>0.80</i>	<i>2,231</i>			<i>0.80</i>	<i>2,899</i>		
Eligible going concern capital								
Total going concern capital	23.14	64,508	11.31	64,508	16.42	59,519	10.44	59,519
Common equity tier 1 capital	17.19	47,943	8.41	47,943	13.23	47,943	8.41	47,943
Total loss-absorbing additional tier 1 capital³	5.94	16,566	2.90	16,566	3.19	11,577	2.03	11,577
<i>of which: high-trigger loss-absorbing additional tier 1 capital</i>	<i>4.15</i>	<i>11,577</i>	<i>2.03</i>	<i>11,577</i>	<i>3.19</i>	<i>11,577</i>	<i>2.03</i>	<i>11,577</i>
<i>of which: low-trigger loss-absorbing tier 2 capital</i>	<i>1.79</i>	<i>4,989</i>	<i>0.87</i>	<i>4,989</i>				

Risk-weighted assets / leverage ratio denominator

Risk-weighted assets	278,820		362,420	
Leverage ratio denominator		570,351		570,351

¹ Requirements as stipulated by FINMA decree. These exceed the requirements according to the transitional arrangements of the Swiss Capital Adequacy Ordinance (the CAO), which require a minimum total going concern capital ratio of 13.4% plus the effect of the countercyclical buffer (CCyB) of 0.07%, of which 9.5% plus the effect of CCyB of 0.07% must be satisfied with CET1 capital, as well as a minimum total going concern leverage ratio of 4.5%, of which 3.2% must be satisfied with CET1 capital. As of 1 January 2020, the capital requirements as per the revised CAO will apply. ² Includes applicable add-ons of 1.08% for RWA and 0.375% for leverage ratio denominator (LRD). ³ Includes outstanding low-trigger loss-absorbing tier 2 capital instruments, which are available under the transitional rules of the Swiss SRB framework to meet the going concern requirements until the earlier of (i) their maturity or first call date or (ii) 31 December 2019. Outstanding low-trigger loss-absorbing tier 2 capital instruments are subject to amortization starting five years prior to their maturity.

BCBS Basel III leverage ratio

<i>CHF million, except where indicated</i>	31.12.19	30.9.19	30.6.19	31.3.19	31.12.18
Total tier 1 capital	61,857	64,437	62,783	61,576	58,606
Total exposures (leverage ratio denominator)	570,351	608,632	603,971	614,696	590,934
BCBS Basel III leverage ratio (%)	10.8	10.6	10.4	10.0	9.9

Cautionary Statement Regarding Forward-Looking Statements | This report contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), including to counteract regulatory-driven increases, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (ii) the continuing low or negative interest rate environment in Switzerland and other jurisdictions, developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS’s clients and counterparties as well as on client sentiment and levels of activity; (iii) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (iv) changes in or the implementation of financial legislation, including Interest Rate Benchmark Reform, and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (v) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements and the potential need to make further changes to the legal structure or booking model of the UBS Group in response to legal and regulatory requirements, proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; (vi) UBS’s ability to maintain and improve its systems and controls for the detection and prevention of money laundering and compliance with sanctions to meet evolving regulatory requirements and expectations, in particular in the US; (vii) the uncertainty arising from the UK’s exit from the EU; (viii) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS’s ability to compete in certain lines of business; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulations or new enforcement of existing standards, including recently enacted and proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (x) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA as well as the amount of capital available for return to shareholders; (xi) the effects on UBS’s cross-border banking business of tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xii) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xiv) UBS’s ability to implement new technologies and business methods, including digital services and technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xv) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks or other cybersecurity disruptions, and systems failures; (xvii) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS’s operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS’s ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS’s Annual Report on Form 20-F for the year ended 31 December 2019. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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

Tables | Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.

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