31 March 2018 Pillar 3 report

UBS Group and significant regulated subsidiaries and sub-groups

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Introduction and basis for preparation

Scope and location of Basel III Pillar 3 disclosures

The Basel III capital adequacy framework consists of three complementary pillars. Pillar 1 provides a framework for measuring minimum capital requirements for the credit, market, operational and non-counterparty-related risks faced by banks. Pillar 2 addresses the principles of the supervisory review process, emphasizing the need for a qualitative approach to supervising banks. Pillar 3 requires banks to publish a range of disclosures, mainly covering risk, capital, leverage, liquidity and remuneration.

This report provides Pillar 3 disclosures for UBS Group AG on a consolidated basis, as well as prudential key figures and regulatory information for our significant regulated subsidiaries and sub-groups. These Pillar 3 disclosures are supplemented by specific additional requirements of the Swiss Financial Market Supervisory Authority (FINMA) and voluntary disclosures on our part.

As UBS is considered a systemically relevant bank (SRB) under Swiss banking law, UBS Group AG and UBS AG are required to comply with regulations based on the Basel III framework as applicable to Swiss SRBs on a consolidated basis. Capital information as of 31 March 2018 for UBS Group AG consolidated is provided in the "Capital management" section of our first quarter 2018 report under "Quarterly reporting" at *www.ubs.com/investors*. Capital and other regulatory information as of 31 March 2018 for UBS AG consolidated is provided in the UBS AG first quarter 2018 report, which will be available as of 27 April 2018 under "Quarterly reporting" at *www.ubs.com/investors*.

We are also required to disclose certain regulatory information for UBS AG standalone, UBS Switzerland AG standalone and UBS Limited standalone, as well as UBS Americas Holding LLC consolidated. This information is provided under "Significant regulated subsidiaries and sub-groups" in this report.

Local regulators may also require publication of Pillar 3 information at a subsidiary or sub-group level. Where applicable, these local disclosures are provided under "Holding company and significant regulated subsidiaries and sub-groups" at *www.ubs.com/investors*.

Significant BCBS and FINMA capital adequacy, liquidity and funding and related disclosure requirements

This report has been prepared in accordance with FINMA Pillar 3 disclosure requirements (FINMA Circular 2016 / 01 "Disclosure – banks"), the underlying Basel Committee on Banking Supervision (BCBS) guidance "Revised Pillar 3 disclosure requirements" issued in January 2015 and related "Frequently asked questions on the revised Pillar 3 disclosure requirements" issued in August 2016. The legal entities UBS AG and UBS Switzerland AG are subject to standalone capital adequacy, liquidity and funding, and disclosure requirements defined by FINMA. This information is provided under "Significant regulated subsidiaries and sub-groups" in this report.

Changes to significant BCBS and FINMA capital adequacy, liquidity and funding and related disclosure requirements

Changes to Pillar 1 requirements

As of 1 January 2018, we are subject to the revised Basel III securitization framework, which had an immaterial effect on our risk-weighted assets (RWA).

Changes to Pillar 3 disclosure requirements

The "OV1: Overview of RWA" table has been enhanced to early adopt the revised template introduced with the second phase of revised Pillar 3 disclosure requirements to reflect changes to the abovementioned revised securitization framework.

Changes to IFRS impacting Pillar 1

Effective 1 January 2018, we adopted IFRS 9, *Financial Instruments* for UBS Group AG and UBS AG consolidated.

In March 2017, the BCBS finalized guidance on an interim approach for the regulatory treatment of accounting provisions and defined standards for transitional arrangements, following the introduction of IFRS 9. The BCBS confirmed that for an interim period the current treatment of accounting provisions, under both the standardized approach and the internal ratings-based approach, should continue to be applied until the longer-term treatment is confirmed. Jurisdictions may implement transitional arrangements to spread the adoption impacts over time, using either a static or a dynamic approach, including limiting the transition period to a maximum of five years. The related FINMA guidance is expected to be finalized during 2018 with an effective date of 1 January 2019. As of 1 January 2018, the common equity tier 1 (CET1) capital calculation for UBS Group AG and UBS AG consolidated include a full deduction of these effects.

The aforementioned FINMA consultation paper also included guidance related to classification and measurement changes, which we have applied for the purpose of our capital adequacy-related calculations.

Our calculations might be subject to change in accordance with the finalized FINMA guidance.

→ **Refer to "Note 1 Basis of accounting" of our first quarter 2018 report under "Quarterly reporting" at *www.ubs.com/investors* for more information on the adoption of IFRS 9**

→ **Refer to the "Introduction and basis for preparation" section of our 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups under "Pillar 3 disclosures" at *www.ubs.com/investors* for more information**

Format, frequency and comparability of Pillar 3 disclosures

FINMA has specified the reporting frequency for each disclosure. We generally provide quantitative comparative information for all disclosures as of 31 December 2017. For more information on disclosure frequency, refer to the 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups under "Pillar 3 disclosures" at *www.ubs.com/investors.*

UBS Group AG consolidated

Section 1 Risk-weighted assets

Our approach to measuring risk exposure and risk-weighted assets

Measures of risk exposure may differ, depending on whether the exposures are measured for financial accounting purposes under International Financial Reporting Standards (IFRS), for deriving our regulatory capital requirement or for internal risk management and control purposes. Our Pillar 3 disclosures are generally based on measures of risk exposure used to derive the regulatory capital required under Pillar 1. Our risk-weighted assets (RWA) are calculated according to the Basel Committee on Banking Supervision (BCBS) Basel III framework, as implemented by the Swiss Capital Adequacy Ordinance issued by the Swiss Federal Council.

→ **Refer to the 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups under "Pillar 3 disclosures" at *www.ubs.com/investors* for more information**

RWA development in the first quarter 2018

The "OV1: Overview of RWA" table on the next page provides an overview of RWA and the related minimum capital requirements by risk type. As of 1 January 2018, we are subject to the revised Basel III securitization framework.

This table has been enhanced to early adopt the new template introduced with the second phase of revised Pillar 3 disclosure requirements to reflect changes to the abovementioned securitization framework. The template includes rows that are currently not applicable to UBS and therefore have been left empty.

During the first quarter of 2018, RWA increased by CHF 15.4 billion to CHF 253.8 billion, driven by higher market risk RWA and credit and counterparty credit risk RWA in the amount of CHF 10.1 billion and CHF 5.5 billion, respectively. These were partly offset by a CHF 1.0 billion decrease in the line Amounts below thresholds for deduction (250% risk weight), mainly driven by the additional, 2018-related, phase-in effect of capital deductions for deferred tax assets resulting in lower RWA. The flow tables on the subsequent pages provide further detail on the movements in credit risk, counterparty credit risk and market risk RWA in the first quarter of 2018. More information on capital management and RWA, including detail on movements in RWA during the first quarter of 2018, is provided on pages 57–59 of our first quarter 2018 report under "Quarterly reporting" at *www.ubs.com/investors.*

OV1: Overview of RWA

CHF million		RWA		Minimum capital requirements[2]
		31.3.18	31.12.17[1]	31.3.18
1	Credit risk (excluding counterparty credit risk)	101,165	97,678	8,094
2	*of which: standardized approach (SA)*[3]	*23,956*	*23,987*	*1,917*
3	*of which: foundation internal rating-based (F-IRB) approach*			
4	*of which: supervisory slotting approach*			
5	*of which: advanced internal ratings-based (A-IRB) approach*	*77,210*	*73,691*	*6,177*
6	Counterparty credit risk[4]	32,259	30,279	2,582
7	*of which: SA for counterparty credit risk (SA-CCR)*[5]	*6,083*	*5,575*	*487*
8	*of which: internal model method (IMM)*	*18,556*	*17,274*	*1,484*
8a	*of which: value-at-risk (VaR)*	*4,288*	*3,999*	*343*
9	*of which: other CCR*	*3,331*	*3,432*	*268*
10	Credit valuation adjustment (CVA)	3,260	3,084	261
11	Equity positions under the simple risk weight approach[6]	3,388	2,368	271
12	Equity investments in funds – look-through approach[7]			
13	Equity investments in funds – mandate-based approach[7]			
14	Equity investments in funds – fall-back approach[7]			
15	Settlement risk	469	369	38
16	Securitization exposure in banking book	1,141	1,696[8]	91
17	*of which securitization internal ratings-based approach (SEC-IRBA)*			
18	*of which securitization external ratings-based approach (SEC-ERBA) including internal assessment approach (IAA)*	*1,062*		*85*
19	*of which securitization standardized approach (SEC-SA)*	*79*		*6*
20	Market Risk	22,396	12,281	1,792
21	*of which: standardized approach (SA)*	*401*	*400*	*32*
22	*of which: internal model approaches (IMM)*	*21,996*	*11,881*	*1,760*
23	Capital charge for switch between trading book and banking book			
24	Operational risk	79,422	79,422	6,354
25	Amounts below thresholds for deduction (250% risk weight)[9]	10,253	11,218	820
26	Floor adjustment[10]	0	0	0
27	Total	253,753	238,394	20,302

1 Based on phase-in rules. 2 Calculated based on 8% of RWA. 3 Includes non-counterparty-related risk not subject to the threshold deduction treatment (31 March 2018: RWA CHF 9,015 million; 31 December 2017: RWA CHF 8,949 million). Non-counterparty-related risk (31 March 2018: RWA CHF 8,374 million; 31 December 2017: RWA CHF 9,310 million), which is subject to the threshold treatment, is reported in line 25 "Amounts below thresholds for deduction (250% risk weight)." 4 Excludes settlement risk, which is separately reported in line 15 "Settlement risk." Includes RWA with central counterparties. The split between the subcomponents of counterparty credit risk refers to the calculation of the exposure measure. 5 Calculated in accordance with the current exposure method (CEM), until SA-CCR is implemented by 1 January 2020. 6 Includes investments in funds. Items subject to threshold deduction treatments that do not exceed their respective threshold are risk weighted at 250% (31 March 2018: RWA CHF 1,879 million; 31 December 2017: RWA CHF 1,908 million) and are separately included in line 25 "Amounts below thresholds for deduction (250% risk weight)." 7 New regulation for the calculation of RWA for investments in funds will be implemented by 1 January 2020. 8 Calculated on the basis of the former securitization rules applicable until 31 December 2017. 9 Includes items subject to threshold deduction treatments that do not exceed their respective threshold and risk weighted at 250%. Items subject to threshold deduction treatments are significant investments in common shares of non-consolidated financial institutions (banks, insurance and other financial entities) and deferred tax assets arising from temporary differences, both of which are measured against their respective threshold. 10 No floor effect, as 80% of our Basel I RWA including the RWA equivalent of the Basel I capital deductions do not exceed our Basel III RWA including the RWA equivalent of the Basel III capital deductions. For the status of the finalization of the Basel III capital framework, refer to the "Regulatory and legal developments" section of our Annual Report 2017, available under "Annual reporting" at www.ubs.com/investors, which outlines how the proposed floor calculation would differ in significant aspects from the current approach.

The "CR8: RWA flow statements of credit risk exposures under IRB" and "CCR7: RWA flow statements of CCR exposures under internal model method (IMM) and value-at-risk (VaR)" tables below provide a breakdown of the credit risk and counterparty credit risk (CCR) RWA movements in the first quarter of 2018 across BCBS-defined movement categories. These categories are described on page 42 of our 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups, which is available under "Pillar 3 disclosures" at *www.ubs.com/investors*.

Credit risk RWA development in the first quarter 2018

Credit risk RWA under the advanced internal ratings-based (A-IRB) approach increased by CHF 3.5 billion to CHF 77.2 billion as of 31 March 2018.

The RWA increase of CHF 9.8 billion from model updates was primarily driven by the implementation of revised probability of default (PD) and loss given default (LGD) models as part of our continuous efforts to enhance models to reflect market developments and newly available data for residential mortgages and income-producing real estate, as well as for the new LGD model for unsecured financing and commercial self-used real estate resulting in an increase of CHF 8.1 billion in Personal & Corporate Banking and CHF 1.6 billion in Global Wealth Management.

This increase was partly offset by a net CHF 7.8 billion reduction in regulatory add-ons, which decreased by CHF 6.4 billion in Personal & Corporate Banking and CHF 1.7 billion in Global Wealth Management, following the aforementioned updates to PD and LGD parameters for residential mortgages. The increase from a higher IRB multiplier on Investment Bank exposures to corporates was CHF 0.3 billion.

The RWA increase from asset size movements of CHF 1.1 billion was mainly driven by higher Lombard lending balances in Global Wealth Management.

RWA increased by CHF 1.1 billion due to changes in asset quality, primarily in our Investment Bank's Corporate Client Solutions business driven by the termination of certain hedges.

A decrease of CHF 0.5 billion was driven by foreign exchange movements.

CR8: RWA flow statements of credit risk exposures under IRB

	CHF million	RWA
1	RWA as of 31.12.17	73,691
2	Asset size	1,057
3	Asset quality	1,100
4	Model updates	9,810
5	Methodology and policy	(7,915)
5a	*of which: regulatory add-ons*	*(7,848)*
6	Acquisitions and disposals	0
7	Foreign exchange movements	(533)
8	Other	0
9	RWA as of 31.3.18	77,210

Counterparty credit risk RWA development in the first quarter 2018

CCR RWA under internal model method (IMM) and value-at-risk (VaR) increased by CHF 1.6 billion during the first quarter of 2018. This was primarily driven by an asset size movement of CHF 1.4 billion. A CHF 1.1 billion increase in derivative exposures was mainly due to increased client activity, primarily in our Investment Bank's Equities and Foreign Exchange, Rates and Credit businesses.

The increase from a higher IRB multiplier on Investment Bank exposures to corporates was CHF 0.3 billion. A decrease of CHF 0.2 billion was driven by foreign exchange movements.

CCR7: RWA flow statements of CCR exposures under internal model method (IMM) and value-at-risk (VaR)

		Derivatives	SFTs	Total Amounts
	CHF million	Subject to IMM	Subject to VaR	
1	RWA as of 31.12.17	17,274	3,999	21,273
2	Asset size	1,067	333	1,400
3	Credit quality of counterparties	148	(71)	77
4	Model updates	0	0	0
5	Methodology and policy	225	54	279
5a	*of which: regulatory add-ons*	*225*	*54*	*279*
6	Acquisitions and disposals	0	0	0
7	Foreign exchange movements	(158)	(26)	(184)
8	Other	0	0	0
9	RWA as of 31.3.18	18,556	4,288	22,845

Market risk RWA development in the first quarter 2018

The four main components that contribute to market risk RWA are VaR, stressed value-at-risk (SVaR), incremental risk charge (IRC) and comprehensive risk measure (CRM). VaR and SVaR components include the RWA charge for risks-not-in-VaR.

The "MR2: RWA flow statements of market risk exposures under an internal models approach" table below provides a breakdown of the market risk RWA movement in the first quarter of 2018 across these components, according to BCBS-defined movement categories. These categories are described on page 75 of our 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups, which is available under "Pillar 3 disclosures" at *www.ubs.com/investors*.

Market risk RWA increased by CHF 10.1 billion, mainly due to asset size and other movements. This increase mainly resulted from higher average regulatory and stressed value-at-risk (VaR) levels observed during the quarter in the Investment Bank's equities, rates and credit businesses, mainly due to option expiries and client activity during a period of increased market volatility. The VaR multiplier remained unchanged at 3.0.

MR2: RWA flow statements of market risk exposures under an internal models approach[1]

	CHF million	VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1	**RWA as of 31.12.17**	3,077	5,267	3,457	79		11,881
1a	*Regulatory adjustment*	*(2,392)*	*(4,518)*	*0*	*(26)*		*(6,936)*
1b	RWA at previous quarter-end (end of day)	685	749	3,457	53		4,944
2	*Movement in risk levels*	*379*	*1,453*	*(1,181)*			*650*
3	*Model updates / changes*	*69*	*(3)*				*66*
4	*Methodology and policy*						
5	*Acquisitions and disposals*						
6	*Foreign exchange movements*						
7	*Other*	*18*	*269*		*(16)*		*271*
8a	RWA at the end of the reporting period (end of day)	1,150	2,468	2,276	37		5,932
8b	*Regulatory adjustment*	*5,740*	*9,503*	*807*	*13*		*16,064*
8c	**RWA as of 31.3.18**	6,891	11,971	3,083	50		21,996

1 Components that describe movements in RWA are presented in italic.

Section 2 Going and gone concern requirements and eligible capital

The table below provides details on the Swiss SRB going and gone concern requirements as required by FINMA. More information on capital management is provided on pages 51–61 of our first quarter 2018 report, available under "Quarterly reporting" at *www.ubs.com/investors*.

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

As of 31.3.18	Swiss SRB, including transitional arrangements				Swiss SRB as of 1.1.20			
CHF million, except where indicated	RWA		LRD		RWA		LRD	
Required loss-absorbing capacity	in %		in %		in %		in %	
Common equity tier 1 capital	9.68	24,568	2.90	25,592	10.22	25,938	3.50	30,886
of which: minimum capital	*5.40*	*13,703*	*1.90*	*16,767*	*4.50*	*11,419*	*1.50*	*13,237*
of which: buffer capital	*4.06*	*10,302*	*1.00*	*8,825*	*5.50*	*13,956*	*2.00*	*17,649*
of which: countercyclical buffer[2]	*0.22*	*563*			*0.22*	*563*		
Maximum additional tier 1 capital	3.40	8,628	1.10	9,707	4.30	10,911	1.50	13,237
of which: high-trigger loss-absorbing additional tier 1 minimum capital	*2.60*	*6,598*	*1.10*	*9,707*	*3.50*	*8,881*	*1.50*	*13,237*
of which: high-trigger loss-absorbing additional tier 1 buffer capital	*0.80*	*2,030*			*0.80*	*2,030*		
Total going concern capital	13.08	33,196	4.00	35,299	14.52[3]	36,850	5.00[3]	44,123
Base gone concern loss-absorbing capacity, including applicable add-ons and rebate	7.65[4]	19,422	2.58[4]	22,768	12.30[5]	31,206	4.30[5]	37,946
Total gone concern loss-absorbing capacity	7.65	19,422	2.58	22,768	12.30	31,206	4.30	37,946
Total loss-absorbing capacity	20.74	52,618	6.58	58,066	26.82	68,056	9.30	82,070
Eligible loss-absorbing capacity								
Common equity tier 1 capital	13.06	33,151	3.76	33,151	13.06	33,151	3.76	33,151
High-trigger loss-absorbing additional tier 1 capital[6,7]	7.49	19,001	2.15	19,001	4.29	10,875	1.23	10,875
of which: high-trigger loss-absorbing additional tier 1 capital	*3.36*	*8,533*	*0.97*	*8,533*	*3.36*	*8,533*	*0.97*	*8,533*
of which: low-trigger loss-absorbing additional tier 1 capital	*0.92*	*2,342*	*0.27*	*2,342*	*0.92*	*2,342*	*0.27*	*2,342*
of which: high-trigger loss-absorbing tier 2 capital	*0.17*	*429*	*0.05*	*429*				
of which: low-trigger loss-absorbing tier 2 capital	*3.03*	*7,698*	*0.87*	*7,698*				
Total going concern capital	20.55	52,153	5.91	52,153	17.35	44,026	4.99	44,026
Gone concern loss-absorbing capacity	10.83	27,480	3.11	27,480	13.86	35,178	3.99	35,178
of which: TLAC-eligible senior unsecured debt	*10.42*	*26,431*	*3.00*	*26,431*	*10.42*	*26,431*	*3.00*	*26,431*
Total gone concern loss-absorbing capacity	10.83	27,480	3.11	27,480	13.86	35,178	3.99	35,178
Total loss-absorbing capacity	31.38	79,632	9.02	79,632	31.21	79,204	8.98	79,204
Risk-weighted assets / leverage ratio denominator								
Risk-weighted assets		253,753				253,753		
Leverage ratio denominator				882,469				882,469

1 This table includes a rebate equal to 35% of the maximum rebate on the gone concern requirements, which was granted by FINMA and will be phased in until 1 January 2020. This table does not include a rebate for the usage of low-trigger loss-absorbing additional tier 1 or tier 2 capital instruments to meet the gone concern requirements. 2 Going concern capital ratio requirements include countercyclical buffer requirements of 0.22%. 3 Includes applicable add-ons of 1.44% for RWA and 0.5% for leverage ratio denominator (LRD). 4 Includes applicable add-ons of 0.72% for RWA and 0.25% for LRD and a rebate of 1.25% for RWA and 0.42% for LRD. 5 Includes applicable add-ons of 1.44% for RWA and 0.5% for LRD and a rebate of 2% for RWA and 0.7% for LRD. 6 Includes outstanding low-trigger loss-absorbing additional tier 1 (AT1) capital instruments, which are available under the transitional rules of the Swiss SRB framework to meet the going concern requirements until their first call date, even if the first call date is after 31 December 2019. As of their first call date, these instruments are eligible to meet the gone concern requirements. 7 Includes outstanding high- and 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, and to meet gone concern requirements thereafter. 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. 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.

Explanation of the difference between the IFRS and regulatory scope of consolidation

The scope of consolidation for the purpose of calculating Group regulatory capital is generally the same as the consolidation scope under International Financial Reporting Standards (IFRS) and includes subsidiaries that are directly or indirectly controlled by UBS Group AG and active in banking and finance. However, subsidiaries consolidated under IFRS whose business is outside the banking and finance sector are excluded from the regulatory scope of consolidation.

The key difference between the IFRS and regulatory capital scope of consolidation relates to the following entities as of 31 March 2018:

- investments in insurance, real estate and commercial companies as well as investment vehicles that are consolidated under IFRS, but not for regulatory capital purposes, where they are subject to risk-weighting
- joint ventures that are fully consolidated for regulatory capital purposes, but which are accounted for using the equity method under IFRS

The table below provides a list of the most significant entities that were included in the IFRS scope of consolidation, but not in the regulatory capital scope of consolidation. These entities account for most of the difference between the "Balance sheet in accordance with IFRS scope of consolidation" and the "Balance sheet in accordance with regulatory scope of consolidation" columns in the "Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation" table and such difference is mainly related to financial assets at fair value not held for trading and other financial liabilities designated at fair value. As of 31 March 2018, entities consolidated under either the IFRS or the regulatory scope of consolidation did not report any significant capital deficiencies.

In the banking book, certain equity investments are consolidated neither under IFRS nor under the regulatory scope. As of 31 March 2018, these investments mainly consisted of infrastructure holdings and joint operations (e.g., settlement and clearing institutions, stock and financial futures exchanges) and included our participation in the SIX Group. These investments were risk-weighted based on applicable threshold rules.

More information on the legal structure of the UBS Group and on the IFRS scope of consolidation is provided on pages 12–13 and 325–326, respectively, of our Annual Report 2017, available under "Annual reporting" at *www.ubs.com/investors*.

Main legal entities consolidated under IFRS but not included in the regulatory scope of consolidation

	31.3.18		
CHF million	Total assets[1]	Total equity[1]	Purpose
UBS Asset Management Life Limited	24,415	42	Life Insurance
A&Q Alternative Solution Master Limited	317	317[2]	Investment vehicle for multiple investors
A&Q Alternative Solution Limited	317	311[2]	Investment vehicle for multiple investors
UBS Life Insurance Company USA	160	41	Life Insurance
A&Q Alpha Select Hedge Fund Limited	137	126[2]	Investment vehicle for multiple investors
A&Q Global Alpha Strategies XL Limited	128	64[2]	Investment vehicle for multiple investors
A&Q Alpha Select Hedge Fund XL	110	55[2]	Investment vehicle for multiple investors

1 Total assets and total equity on a standalone basis. 2 Represents the net asset value of issued fund units. These fund units are subject to liability treatment in the consolidated financial statements in accordance with IFRS.

The table below and on the next page provides a reconciliation of the IFRS balance sheet to the balance sheet according to the regulatory scope of consolidation as defined by the BCBS and FINMA. Lines in the balance sheet under the regulatory scope of consolidation are expanded and referenced where relevant to display all components that are used in the "Composition of capital" table.

Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation

As of 31.3.18	Balance sheet in accordance with IFRS scope of consolidation	Effect of deconsolidated entities for regulatory consolidation	Effect of additional consolidated entities for regulatory consolidation	Balance sheet in accordance with regulatory scope of consolidation	References[1]
CHF million					
Assets					
Cash and balances at central banks	92,800			92,800	
Loans and advances to banks	13,338	(232)		13,106	
Receivables from securities financing transactions	77,016			77,016	
Cash collateral receivables on derivative instruments	24,271			24,271	
Loans and advances to customers	316,195	76		316,271	
Other financial assets measured at amortized cost	19,129	(105)		19,025	
Total financial assets measured at amortized cost	542,749	**(261)**		542,488	
Financial assets at fair value held for trading	105,554	(350)		105,204	
of which: assets pledged as collateral that may be sold or repledged by counterparties	*34,536*			*34,536*	
Derivative financial instruments	113,333	12		113,345	
Brokerage receivables	20,250			20,250	
Financial assets at fair value not held for trading	97,532	(24,186)		73,346	
Total financial assets measured at fair value through profit or loss	336,669	**(24,524)**		312,144	
Financial assets measured at fair value through other comprehensive income	6,758			6,758	
Consolidated participations	0	102		102	
Investments in associates	1,037			1,037	
of which: goodwill	*350*			*350*	*4*
Property, equipment and software	8,860	(54)		8,806	
Goodwill and intangible assets	6,235			6,235	
of which: goodwill	*6,039*			*6,039*	*4*
of which: intangible assets	*196*			*196*	*5*
Deferred tax assets	9,729			9,729	
of which: deferred tax assets recognized for tax loss carry-forwards	*5,886*			*5,886*	*6*
of which: deferred tax assets on temporary differences	*3,843*			*3,843*	*10*
Other non-financial assets	7,324	(68)		7,256	
of which: net defined benefit pension and other post-employment assets	*1*			*1*	*8*
Total assets	919,361	**(24,805)**		894,556	

Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation (continued)

As of 31.3.18 CHF million	Balance sheet in accordance with IFRS scope of consolidation	Effect of deconsolidated entities for regulatory consolidation	Effect of additional consolidated entities for regulatory consolidation	Balance sheet in accordance with regulatory scope of consolidation	References[1]
Liabilities					
Amounts due to banks	9,024	(8)		9,016	
Payables from securities financing transactions	9,167			9,167	
Cash collateral payables on derivative instruments	29,426			29,426	
Customer deposits	398,604	(25)		398,579	
Debt issued measured at amortized cost	137,883	(9)		137,874	
Other financial liabilities measured at amortized cost	5,911	(364)		5,547	
Total financial liabilities measured at amortized cost	590,014	(407)		589,608	
Financial liabilities at fair value held for trading	34,747			34,747	
Derivative financial instruments	111,945	7		111,953	
Brokerage payables designated at fair value	34,793			34,793	
Debt issued designated at fair value	52,059			52,059	
of which: amount eligible for high-trigger loss-absorbing additional tier 1 capital[2]	*6,898*			*6,898*	*9*
of which: amount eligible for low-trigger loss-absorbing additional tier 1 capital[2]	*2,342*			*2,342*	*9*
of which: amount eligible for low-trigger loss-absorbing tier 2 capital[3]	*7,698*			*7,698*	*11*
of which: amount eligible for capital instruments subject to phase-out from tier 2 capital[4]	*684*			*684*	*12*
Other financial liabilities designated at fair value	34,438	(24,348)		10,090	
Total financial liabilities measured at fair value through profit or loss	267,983	(24,341)		243,642	
Provisions	3,044			3,044	
Other non-financial liabilities	7,016	(15)		7,001	
of which: amount eligible for high-trigger loss-absorbing capital (Deferred Contingent Capital Plan (DCCP))[5]	*1,029*			*1,029*	*9*
of which: deferred tax liabilities related to goodwill	*53*			*53*	*4*
of which: deferred tax liabilities related to other intangible assets	*4*			*4*	*5*
Total liabilities	868,056	(24,762)		843,294	
Equity					
Share capital	385			385	1
Share premium	25,262			25,262	1
Treasury shares	(1,520)			(1,520)	3
Retained earnings	33,807	(154)		33,652	2
Other comprehensive income recognized directly in equity, net of tax	(6,692)	112		(6,580)	3
of which: unrealized gains / (losses) from cash flow hedges	*(103)*			*(103)*	*7*
Equity attributable to shareholders	51,243	(43)		51,199	
Equity attributable to non-controlling interests	62			62	
Total equity	51,305	(43)		51,262	
Total liabilities and equity	919,361	(24,805)		894,556	

1 References link the lines of this table to the respective reference numbers provided in the "References" column in the "Composition of capital" table. 2 Represents IFRS carrying value. 3 IFRS carrying value is CHF 8,097 million. 4 IFRS carrying value is CHF 694 million. 5 IFRS carrying value is CHF 1,629 million. Refer to the "Compensation" section of our Annual Report 2017 for more information on the DCCP.

Composition of capital

The table below and on the following pages provides the "Composition of capital" as defined by the BCBS and FINMA. Reference is made to items reconciling to the balance sheet under the regulatory scope of consolidation as disclosed in the "Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation" table.

Refer to "Capital instruments of UBS Group AG consolidated and UBS AG consolidated and standalone – key features" and "UBS Group AG consolidated capital instruments and TLAC-eligible senior unsecured debt" under "Bondholder information" at *www.ubs.com/investors* for an overview of the key features of our regulatory capital instruments, as well as the full terms and conditions.

Composition of capital

	As of 31.3.18	Numbers phase-in	Effect of the transition phase	References[1]
	CHF million, except where indicated			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	25,648		1
2	Retained earnings	33,652		2
3	Accumulated other comprehensive income (and other reserves)	(8,100)		3
4	Directly issued capital subject to phase-out from common equity tier 1 (CET1) capital (only applicable to non-joint stock companies)			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in Group CET1 capital)			
6	**Common equity tier 1 capital before regulatory adjustments**	**51,199**		
7	Prudential valuation adjustments	(120)		
8	Goodwill, net of tax, less additional tier 1 (AT1) capital	(6,336)		4
9	Intangible assets, net of tax	(192)		5
10	Deferred tax assets recognized for tax loss carry-forwards[2]	(5,907)		6
11	Unrealized (gains) / losses from cash flow hedges, net of tax	103		7
12	Expected losses on advanced internal ratings-based portfolio less provisions[3]	(359)		
13	Securitization gain on sale			
14	Own credit related to financial liabilities designated at fair value, net of tax, and replacement values	(46)		
15	Defined benefit plans	(1)		8
16	Compensation and own shares-related capital components (not recognized in net profit)[4]	(1,581)		9
17	Reciprocal crossholdings in common equity			
17a	Qualifying interest where a controlling influence is exercised together with other owners (CET1 instruments)			
17b	Consolidated investments (CET1 instruments)			
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)			
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)			
20	Mortgage servicing rights (amount above 10% threshold)			
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(458)		10
22	Amount exceeding the 15% threshold			
23	*of which: significant investments in the common stock of financials*			
24	*of which: mortgage servicing rights*			
25	*of which: deferred tax assets arising from temporary differences*			
26	Expected losses on equity investments treated according to the PD/LGD approach			
26a	Other adjustments relating to the application of an internationally accepted accounting standard			
26b	Other deductions	(3,152)		
27	Regulatory adjustments applied to common equity tier 1 due to insufficient additional tier 1 and tier 2 to cover deductions			
28	**Total regulatory adjustments to common equity tier 1**	**(18,048)**		

Composition of capital (continued)

As of 31.3.18		Numbers phase-in	Effect of the transition phase	References [1]
CHF million, except where indicated				
29	**Common equity tier 1 capital (CET1)**	**33,151**		
30	Directly issued qualifying additional tier 1 instruments plus related stock surplus	10,875		
31	*of which: classified as equity under applicable accounting standards*			
32	*of which: classified as liabilities under applicable accounting standards*	*10,875*		*9*
33	Directly issued capital instruments subject to phase-out from additional tier 1			
34	Additional tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in Group AT1)			
35	*of which: instruments issued by subsidiaries subject to phase-out*			
36	**Additional tier 1 capital before regulatory adjustments**	**10,875**		
37	Investments in own additional tier 1 instruments			
38	Reciprocal crossholdings in additional tier 1 instruments			
38a	Qualifying interest where a controlling influence is exercised together with other owner (AT1 instruments)			
38b	Holdings in companies which are to be consolidated (AT1 instruments)			
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41	National specific regulatory adjustments			
42	Regulatory adjustments applied to additional tier 1 due to insufficient tier 2 to cover deductions			
	Tier 1 adjustments on impact of transitional arrangements			
	of which: goodwill net of tax, offset against additional loss-absorbing tier 1 capital			
42a	Excess of the adjustments, which are allocated to the common equity tier 1 capital			
43	**Total regulatory adjustments to additional tier 1 capital**			
44	**Additional tier 1 capital (AT1)**	**10,875**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**44,026**		
46	Directly issued qualifying tier 2 instruments plus related stock surplus	7,698		11
47	Directly issued capital instruments subject to phase-out from tier 2	700	(700)	12
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in Group tier 2)			
49	*of which: instruments issued by subsidiaries subject to phase-out*			
50	Provisions			
51	**Tier 2 capital before regulatory adjustments**	**8,398**		
52	Investments in own tier 2 instruments	(16)	16	12
53	Reciprocal crossholdings in tier 2 instruments			
53a	Qualifying interest where a controlling influence is exercised together with other owner (tier 2 instruments)			
53b	Investments to be consolidated (tier 2 instruments)			
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)			
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
56	National specific regulatory adjustments			
56a	**Excess of the adjustments, which are allocated to the AT1 capital**			
57	**Total regulatory adjustments to tier 2 capital**	**(16)**	**16**	

Composition of capital (continued)

As of 31.3.18		Numbers phase-in	Effect of the transition phase	References[1]
CHF million, except where indicated				
58	**Tier 2 capital (T2)**	**8,382**	**(684)**	
	of which: high-trigger loss-absorbing capital			
	of which: low-trigger loss-absorbing capital	*7,698*		*11*
59	**Total capital (TC = T1 + T2)**	**52,408**	**(684)**	
	Amount with risk weight pursuant to the transitional arrangement (phase-in)			
	of which: net defined benefit pension assets			
	of which: deferred tax assets on temporary differences			
60	**Total risk-weighted assets**	**253,753**		
	Capital ratios and buffers			
61	Common equity tier 1 (as a percentage of risk-weighted assets)	13.1		
62	Tier 1 (pos 45 as a percentage of risk-weighted assets)	17.3		
63	Total capital (pos 59 as a percentage of risk-weighted assets)	20.7		
64	CET1 requirement (base capital, buffer capital and countercyclical buffer requirements) plus G-SIB buffer requirement, expressed as a percentage of risk-weighted assets[5]	7.3		
65	*of which: capital buffer requirement*	*1.9*		
66	*of which: bank-specific countercyclical buffer requirement*	*0.2*		
67	*of which: G-SIB buffer requirement*	*0.8*		
68	Common equity tier 1 available to meet buffers (as a percentage of risk-weighted assets)	13.1		
68a–f	Not applicable for systemically relevant banks according to FINMA Circular 11/2			
72	Non-significant investments in the capital of other financials	1,390		
73	Significant investments in the common stock of financials	755		
74	Mortgage servicing rights, net of tax			
75	Deferred tax assets arising from temporary differences, net of tax	3,819		
	Applicable caps on the inclusion of provisions in tier 2			
76	Provisions eligible for inclusion in tier 2 in respect of exposures subject to standardized approach (prior to application of cap)			
77	Cap on inclusion of provisions in tier 2 under standardized approach			
78	Provisions eligible for inclusion in tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)			
79	Cap for inclusion of provisions in tier 2 under internal ratings-based approach			

1 References link the lines of this table to the respective reference numbers provided in the "References" column in the "Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation" table. 2 IFRS netting for deferred tax assets and liabilities is reversed for items deducted from CET1 capital. 3 From 1 January 2018, provisions have been calculated in accordance with IFRS 9. 4 Includes CHF 606 million in DCCP-related charge for regulatory capital purposes. 5 BCBS requirements are exceeded by our Swiss SRB requirements. Refer to the "Capital management" section of our Annual Report 2017 for more information on the Swiss SRB requirements.

BCBS Basel III leverage ratio

The Basel Committee on Banking Supervision (BCBS) leverage ratio is calculated by dividing the period-end tier 1 capital by the period-end leverage ratio denominator (LRD). The LRD consists of IFRS on-balance sheet assets and off-balance sheet items. Derivative exposures are adjusted for a number of items, including replacement value and eligible cash variation margin netting, the current exposure method add-on and net notional amounts for written credit derivatives. The LRD also includes an additional charge for counterparty credit risk related to securities financing transactions. In addition, balance sheet assets deducted from our tier 1 capital are excluded from LRD, which led to a difference between phase-in and fully applied LRD for deferred tax assets and net defined benefit pension plan assets until 31 December 2017.

The "Reconciliation of IFRS total assets to BCBS Basel III total on-balance sheet exposures excluding derivatives and securities financing transactions" table below shows the difference between total IFRS assets per IFRS consolidation scope and the BCBS total on-balance sheet exposures, which are the starting point for calculating the BCBS LRD as shown in the "BCBS Basel III leverage ratio common disclosure" table on the next page. The difference is due to the application of the regulatory scope of consolidation for the purpose of the BCBS calculation. In addition, carrying values for derivative financial instruments and securities financing transactions are deducted from IFRS total assets. They are measured differently under BCBS leverage ratio rules and are therefore added back in separate exposure line items in the "BCBS Basel III leverage ratio common disclosure" table on the next page.

As of 31 March 2018, our BCBS Basel III leverage ratio was 5.0% and the BCBS Basel III LRD was CHF 882 billion. Information on our Swiss SRB leverage ratio and the movement in our LRD compared with the prior quarter is provided on pages 60–61 of our first quarter 2018 report, available under "Quarterly reporting" at *www.ubs.com/investors*.

Difference between the Swiss SRB and BCBS leverage ratio

The LRD is the same under Swiss SRB and BCBS rules. However, there is a difference in the capital numerator between the two frameworks. Under BCBS rules, only common equity tier 1 and additional tier 1 capital are included in the numerator. Under Swiss SRB we are required to meet going as well as gone concern leverage ratio requirements. Therefore, depending on the requirement, the numerator includes tier 1 capital instruments, tier 2 capital instruments and / or TLAC-eligible senior unsecured debt.

Reconciliation of IFRS total assets to BCBS Basel III total on-balance sheet exposures excluding derivatives and securities financing transactions

CHF million	31.3.18	31.12.17
On-balance sheet exposures		
IFRS total assets	919,361	915,642
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(24,805)	(12,142)
Adjustment for investments in banking, financial, insurance or commercial entities that are outside the scope of consolidation for accounting purposes but consolidated for regulatory purposes	0	0
Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0	0
Less carrying value of derivative financial instruments in IFRS total assets[1]	(137,616)	(141,673)
Less carrying value of securities financing transactions in IFRS total assets[2]	(106,485)	(114,895)
Adjustments to accounting values	0	0
On-balance sheet items excluding derivatives and securities financing transactions, but including collateral	650,455	646,933
Asset amounts deducted in determining BCBS Basel III tier 1 capital	(13,250)	(12,624)
Total on-balance sheet exposures (excluding derivatives and securities financing transactions)	637,205	634,309

1 Consists of derivative financial instruments and cash collateral receivables on derivative instruments in accordance with the regulatory scope of consolidation. 2 Consists of 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.

BCBS Basel III leverage ratio common disclosure

	CHF million, except where indicated	31.3.18	31.12.17
	On-balance sheet exposures		
1	On-balance sheet items excluding derivatives and SFTs, but including collateral	650,455	646,933
2	(Asset amounts deducted in determining Basel III tier 1 capital)[1]	(13,250)	(12,624)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	637,205	634,309
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	42,546	42,135
5	Add-on amounts for PFE associated with all derivatives transactions	91,207	89,205
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(13,266)	(12,481)
8	(Exempted CCP leg of client-cleared trade exposures)	(22,550)	(22,836)
9	Adjusted effective notional amount of all written credit derivatives[2]	87,252	94,031
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)[3]	(85,134)	(91,951)
11	Total derivative exposures	100,055	98,103
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	177,346	191,696
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(70,861)	(76,802)
14	CCR exposure for SFT assets	9,406	9,269
15	Agent transaction exposures	0	0
16	Total securities financing transaction exposures	115,891	124,164
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	88,553	93,090
18	(Adjustments for conversion to credit equivalent amounts)	(59,235)	(62,031)
19	Total off-balance sheet items	29,318	31,059
	Total exposures (leverage ratio denominator), phase-in		887,635
	(Additional asset amounts deducted in determining Basel III tier 1 capital fully applied)		(1,519)
	Total exposures (leverage ratio denominator), fully applied	882,469	886,116
	Capital and total exposures (leverage ratio denominator), phase-in		
20	Tier 1 capital		43,438
21	Total exposures (leverage ratio denominator)		887,635
	Leverage ratio		
22	Basel III leverage ratio phase-in (%)		4.9
	Capital and total exposures (leverage ratio denominator), fully applied		
20	Tier 1 capital	44,026	41,911
21	Total exposures (leverage ratio denominator)	882,469	886,116
	Leverage ratio		
22	Basel III leverage ratio fully applied (%)	5.0	4.7

1 As of 31 December 2017, phase-in deduction applied for the purpose of the CET1 capital calculation was 80%. These effects are fully phased in as of 31 March 2018. Associated prudential filters applied to LRD are also fully phased in as of 31 March 2018. 2 Includes protection sold, including agency transactions. 3 Protection sold can be offset with protection bought on the same underlying reference entity, provided that the conditions according to the Basel III leverage ratio framework and disclosure requirements are met.

BCBS Basel III leverage ratio summary comparison

	CHF million	31.3.18	31.12.17
1	Total consolidated assets as per published financial statements	919,361	915,642
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation[1]	(38,055)	(24,765)
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0	0
4	Adjustments for derivative financial instruments	(37,561)	(43,570)
5	Adjustment for securities financing transactions (i.e., repos and similar secured lending)	9,406	9,269
6	Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	29,318	31,059
7	Other adjustments	0	0
8	Leverage ratio exposure (leverage ratio denominator)[2]	882,469	887,635

1 This item includes assets that are deducted from CET1 capital. 2 As of 31 December 2017, phase-in deduction applied for the purpose of the CET1 capital calculation was 80%. These effects are fully phased in as of 31 March 2018. Associated prudential filters applied to LRD are also fully phased in as of 31 March 2018.

BCBS Basel III leverage ratio

CHF million, except where indicated				
Phase-in	31.3.18	31.12.17	30.9.17	30.6.17
Total tier 1 capital		43,438	44,315	43,421
BCBS total exposures (leverage ratio denominator)		887,635	886,969	862,975
BCBS Basel III leverage ratio (%)		4.9	5.0	5.0
Fully applied	31.3.18	31.12.17	30.9.17	30.6.17
Total tier 1 capital	44,026	41,911	41,493	40,668
BCBS total exposures (leverage ratio denominator)	882,469	886,116	884,834	860,879
BCBS Basel III leverage ratio (%)	5.0	4.7	4.7	4.7

Section 4 Liquidity coverage ratio

High-quality liquid assets

High-quality liquid assets (HQLA) must be easily and immediately convertible into cash at little or no loss of value, especially during a period of stress. HQLA are assets that are of low risk and are unencumbered. Other characteristics of HQLA are ease and certainty of valuation, low correlation with risky assets, listing on a developed and recognized exchange, an active and sizeable market and low volatility. Based on these characteristics, HQLA are categorized as Level 1 (primarily central bank reserves and government bonds) or Level 2 (primarily US and European agency bonds as well as non-financial corporate covered bonds). Level 2 assets are subject to regulatory haircuts and caps.

High-quality liquid assets

	Average 1Q18[1]			Average 4Q17[1]		
CHF billion	Level 1 weighted liquidity value[2]	Level 2 weighted liquidity value[2]	Total weighted liquidity value[2]	Level 1 weighted liquidity value[2]	Level 2 weighted liquidity value[2]	Total weighted liquidity value[2]
Cash balances[3]	101	0	101	103	0	103
Securities	74	9	82	63	17	80
Total high-quality liquid assets[4]	174	9	183	166	17	183

1 Calculated based on an average of 64 data points in the first quarter of 2018 and 63 data points in the fourth quarter of 2017. 2 Calculated after the application of haircuts. 3 Includes cash and balances with central banks and other eligible balances as prescribed by FINMA. 4 Calculated in accordance with FINMA requirements.

Liquidity coverage ratio

In the first quarter of 2018, our liquidity coverage ratio (LCR) decreased by 7 percentage points to 136%, remaining above the 110% Group LCR minimum communicated by FINMA. The decrease in LCR was mainly driven by higher average net cash outflows due to revised regulatory requirements affecting inflows from fully performing exposures and other cash outflows. In addition, unsecured wholesale funding led to higher net cash outflows driven by maturities.

Liquidity coverage ratio

		Average 1Q18[1]		Average 4Q17[1]	
	CHF billion, except where indicated	Unweighted value	Weighted value[2]	Unweighted value	Weighted value[2]
	High-quality liquid assets				
1	High-quality liquid assets	184	183	186	183
	Cash outflows				
2	Retail deposits and deposits from small business customers	231	26	237	26
3	*of which: stable deposits*	*35*	*1*	*35*	*1*
4	*of which: less stable deposits*	*196*	*24*	*201*	*25*
5	Unsecured wholesale funding	184	106	184	104
6	*of which: operational deposits (all counterparties)*	*37*	*9*	*36*	*9*
7	*of which: non-operational deposits (all counterparties)*	*134*	*84*	*137*	*84*
8	*of which: unsecured debt*	*13*	*13*	*11*	*11*
9	Secured wholesale funding		78		79
10	Additional requirements:	82	26	84	26
11	*of which: outflows related to derivatives and other transactions*	*42*	*17*	*42*	*17*
12	*of which: outflows related to loss of funding on debt products*[3]	*1*	*1*	*0*	*0*
13	*of which: committed credit and liquidity facilities*	*39*	*8*	*42*	*9*
14	Other contractual funding obligations	12	12	14	13
15	Other contingent funding obligations	243	5	248	6
16	**Total cash outflows**		**252**		**254**
	Cash inflows				
17	Secured lending	295	80	293	83
18	Inflows from fully performing exposures	67	30	64	33
19	Other cash inflows	7	7	10	10
20	**Total cash inflows**	**369**	**118**	**367**	**126**

		Average 1Q18[1]	Average 4Q17[1]
	CHF billion, except where indicated	Total adjusted value[4]	Total adjusted value[4]
	Liquidity coverage ratio		
21	High-quality liquid assets	183	183
22	Net cash outflows	135	128
23	**Liquidity coverage ratio (%)**	**136**	**143**

1 Calculated based on an average of 64 data points in the first quarter of 2018 and 63 data points in the fourth quarter of 2017. 2 Calculated after the application of inflow and outflow rates. 3 Includes outflows related to loss of funding on asset-backed securities, covered bonds, other structured financing instruments, asset-backed commercial papers, structured entities (conduits), securities investment vehicles and other such financing facilities. 4 Calculated after the application of haircuts and inflow and outflow rates as well as, where applicable, caps on Level 2 assets and cash inflows.

Significant regulated subsidiaries and sub-groups

Section 1 Introduction

The sections below include capital and other regulatory information UBS AG standalone, UBS Switzerland AG standalone, UBS Limited standalone and UBS Americas Holding LLC consolidated. UBS AG consolidated capital and other regulatory information is provided in the UBS AG first quarter 2018 report, which will be available as of 27 April 2018 under "Quarterly reporting" at *www.ubs.com/investors.*

Capital information in this section is based on Pillar 1 capital requirements. Entities may be subject to significant additional Pillar 2 requirements, which represent additional amounts of capital considered necessary and agreed with regulators based on the risk profile of the entities.

Section 2 UBS AG standalone

Swiss SRB going concern requirements and information

Under Swiss systemically relevant bank (SRB) regulations, article 125 "Reliefs for financial groups and individual institutions" of the Capital Adequacy Ordinance stipulates that Swiss Financial Market Supervisory Authority (FINMA) may grant, under certain conditions, capital relief to individual institutions to ensure that an individual institution's compliance with the capital requirements does not lead to a de facto overcapitalization of the group of which it is a part.

FINMA granted relief concerning the regulatory capital requirements of UBS AG on a standalone basis by means of decrees issued on 20 December 2013 and 20 October 2017, the latter effective as of 1 July 2017 and partly replacing the former.

More information is provided in "Section 2 UBS AG standalone" of the 31 December 2017 Pillar 3 report – UBS Group and significant regulated subsidiaries and sub-groups under "Pillar 3 disclosures" at *www.ubs.com/investors*.

Swiss SRB going concern requirements and information

As of 31.3.18	Swiss SRB, including transitional arrangements				Swiss SRB after transition			
CHF million, except where indicated	RWA		LRD		RWA		LRD	
Required going concern capital	in %[1]		in %[1]				in %	
Common equity tier 1 capital	10.04	28,928	3.50	20,699	10.04	37,746	3.50	20,699
of which: minimum capital	*4.50*	*12,969*	*1.50*	*8,871*	*4.50*	*16,922*	*1.50*	*8,871*
of which: buffer capital	*5.50*	*15,851*	*2.00*	*11,828*	*5.50*	*20,682*	*2.00*	*11,828*
of which: countercyclical buffer[2]	*0.04*	*109*			*0.04*	*142*		
Maximum additional tier 1 capital	4.30	12,392	1.50	8,871	4.30	16,170	1.50	8,871
of which: high-trigger loss-absorbing additional tier 1 minimum capital	*3.50*	*10,087*	*1.50*	*8,871*	*3.50*	*13,161*	*1.50*	*8,871*
of which: high-trigger loss-absorbing additional tier 1 buffer capital	*0.80*	*2,306*			*0.80*	*3,008*		
Total going concern capital	14.34[3]	41,321	5.00[3]	29,571	14.34[3]	53,916	5.00[3]	29,571
Eligible going concern capital								
Common equity tier 1 capital	16.48	47,508	8.03	47,508	12.63	47,508	8.03	47,508
High-trigger loss-absorbing additional tier 1 capital[4]	5.07	14,609	2.47	14,609	1.84	6,911	1.17	6,911
of which: high-trigger loss-absorbing additional tier 1 capital	*2.40*	*6,911*	*1.17*	*6,911*	*1.84*	*6,911*	*1.17*	*6,911*
of which: low-trigger loss-absorbing tier 2 capital	*2.67*	*7,698*	*1.30*	*7,698*				
Total going concern capital	21.55	62,118	10.50	62,118	14.47	54,419	9.20	54,419
Risk-weighted assets / leverage ratio denominator								
Risk-weighted assets		288,194				376,042		
Leverage ratio denominator				591,413				591,413

1 By FINMA decree, requirements exceed those based on the transitional arrangements of the Swiss Capital Adequacy Ordinance, i.e., a total going concern capital ratio requirement of 12.86% plus the effect of countercyclical buffer (CCB) requirements of 0.04%, of which 9.46% plus the effect of CCB requirements of 0.04% must be satisfied with CET1 capital, and a total going concern leverage ratio requirement of 4%, of which 2.9% must be satisfied with CET1 capital. 2 Going concern capital ratio requirements as of 31 March 2018 include CCB requirements of 0.04%. 3 Includes applicable add-ons of 1.44% for RWA and 0.5% for LRD. 4 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.

Swiss SRB going concern information

	Swiss SRB, including transitional arrangements		Swiss SRB after transition	
CHF million, except where indicated	31.3.18	31.12.17[1]	31.3.18	31.12.17
Going concern capital				
Common equity tier 1 capital	47,508	**48,374**	47,508	**48,178**
High-trigger loss-absorbing additional tier 1 capital	6,911	3,666	6,911	3,666
Total loss-absorbing additional tier 1 capital	6,911	**3,666**	6,911	**3,666**
Total tier 1 capital	54,419	**52,040**	54,419	**51,845**
Low-trigger loss-absorbing tier 2 capital[2]	7,698	7,874		
Total tier 2 capital	7,698	**7,874**		
Total going concern capital	62,118	**59,914**	54,419	**51,845**
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets	288,194	277,529	376,042	365,362
of which: direct and indirect investments in Swiss-domiciled subsidiaries[3]	*28,761*	*28,595*	*35,951*	*35,744*
of which: direct and indirect investments in foreign-domiciled subsidiaries[3]	*80,658*	*80,684*	*161,316*	*161,368*
Leverage ratio denominator	591,413	599,727	591,413	599,532
Capital ratios (%)				
Total going concern capital ratio	21.6	21.6	14.5	14.2
of which: CET1 capital ratio	*16.5*	*17.4*	*12.6*	*13.2*
Leverage ratios (%)				
Total going concern leverage ratio	10.5	10.0	9.2	8.6
of which: CET1 leverage ratio	*8.0*	*8.1*	*8.0*	*8.0*

1 As of 31 December 2017, phase-in deduction applied for the purpose of the CET1 capital calculation was 80%. These effects are fully phased in as of 31 March 2018. Prudential filters applied to RWA and LRD are also fully phased in as of 31 March 2018. The remaining difference on RWA relates to the treatment of direct and indirect investments. 2 Outstanding low-trigger loss-absorbing tier 2 capital instruments qualify as going concern capital until the earlier of (i) their maturity or first call date or (ii) 31 December 2019, and are subject to amortization starting five years prior to their maturity. 3 Carrying value for direct and indirect investments including holding of regulatory capital instruments in Swiss-domiciled subsidiaries (31 March 2018: CHF 14,380 million; 31 December 2017: 14,298 million), and for direct and indirect investments including holding of regulatory capital instruments in foreign-domiciled subsidiaries (31 March 2018: CHF 40,329 million; 31 December 2017: 40,342 million), currently risk weighted at 200%. Risk weights are gradually increased by 5% per year for Swiss-domiciled investments and 20% per year for foreign-domiciled investments starting 1 January 2019 until the fully applied risk weights of 250% and 400%, respectively, are applied.

Leverage ratio information

Swiss SRB leverage ratio denominator

	LRD (fully applied)		LRD (phase-in)
CHF billion	31.3.18	31.12.17	31.12.17
Leverage ratio denominator			
Swiss GAAP total assets	464.3	477.0	477.0
Difference between Swiss GAAP and IFRS total assets	107.6	112.6	112.6
Less: derivative exposures and SFTs[1]	(205.3)	(216.0)	(216.0)
On-balance sheet exposures (excluding derivative exposures and SFTs)	366.6	**373.6**	**373.6**
Derivative exposures	96.6	94.6	94.6
Securities financing transactions	98.8	101.8	101.8
Off-balance sheet items	31.3	31.6	31.6
Items deducted from Swiss SRB tier 1 capital	(1.8)	(1.9)	(1.7)
Total exposures (leverage ratio denominator)	591.4	**599.5**	**599.7**

1 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 in this table.

BCBS Basel III leverage ratio[1]

CHF million, except where indicated	31.3.18	31.12.17	30.9.17	30.6.17
Total tier 1 capital	56,759	53,223	54,363	34,891
Total exposures (leverage ratio denominator)	591,413	599,727	597,002	566,091
BCBS Basel III leverage ratio (%)	9.6	8.9	9.1	6.2

1 Until 31 December 2017, phase-in deduction applied for the purpose of the CET1 capital calculation was 80%. These effects are fully phased in as of 31 March 2018. Associated prudential filters applied to LRD are also fully phased in as of 31 March 2018.

Liquidity coverage ratio

UBS AG is required to maintain a minimum liquidity coverage ratio of 105% as communicated by FINMA.

Liquidity coverage ratio

	Weighted value[1]	
CHF billion, except where indicated	Average 1Q18[2]	Average 4Q17[2]
High-quality liquid assets	85	87
Total net cash outflows	67	66
of which: cash outflows	*180*	*188*
of which: cash inflows	*113*	*123*
Liquidity coverage ratio (%)	127	132

1 Calculated after the application of haircuts and inflow and outflow rates. 2 Calculated based on an average of 64 data points in the first quarter of 2018 and 63 data points in the fourth quarter of 2017.

Swiss SRB going and gone concern requirements and information

UBS Switzerland AG is considered a systemically relevant bank (SRB) under Swiss banking law and is subject to capital regulations on a standalone basis. As of 31 March 2018, the transitional going concern capital and leverage ratio requirements for UBS Switzerland AG standalone were 13.39% and 4.0%, respectively. The gone concern requirements under transitional arrangements were 7.65% for the RWA-based requirement and 2.58% for the LRD-based requirement.

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

As of 31.3.18	Swiss SRB, including transitional arrangements				Swiss SRB as of 1.1.20			
CHF million, except where indicated	RWA		LRD		RWA		LRD	
Required loss-absorbing capacity	in %[2]		in %		in %		in %	
Common equity tier 1 capital	9.99	9,418	2.90	8,757	10.53	9,928	3.50	10,569
of which: minimum capital	*5.40*	*5,093*	*1.90*	*5,737*	*4.50*	*4,244*	*1.50*	*4,530*
of which: buffer capital	*4.06*	*3,829*	*1.00*	*3,020*	*5.50*	*5,187*	*2.00*	*6,039*
of which: countercyclical buffer[3]	*0.53*	*496*			*0.53*	*496*		
Maximum additional tier 1 capital	3.40	3,207	1.10	3,322	4.30	4,055	1.50	4,530
of which: high-trigger loss-absorbing additional tier 1 minimum capital	*2.60*	*2,452*	*1.10*	*3,322*	*3.50*	*3,301*	*1.50*	*4,530*
of which: high-trigger loss-absorbing additional tier 1 buffer capital	*0.80*	*754*			*0.80*	*754*		
Total going concern capital	13.39	12,625	4.00	12,079	14.83[4]	13,983	5.00[4]	15,098
Base gone concern loss-absorbing capacity, including applicable add-ons and rebate	7.65[5]	7,219	2.58[5]	7,791	12.30[6]	11,598	4.30[6]	12,985
Total gone concern loss-absorbing capacity	7.65	7,219	2.58	7,791	12.30	11,598	4.30	12,985
Total loss-absorbing capacity	21.04	19,843	6.58	19,869	27.12	25,581	9.30	28,083
Eligible loss-absorbing capacity								
Common equity tier 1 capital	10.73	10,118	3.35	10,118	10.73	10,118	3.35	10,118
High-trigger loss-absorbing additional tier 1 capital	3.18	3,000	0.99	3,000	3.18	3,000	0.99	3,000
of which: high-trigger loss-absorbing additional tier 1 capital	*3.18*	*3,000*	*0.99*	*3,000*	*3.18*	*3,000*	*0.99*	*3,000*
Total going concern capital	13.91	13,118	4.34	13,118	13.91	13,118	4.34	13,118
Gone concern loss-absorbing capacity	8.91	8,400	2.78	8,400	8.91	8,400	2.78	8,400
of which: TLAC-eligible debt	*8.91*	*8,400*	*2.78*	*8,400*	*8.91*	*8,400*	*2.78*	*8,400*
Total gone concern loss-absorbing capacity	8.91	8,400	2.78	8,400	8.91	8,400	2.78	8,400
Total loss-absorbing capacity	22.82	21,518	7.13	21,518	22.82	21,518	7.13	21,518
Risk-weighted assets / leverage ratio denominator								
Risk-weighted assets		94,311				94,311		
Leverage ratio denominator				301,968				301,968

1 This table includes a rebate equal to 35% of the maximum rebate on the gone concern requirements, which was granted by FINMA and will be phased in until 1 January 2020. Refer to the "Capital management" section of our Annual Report 2017 for more information. 2 The total loss-absorbing capacity ratio requirement of 21.04% is the current requirement based on the transitional rules of the Swiss Capital Adequacy Ordinance including the aforementioned rebate on the gone concern requirements. In addition, FINMA has defined a total capital ratio requirement, which is the sum of 14.4% and the effect of countercyclical buffer (CCB) requirements of 0.53%, of which 10% plus the effect of CCB requirements must be satisfied with CET1 capital. These FINMA requirements will be effective until they are exceeded by the Swiss SRB requirements based on the transitional rules. 3 Going concern capital ratio requirements include CCB requirements of 0.53%. 4 Includes applicable add-ons of 1.44% for RWA and 0.5% for LRD. 5 Includes applicable add-ons of 0.72% for RWA and 0.25% for LRD and a rebate of 1.25% for RWA and 0.42% for LRD. 6 Includes applicable add-ons of 1.44% for RWA and 0.5% for LRD and a rebate of 2% for RWA and 0.7% for LRD.

Swiss SRB loss-absorbing capacity

Swiss SRB going and gone concern information

	Swiss SRB, including transitional arrangements		Swiss SRB as of 1.1.20	
CHF million, except where indicated	31.3.18	31.12.17	31.3.18	31.12.17
Going concern capital				
Common equity tier 1 capital	10,118	10,160	10,118	10,160
High-trigger loss-absorbing additional tier 1 capital	3,000	3,000	3,000	3,000
Total tier 1 capital	13,118	13,160	13,118	13,160
Total going concern capital	13,118	13,160	13,118	13,160
Gone concern loss-absorbing capacity				
TLAC-eligible debt	8,400	8,400	8,400	8,400
Total gone concern loss-absorbing capacity	8,400	8,400	8,400	8,400
Total loss-absorbing capacity				
Total loss-absorbing capacity	21,518	21,560	21,518	21,560
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets	94,311	92,894	94,311	92,894
Leverage ratio denominator	301,968	302,987	301,968	302,987
Capital and loss-absorbing capacity ratios (%)				
Going concern capital ratio	13.9	14.2	13.9	14.2
of which: common equity tier 1 capital ratio	*10.7*	*10.9*	*10.7*	*10.9*
Gone concern loss-absorbing capacity ratio	8.9	9.0	8.9	9.0
Total loss-absorbing capacity ratio	22.8	23.2	22.8	23.2
Leverage ratios (%)				
Going concern leverage ratio	4.3	4.3	4.3	4.3
of which: common equity tier 1 leverage ratio	*3.4*	*3.4*	*3.4*	*3.4*
Gone concern leverage ratio	2.8	2.8	2.8	2.8
Total loss-absorbing capacity leverage ratio	7.1	7.1	7.1	7.1

Leverage ratio information

Swiss SRB leverage ratio denominator

	LRD (fully applied)		LRD (phase-in)
CHF billion	31.3.18	31.12.17	31.12.17
Leverage ratio denominator			
Swiss GAAP total assets	289.4	290.3	290.3
Difference between Swiss GAAP and IFRS total assets	1.5	1.3	1.3
Less: derivative exposures and SFTs[1]	(30.5)	(39.6)	(39.6)
On-balance sheet exposures (excluding derivative exposures and SFTs)	260.4	252.0	252.0
Derivative exposures	4.5	4.0	4.0
Securities financing transactions	25.8	35.3	35.3
Off-balance sheet items	11.8	12.2	12.2
Items deducted from Swiss SRB tier 1 capital	(0.4)	(0.5)	(0.5)
Total exposures (leverage ratio denominator)	302.0	303.0	303.0

1 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 in this table.

BCBS Basel III leverage ratio[1]

CHF million, except where indicated	31.12.18	31.12.17	30.9.17	30.6.17
Total tier 1 capital	13,118	13,160	12,272	12,276
Total exposures (leverage ratio denominator)	301,968	302,987	305,229	308,917
BCBS Basel III leverage ratio (%)	4.3	4.3	4.0	4.0

1 Until 31 December 2017, phase-in deduction applied for the purpose of the CET1 capital calculation was 80%. These effects are fully phased in as of 31 March 2018. Associated prudential filters applied to LRD are also fully phased in as of 31 March 2018.

Liquidity coverage ratio

UBS Switzerland AG, as a Swiss SRB, is required to maintain a minimum liquidity coverage ratio of 100%.

Liquidity coverage ratio

	Weighted value[1]	
CHF billion, except where indicated	Average 1Q18[2]	Average 4Q17[2]
High-quality liquid assets	69	69
Total net cash outflows	55	48
of which: cash outflows	*87*	*89*
of which: cash inflows	*33*	*41*
Liquidity coverage ratio (%)	126	144

1 Calculated after the application of haircuts and inflow and outflow rates. 2 Calculated based on an average of 64 data points in the first quarter of 2018 and 63 data points in the fourth quarter of 2017.

Capital instruments

Capital instruments of UBS Switzerland AG – key features

Presented according to issuance date.

		Share capital	Additional tier 1 capital		
1	Issuer (country of incorporation; if applicable, branch)	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland
1a	Instrument number	1	2	3	4
2	Unique identifier (e.g., ISIN)	N/A	N/A	N/A	N/A
3	Governing law(s) of the instrument	Swiss	Swiss	Swiss	Swiss
	Regulatory treatment				
4	Transitional Basel III rules[1]	CET1 – Going concern capital	Additional tier 1 – Going concern capital		
5	Post-transitional Basel III rules[2]	CET1 – Going concern capital	Additional tier 1 – Going concern capital		
6	Eligible at solo / group / group and solo	UBS Switzerland AG standalone	UBS Switzerland AG standalone		
7	Instrument type	Ordinary shares	Loan[4]		
8	Amount recognized in regulatory capital (currency in million, as of most recent reporting date)[1]	CHF 10.0	CHF 1,500	CHF 500	CHF 1,000
9	Outstanding amount (par value, million)	CHF 10.0	CHF 1,500	CHF 500	CHF 1,000
10	Accounting classification[3]	Equity attributable to UBS Switzerland AG shareholders	Due to banks held at amortized cost		
11	Original date of issuance	–	1 April 2015	11 March 2016	18 December 2017
12	Perpetual or dated	–	Perpetual		
13	Original maturity date	–	–		
14	Issuer call subject to prior supervisory approval	–	Yes		
15	Optional call date, subsequent call dates, if applicable, and redemption amount	–	First optional repayment date: 1 April 2020	First optional repayment date: 11 March 2021	First optional repayment date: 18 December 2022
			Repayable at any time after the first optional repayment date. Repayment subject to FINMA approval. Optional repayment amount: principal amount, together with any accrued and unpaid interest thereon		
16	Contingent call dates and redemption amount	–	Early repayment possible due to a tax or regulatory event. Repayment due to tax event subject to FINMA approval. Repayment amount: principal amount, together with accrued and unpaid interest		

Capital instruments of UBS Switzerland AG – key features (continued)

	Coupons / dividend				
17	Fixed or floating dividend / coupon	–	Floating		
18	Coupon rate and any related index; frequency of payment	–	6-month CHF Libor + 370 bps per annum semiannually	3-month CHF Libor + 459 bps per annum quarterly	3-month CHF Libor + 250 bps per annum quarterly
19	Existence of a dividend stopper	–	No		
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary		
21	Existence of step-up or other incentive to redeem	–	No		
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative		
23	Convertible or non-convertible	–	Non-convertible		
24	If convertible, conversion trigger(s)	–	–		
25	If convertible, fully or partially	–	–		
26	If convertible, conversion rate	–	–		
27	If convertible, mandatory or optional conversion	–	–		
28	If convertible, specify instrument type convertible into	–	–		
29	If convertible, specify issuer of instrument it converts into	–	–		
30	Write-down feature	–	Yes		
31	If write-down, write-down trigger(s)	–	Trigger: CET1 ratio is less than 7% FINMA determines a write-down necessary to ensure UBS Switzerland AG's viability; or UBS Switzerland AG receives a commitment of governmental support that FINMA determines necessary to ensure UBS Switzerland AG's viability. Subject to applicable conditions		
32	If write-down, full or partial	–	Full		
33	If write-down, permanent or temporary	–	Permanent		
34	If temporary write-down, description of write-up mechanism	–	–		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Unless otherwise stated in the Articles of Association, once debts are paid back, the assets of the liquidated company are divided between the shareholders pro rata based on their contributions and considering the preferences attached to certain categories of shares (article 745, Swiss Code of Obligations)	Subject to any obligations that are mandatorily preferred by law, all obligations of UBS Switzerland AG that are unsubordinated or that are subordinated and do not rank junior, such as all classes of share capital, or at par, such as tier 1 instruments		
36	Existence of features that prevent full recognition under Basel III	–	–		
37	If yes, specify non-compliant features	–	–		

1 Based on Swiss SRB (including transitional arrangement) requirements. 2 Based on Swiss SRB requirements applicable as of 1 January 2020. 3 As applied in UBS Switzerland AG's financial statements under Swiss GAAP. 4 Loans granted by UBS AG, Switzerland.

Section 4 UBS Limited standalone

The table below includes required information on the regulatory capital components and capital ratios, as well as leverage ratio, of UBS Limited standalone based on the Pillar 1 capital requirements. Entities may also be subject to significant Pillar 2 requirements, which represent additional amounts of capital considered necessary and agreed with regulators based on the risk profile of the entities.

Prudential key figures[1]

	GBP million, except where indicated	31.3.18	31.12.17[2]
1	Minimum capital requirement (8% of RWA)	862	838
2	Eligible capital	3,427	3,449
3	*of which: common equity tier 1 (CET1) capital*	*2,521*	*2,529*
4	*of which: tier 1 capital*	*2,756*	*2,764*
5	Risk-weighted assets	10,778	10,473
6	CET1 capital ratio in % of RWA	23.4	24.2
7	Tier 1 capital ratio in % of RWA	25.6	26.4
8	Total capital ratio in % of RWA	31.8	32.9
9	Countercyclical buffer (CCB) in % of RWA	0.1	0.1
10	CET1 capital requirement (including CCB) (%)	6.5	5.8
11	Tier 1 capital requirement (including CCB) (%)	8.0	7.3
12	Total capital requirement (including CCB) (%)	10.0	9.3
13	Basel III leverage ratio (%)[3]	7.7	7.6
14	Leverage ratio denominator	35,995	36,409
15	Liquidity coverage ratio (%)[4]	473	454
16	Numerator: High-quality liquid assets	5,744	5,758
17	Denominator: Net cash outflows	1,269	1,317

1 Based on Directive 2013/36/EU and Regulation 575/2013 (together known as "CRD IV") and their related technical standards, as implemented in the UK by the Prudential Regulation Authority. 2 Figures as of or for the quarter ended 31 December 2017 have been adjusted for consistency with the full year audited financial statements and / or local regulatory reporting, which were finalized after the publication of the UBS Group Annual Report 2017 and the 31 December 2017 Pillar 3 report on 9 March 2018. 3 On the basis of tier 1 capital. 4 The values represent an average of the month-end balances for the twelve months ending 31 March 2018 and 31 December 2017 in line with the European Banking Authority guidelines on the liquidity coverage ratio disclosure (EBA/GL/2017/01). Including PRA Pillar 2 requirements, the equivalent average ratios were 192% and 187% for 31 March 2018 and 31 December 2017, respectively.

Section 5 UBS Americas Holding LLC consolidated

The table below includes required information on the regulatory capital components and capital ratios, as well as leverage ratio, of UBS Americas Holding LLC consolidated based on Pillar 1 capital requirements. Entities may also be subject to significant Pillar 2 requirements, which represent additional amounts of capital considered necessary and agreed with regulators based on the risk profile of the entities.

Prudential key figures[1,2]

	USD million, except where indicated	31.3.18	31.12.17[3]
1	Minimum capital requirement (8% of RWA)	4,039	3,967
2	Eligible capital	13,048	12,769
3	*of which: common equity tier 1 (CET1) capital*	*10,188*	*10,851*
4	*of which: tier 1 capital*	*12,329*	*12,047*
5	Risk-weighted assets	50,485	49,587
6	CET1 capital ratio in % of RWA	20.2	21.9
7	Tier 1 capital ratio in % of RWA	24.4	24.3
8	Total capital ratio in % of RWA	25.8	25.8
9	Countercyclical buffer (CCB) in % of RWA[4]		
10	CET1 capital requirement (including CCB) (%)	6.4	5.8
11	Tier 1 capital requirement (including CCB) (%)	7.9	7.3
12	Total capital requirement (including CCB) (%)	9.9	9.3
13	Basel III leverage ratio (%)[5]	9.3	8.9
14	Leverage ratio denominator	132,764	135,718

1 For UBS Americas Holding LLC based on applicable US Basel III rules. 2 There is no local disclosure requirement for liquidity coverage ratio for UBS Americas Holding LLC as of 31 March 2018. 3 Figures as of or for the quarter ended 31 December 2017 have been adjusted for consistency with the full year audited financial statements and / or local regulatory reporting, which were finalized after the publication of the UBS Group Annual Report 2017 and the 31 December 2017 Pillar 3 report on 9 March 2018. 4 Not applicable as the countercyclical buffer requirement applies only to banking organizations subject to the advanced approaches capital rules. 5 On the basis of tier 1 capital.

Abbreviations frequently used in our financial reports

A	
ABS	asset-backed security
AEI	automatic exchange of information
AGM	annual general meeting of shareholders
A-IRB	advanced internal ratings-based
AIV	alternative investment vehicle
ALCO	Asset and Liability Management Committee
AMA	advanced measurement approach
AoA	Articles of Association of UBS Group AG
ASFA	advanced supervisory formula approach
AT1	additional tier 1
B	
BCBS	Basel Committee on Banking Supervision
BD	business division
BEAT	base erosion and anti-abuse tax
BIS	Bank for International Settlements
BoD	Board of Directors
BVG	Swiss occupational pension plan
C	
CC	Corporate Center
CCAR	Comprehensive Capital Analysis and Review
CCB	countercyclical buffer
CCF	credit conversion factor
CCP	central counterparty
CCR	counterparty credit risk
CCRC	Corporate Culture and Responsibility Committee
CDO	collateralized debt obligation
CDR	constant default rate
CDS	credit default swap
CEA	Commodity Exchange Act
CECL	current expected credit loss
CEM	current exposure method
CEO	Chief Executive Officer
CET1	common equity tier 1
CFO	Chief Financial Officer
CFTC	US Commodity Futures Trading Commission
CHF	Swiss franc
CLN	credit-linked note
CLO	collateralized loan obligation
CMBS	commercial mortgage-backed security
COP	close-out period
CRD IV	EU Capital Requirements Directive of 2013
CRM	credit risk mitigation (credit risk) or comprehensive risk measure (market risk)
CST	combined stress test
CVA	credit valuation adjustment
D	
DBO	defined benefit obligation
DCCP	Deferred Contingent Capital Plan
DOJ	US Department of Justice
DOL	US Department of Labor
D-SIB	domestic systemically important bank
DTA	deferred tax asset
DVA	debit valuation adjustment
E	
EAD	exposure at default
EBA	European Banking Authority
EC	European Commission
ECAI	external credit assessment institution
ECB	European Central Bank
ECL	expected credit loss
EEPE	effective expected positive exposure
EIR	effective interest rate
EL	expected loss
EMEA	Europe, Middle East and Africa
EOP	Equity Ownership Plan
EPE	expected positive exposure
EPS	earnings per share
ERISA	Employee Retirement Income Security Act of 1974
ETD	exchange-traded derivative
ETF	exchange-traded fund
EU	European Union
EUR	euro
EURIBOR	Euro Interbank Offered Rate
F	
FCA	UK Financial Conduct Authority
FCT	foreign currency translation
FDIC	US Federal Deposit Insurance Corporation
FINMA	Swiss Financial Market Supervisory Authority
FINRA	US Financial Industry Regulatory Authority
FMIA	Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading
FMIO	FINMA Ordinance on Financial Market Infrastructure
FRA	forward rate agreement
FSA	UK Financial Services Authority
FSB	Financial Stability Board
FTA	Swiss Federal Tax Administration
FTD	first to default
FTP	funds transfer price
FVA	funding valuation adjustment
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
FX	foreign exchange
G	
GAAP	generally accepted accounting principles
GBP	British pound
GEB	Group Executive Board
GHG	greenhouse gas
GIA	Group Internal Audit
GIIPS	Greece, Italy, Ireland, Portugal and Spain
GMD	Group Managing Director
GRI	Global Reporting Initiative
Group ALM	Group Asset and Liability Management
G-SIB	global systemically important bank

Abbreviations frequently used in our financial reports (continued)

H

HQLA	high-quality liquid assets

I

IAA	internal assessment approach
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IMA	internal models approach
IMM	internal model method
IRB	internal ratings-based
IRC	incremental risk charge
ISDA	International Swaps and Derivatives Association

K

KPI	key performance indicator
KRT	Key Risk Taker

L

LAC	loss-absorbing capacity
LAS	liquidity-adjusted stress
LCR	liquidity coverage ratio
LGD	loss given default
LIBOR	London Interbank Offered Rate
LLC	Limited liability company
LRD	leverage ratio denominator
LTV	loan-to-value

M

MiFID II	Markets in Financial Instruments Directive II
MiFIR	Markets in Financial Instruments associated Regulation
MRT	Material Risk Taker
MTN	medium-term note

N

NAV	net asset value
NII	net interest income
NPA	non-prosecution agreement
NRV	negative replacement value
NSFR	net stable funding ratio

O

OCI	other comprehensive income
OTC	over-the-counter

P

PD	probability of default
PFE	potential future exposure
PIT	point in time
P&L	profit and loss
PRA	UK Prudential Regulation Authority
PRV	positive replacement value

Q

QRRE	qualifying revolving retail exposures

R

RBA	ratings-based approach
RBC	risk-based capital
RLN	reference-linked note
RMBS	residential mortgage-backed security
RniV	risks-not-in-VaR
RoAE	return on attributed equity
RoE	return on equity
RoTE	return on tangible equity
RV	replacement value
RW	risk weight
RWA	risk-weighted assets

S

SA	standardized approach
SA-CCR	standardized approach for counterparty credit risk
SAR	stock appreciation right
SE	structured entity
SEC	US Securities and Exchange Commission
SEEOP	Senior Executive Equity Ownership Plan
SESTA	Swiss Federal Act on Stock Exchanges and Securities Trading
SESTO	FINMA Ordinance on Stock Exchanges and Securities Trading
SFA	supervisory formula approach
SFT	securities financing transaction
SI	sustainable investing
SICR	significant increase in credit risk
SME	small and medium-sized enterprises
SMF	Senior Management Function
SNB	Swiss National Bank
SPPI	solely payments of principal and interest
SRB	systemically relevant bank
SRM	specific risk measure
SSFA	simplified supervisory formula approach
SVaR	stressed value-at-risk

T

TBTF	too big to fail
TCJA	US Tax Cuts and Jobs Act
TLAC	total loss-absorbing capacity
TRS	total return swap
TTC	through the cycle

U

USD	US dollar

V

VaR	value-at-risk

This is a general list of the abbreviations frequently used in our financial reporting. Not all of the listed abbreviations may appear in this particular report.

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