

UBS AG

Standalone financial statements and regulatory information for the year ended 31 December 2023



UBS

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(audited)**
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UBS AG standalone financial statements (audited)

Income statement

	Note	USD m		CHF m	
		For the year ended	31.12.22	For the year ended	31.12.22
Interest and discount income ¹		18,473	7,133	16,540	6,821
Interest and dividend income from trading portfolio ¹		2,664	2,199	2,389	2,097
Interest and dividend income from financial investments		1,216	359	1,089	344
Interest expense ²		(24,683)	(9,197)	(22,104)	(8,799)
Gross interest income		(2,330)	495	(2,086)	463
Credit loss (expense) / release	12	(13)	18	(13)	17
Net interest income		(2,343)	513	(2,099)	480
Fee and commission income from securities and investment business and other fee and commission income		2,435	2,756	2,193	2,618
Credit-related fees and commissions		125	99	111	95
Fee and commission expense		(705)	(684)	(632)	(651)
Net fee and commission income		1,855	2,171	1,672	2,062
Net trading income	3	7,253	5,796	6,527	5,512
Net income from disposal of financial investments		43	(110)	38	(106)
Dividend income from investments in subsidiaries and other participations	4	5,430	6,465	4,862	6,183
Income from real estate holdings		405	394	363	375
Sundry ordinary income	5	1,596	1,467	1,426	1,397
Sundry ordinary expenses	5	(407)	(937)	(366)	(888)
Other income from ordinary activities		7,068	7,279	6,323	6,962
Total operating income		13,832	15,759	12,422	15,015
Personnel expenses	6	3,408	3,109	3,063	2,960
General and administrative expenses	7	4,118	3,543	3,684	3,375
Subtotal operating expenses		7,526	6,653	6,747	6,334
Impairment of investments in subsidiaries and other participations	4	3,715	1,056	3,343	1,014
Depreciation, amortization and impairment of property, equipment, software and intangible assets		765	743	687	708
Changes in provisions for litigation, regulatory and similar matters, and other provisions		33	54	29	50
Total operating expenses		12,040	8,505	10,805	8,106
Operating profit		1,792	7,253	1,617	6,909
Extraordinary income	8	34	201	32	191
Extraordinary expenses	8	2	2	2	2
Tax expense / (benefit)	9	310	295	283	281
Net profit / (loss)		1,515	7,157	1,364	6,817

¹ Interest income includes negative interest income, which was not material for the year ended 31 December 2023 (approximately USD 0.4bn (CHF 0.4bn) for the year ended 31 December 2022). ² Includes negative interest expense on financial liabilities, which was not material for the year ended 31 December 2023 (approximately USD 0.4bn (CHF 0.4bn) for the year ended 31 December 2022).

Balance sheet

	Note	USD m		CHF m	
		31.12.23	31.12.22	31.12.23	31.12.22
Assets					
Cash and balances at central banks	12	49,449	48,344	41,620	44,684
Due from banks	12, 23	56,082	31,450	47,204	29,069
Receivables from securities financing transactions	10, 12, 23	69,381	58,141	58,398	53,739
Due from customers	11, 12, 23	107,463	105,552	90,451	97,561
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity ¹	11, 12, 23	29,380	27,678	24,729	25,582
Mortgage loans	11, 12	5,116	5,039	4,306	4,657
Trading portfolio assets	13	124,682	98,566	104,943	91,104
Derivative financial instruments	14	10,056	14,701	8,464	13,588
Financial investments	15	40,874	43,746	34,403	40,434
Accrued income and prepaid expenses	12	3,000	1,872	2,525	1,730
Investments in subsidiaries and other participations	4	48,090	51,029	40,477	47,165
Property, equipment and software		5,049	5,134	4,250	4,745
Other assets	11, 12, 16	9,905	13,516	8,336	12,491
Total assets		558,527	504,767	470,106	466,550
<i>of which: subordinated assets</i>		<i>20,183</i>	<i>18,748</i>	<i>16,988</i>	<i>17,329</i>
<i>of which: subject to mandatory conversion and / or debt waiver</i>		<i>19,250</i>	<i>18,042</i>	<i>16,202</i>	<i>16,676</i>
Liabilities					
Due to banks	23	62,428	47,329	52,545	43,745
Payables from securities financing transactions	10, 23	23,774	23,497	20,011	21,718
Due to customers	23	147,388	138,941	124,055	128,421
Funding received from UBS Group AG measured at amortized cost	20, 23	70,620	61,202	59,440	56,568
Trading portfolio liabilities	13	27,280	25,058	22,961	23,160
Derivative financial instruments	14	16,921	17,429	14,242	16,109
Financial liabilities designated at fair value	13, 19	80,859	70,603	68,058	65,258
<i>of which: funding received from UBS Group AG</i>	19, 20, 23	<i>2,711</i>	<i>1,959</i>	<i>2,282</i>	<i>1,811</i>
Bonds issued	20	67,144	56,148	56,514	51,897
Accrued expenses and deferred income		5,474	3,592	4,608	3,320
Other liabilities	16	1,755	1,582	1,475	1,462
Provisions	12	2,008	2,026	1,690	1,872
Total liabilities		505,650	447,406	425,600	413,532
Equity					
Share capital	21	386	393	380	386
Statutory capital reserve		36,334	36,326	35,655	35,649
<i>of which: capital contribution reserve²</i>		<i>22,190</i>	<i>36,326</i>	<i>23,936</i>	<i>35,649</i>
<i>of which: other statutory capital reserve</i>		<i>14,144</i>		<i>11,719</i>	
Voluntary earnings reserve		14,642	13,485	7,107	10,167
Net profit / (loss) for the period		1,515	7,157	1,364	6,817
Total equity		52,877	57,361	44,506	53,018
Total liabilities and equity		558,527	504,767	470,106	466,550
<i>of which: subordinated liabilities</i>		<i>77,573</i>	<i>66,872</i>	<i>65,293</i>	<i>61,809</i>
<i>of which: subject to mandatory conversion and / or debt waiver</i>		<i>77,012</i>	<i>66,314</i>	<i>64,820</i>	<i>61,293</i>

¹ Represents the Swiss GAAP carrying amount of instruments qualifying as total loss-absorbing capital at the level of the respective subsidiaries. ² The capital contribution reserve balance of USD 22,190m as of 31 December 2023 can be distributed free of withholding tax to the shareholder. Refer to the Statement of changes in equity for more information.

Balance sheet (continued)

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Off-balance sheet items				
Contingent liabilities, gross	31,360	20,359	26,395	18,818
Sub-participations	(990)	(1,069)	(834)	(988)
Contingent liabilities, net	30,369	19,290	25,562	17,830
<i>of which: guarantees to third parties related to subsidiaries</i>	<i>6,362</i>	<i>6,156</i>	<i>5,355</i>	<i>5,690</i>
Irrevocable loan commitments, gross	19,900	16,272	16,749	15,041
Sub-participations	8	0	7	0
Irrevocable loan commitments, net	19,892	16,272	16,743	15,041
Forward starting transactions¹	102,122	54,321	85,955	50,208
<i>of which: forward starting reverse repurchase agreements</i>	<i>63,527</i>	<i>27,343</i>	<i>53,470</i>	<i>25,273</i>
<i>of which: repurchase agreements</i>	<i>38,595</i>	<i>26,978</i>	<i>32,485</i>	<i>24,936</i>
Liabilities for calls on shares and other equity instruments	5	5	4	4

¹ Cash to be paid in the future by either UBS AG or the counterparty.

Off-balance sheet items

Contingent liabilities include indemnities and guarantees issued by UBS AG for the benefit of subsidiaries and creditors of subsidiaries.

Where the indemnity amount issued by UBS AG is not specifically defined, the indemnity relates to the solvency or minimum capitalization of a subsidiary, and therefore no amount is included in the table above.

Joint and several liability – value-added tax

UBS AG is jointly and severally liable for the combined value-added tax (VAT) liability of UBS entities that belong to the VAT group of UBS in Switzerland. This contingent liability is not included in the table above.

Guarantees – UBS Europe SE

Following the combined UK business transfer and cross-border merger of UBS Limited into UBS Europe SE in March 2019, UBS AG issued a guarantee for the benefit of counterparties of UBS Europe SE's investment banking business, covering transactions subject to master netting agreements.

A similar guarantee that UBS AG issued in 2003 for the benefit of each counterparty of UBS Limited also continues to be effective. This guarantee covers transactions in accordance with and contemplated under any agreement entered into by UBS Limited prior to the merger into UBS Europe SE, to the extent that such an agreement has not been amended by UBS Europe SE thereafter.

Under both guarantees, UBS AG promises to pay to the beneficiary counterparties any unpaid liabilities covered under the terms of the guarantees on demand. These guarantees are included as contingent liabilities in the off-balance sheet items table above.

Indemnities – UBS Europe SE

In connection with the establishing of UBS Europe SE in 2016, UBS AG entered into agreements with UBS Europe SE under which UBS AG would provide UBS Europe SE with limited indemnification of payment obligations that may arise from certain litigation, regulatory and similar matters.

As of 31 December 2023, the amount of such potential payment obligations could not be reliably estimated and the likelihood of an outflow is not considered to be probable or the probability of an outflow was assessed to be remote; therefore, the table above does not include any amount related to this limited indemnification.

In addition, in accordance with the bylaws of the Deposit Protection Fund of the Association of German Banks, UBS AG issued an indemnity in favor of this fund on behalf of UBS Europe SE. The probability of an outflow was assessed to be remote, and as a result, the table above does not include any exposure arising under this indemnity.

Statement of changes in equity

USD m	Share capital	Statutory capital reserve	of which:		Voluntary earnings reserve and profit / (loss) carried forward	Net profit / (loss) for the period	Total equity
			capital contribution reserve	of which: other statutory capital reserve			
Balance as of 1 January 2023	393	36,326	36,326		13,485	7,157	57,361
Net profit / (loss) appropriation					7,157	(7,157)	0
Dividend distribution					(6,000)		(6,000)
Share capital currency conversion ¹	(7)	7	2,236	(2,228)			0
Reclassification ²			(16,372)	16,372			0
Net profit / (loss) for the period						1,515	1,515
Balance as of 31 December 2023	386	36,334	22,190	14,144	14,642	1,515	52,877

¹ Refer to Note 21a for more information. ² In 2023, the Swiss Federal Court confirmed the practice of the Swiss Federal Tax Administration (SFTA) which limits the capital contribution reserve distributable to the shareholders free of withholding tax to an amount confirmed by the SFTA. In order to align the capital contribution reserve to the amount confirmed by the SFTA, USD 16,372m was reclassified from the capital contribution reserve to the other statutory capital reserve. This resulted in a capital contribution reserve balance of USD 22,190m as of 31 December 2023 which can be distributed free of withholding tax to the shareholder. The reclassification did not change total Statutory capital reserve and equity reported for UBS AG.

CHF m	Share capital	Statutory capital reserve	of which:		Voluntary earnings reserve and profit / (loss) carried forward	Net profit / (loss) for the period	Total equity
			capital contribution reserve	of which: other statutory capital reserve			
Balance as of 1 January 2023	386	35,649	35,649		10,167	6,817	53,018
Net profit / (loss) appropriation					6,817	(6,817)	0
Dividend distribution					(5,361)		(5,361)
Share capital currency conversion ¹	(6)	6	2,068	(2,062)			0
Reclassification ²			(13,780)	13,780			0
Currency translation difference					(4,516)		(4,516)
Net profit / (loss) for the period						1,364	1,364
Balance as of 31 December 2023	380	35,655	23,936	11,719	7,107	1,364	44,506

¹ Refer to Note 21a for more information. ² In 2023, the Swiss Federal Court confirmed the practice of the Swiss Federal Tax Administration (SFTA) which limits the capital contribution reserve distributable to the shareholders free of withholding tax to an amount confirmed by the SFTA. In order to align the capital contribution reserve to the amount confirmed by the SFTA, CHF 13,780m was reclassified from the capital contribution reserve to the other statutory capital reserve. The reclassification did not change total Statutory capital reserve and equity reported for UBS AG.

Statement of proposed appropriation of total profit and dividend distribution

The Board of Directors (the BoD) proposes that the Annual General Meeting of Shareholders (the AGM) on 23 April 2024 approve the appropriation of total profit and an ordinary dividend distribution of USD 3,000m out of the total profit (USD 1,515m) and out of the *Voluntary earnings reserve* (USD 1,485m) as follows.

Appropriation of and distribution out of total profit

	USD m	CHF m
	For the year ended	For the year ended
Net profit for the period	31.12.23	31.12.23 ¹
	1,515	1,364
Profit / (loss) carried forward	0	0
Total profit available for appropriation	1,515	1,364
Appropriation of total profit		
Dividend distribution	(1,515)	(1,364)
Profit / (loss) carried forward	0	0
Proposed dividend out of voluntary earnings reserve		
Total voluntary earnings reserve before distribution	14,642	7,107
Dividend distribution	(1,485)	(1,161)
Total voluntary earnings reserve after distribution	13,157	5,946

¹ For illustrative purposes, the proposed dividend of USD 3,000m is converted to Swiss francs at the closing exchange rate as of 31 December 2023 (CHF / USD 1.19), which equals a Swiss franc dividend of CHF 2,525m and would result in a distribution of CHF 1,364m out of total profit and the remainder of CHF 1,161m out of the voluntary earnings reserve.

Note 1 Name, legal form and registered office

UBS AG is incorporated and domiciled in Switzerland. Its registered offices are at Bahnhofstrasse 45, CH-8001 Zurich and Aeschenvorstadt 1, CH-4051 Basel, Switzerland. UBS AG operates under Art. 620 et seq. of the Swiss Code of Obligations and Swiss banking law as an *Aktiengesellschaft*, a corporation limited by shares.

UBS AG is a regulated bank in Switzerland and is 100% owned by UBS Group AG, the ultimate parent of the UBS Group. UBS AG holds investments in and provides funding to subsidiaries, including the other banking subsidiaries of the UBS Group. In addition, UBS AG operates globally, including business activities from all five UBS business divisions and Group Items. In the ordinary course of business, the main contributors to the net profit / (loss) of UBS AG are Global Wealth Management, the Investment Bank, Group Treasury and Group Services. The balance sheet is mainly composed of financial assets and liabilities from the Investment Bank, Global Wealth Management businesses booked outside of Switzerland and Group Treasury, as well as investments in subsidiaries and other participations in Group Treasury and fixed assets of Group Services.

UBS AG employed 10,398 personnel on a full-time equivalent basis as of 31 December 2023, compared with 10,333 personnel as of 31 December 2022.

Note 2 Accounting policies

a) Significant accounting policies

UBS AG standalone financial statements are prepared in accordance with Swiss GAAP (the FINMA Accounting Ordinance, FINMA Circular 2020/1 "Accounting – banks" and the Banking Ordinance) and represent "reliable assessment statutory single-entity financial statements." The accounting policies are principally the same as those outlined in Note 1 to the consolidated financial statements of UBS AG included in the UBS AG Annual Report 2023. Major differences between the Swiss GAAP requirements and IFRS Accounting Standards are described in Note 33 to the consolidated financial statements of UBS AG. The significant accounting policies applied for the standalone financial statements of UBS AG are discussed below.

› Refer to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

Compensation policy

The compensation structure and processes of UBS AG conform to the compensation principles and framework of UBS Group AG. For detailed information, refer to the Compensation Report of UBS Group AG.

Deferred compensation

Expenses for deferred compensation awards granted by UBS Group AG to employees of UBS AG in the form of UBS shares, notional investment funds and notional additional tier 1 (AT1) capital instruments are charged by UBS Group AG to UBS AG.

› Refer to Note 27 to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

Foreign currency translation

Non-US dollar-denominated transactions are translated into US dollars at the spot exchange rate on the date of the transaction. At the balance sheet date, all non-US dollar-denominated monetary assets and liabilities, as well as non-US dollar-denominated equity instruments recorded in *Trading portfolio assets* and *Financial investments*, are translated into US dollars using the closing exchange rate. Non-monetary items measured at historic cost are translated at the spot exchange rate on the date of the transaction. Assets and liabilities of branches with functional currencies other than the US dollar are translated into US dollars at the closing exchange rate. Income and expense items of such branches are translated at weighted-average exchange rates for the period. All currency translation effects are recognized in the income statement.

The main currency translation rates used by UBS AG are provided in Note 32 to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023.

› Refer to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

Note 2 Accounting policies (continued)

Presentation currencies

As the primary presentation currency of the financial statements of UBS AG is the US dollar, amounts in Swiss francs are additionally presented for each component of the financial statements. UBS AG applies the modified closing rate method for converting the US dollar presentation currency amounts into Swiss francs: assets and liabilities are converted at the closing rate, equity positions at historic rates, and income and expense items at the weighted-average rate for the period. The resulting currency translation effects are recognized separately in the *Voluntary earnings reserve*.

Structured debt instruments

Structured debt instruments consist of debt instruments issued and transacted over the counter and include a host contract and one or more embedded derivatives that do not relate to UBS AG's own equity. By applying the fair value option, the vast majority of structured debt instruments are measured at fair value as a whole and recognized in *Financial liabilities designated at fair value*. The fair value option for structured debt instruments can be applied only if the following criteria are cumulatively met:

- the structured debt instrument is measured on a fair value basis and is subject to risk management that is equivalent to risk management for trading activities;
- the application of the fair value option eliminates or significantly reduces an accounting mismatch that would otherwise arise; and
- changes in fair value attributable to changes in unrealized own credit are not recognized.

Fair value changes related to *Financial liabilities designated at fair value*, excluding changes in unrealized own credit, are recognized in *Net trading income*. Interest expense on *Financial liabilities designated at fair value* is recognized in *Interest expense*.

Where the designation criteria for the fair value option are not met, the embedded derivatives are assessed for bifurcation for measurement purposes. Bifurcated embedded derivatives are measured at fair value through profit or loss and presented in the same balance sheet line as the host contract.

› Refer to Note 19 for more information

Group-internal funding

UBS AG obtains funding from UBS Group AG in the form of loans that are subject to mandatory conversion and / or debt waiver, as explained below, and generally either qualify as loss-absorbing tier 1 capital or as gone concern loss-absorbing capacity, i.e., total funding eligible as total loss-absorbing capacity (TLAC), at the UBS AG consolidated and standalone levels. A portion of Group-internal funding obtained is further on lent by UBS AG to certain subsidiaries in the form of loans.

› Refer to Note 20 for information about funding eligible as total loss-absorbing capacity at the UBS AG level

UBS AG obligations arising from Group-internal funding it has received are presented as *Funding received from UBS Group AG measured at amortized cost* and *Funding received from UBS Group AG* within *Financial liabilities designated at fair value*. UBS AG claims arising from Group-internal funding it has provided are presented as *Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity* and are measured at amortized cost less any allowance for expected credit losses.

Subordinated assets and liabilities

Subordinated assets are composed of claims that, based on an irrevocable written declaration, in the event of liquidation, bankruptcy or composition concerning the debtor, rank after the claims of all other creditors and may not be offset against amounts payable to the debtor nor be secured by its assets. *Subordinated liabilities* are composed of corresponding obligations.

Subordinated assets and liabilities that contain a point-of-non-viability clause in accordance with Swiss capital requirements pursuant to Art. 29 and 30 of the Capital Adequacy Ordinance are disclosed as being *Subject to mandatory conversion and / or debt waiver* and provide for the claim or the obligation to be written off or converted into equity in the event that the issuing bank reaches a point of non-viability.

Note 2 Accounting policies (continued)

Investments in subsidiaries and other participations

Investments in subsidiaries and other participations are equity interests that are held to carry on the business of UBS AG or for other strategic purposes. They include all subsidiaries directly held by UBS AG through which UBS AG conducts its business on a global basis. The investments are measured individually and carried at cost less impairment. The carrying amount is tested for impairment annually and when indicators of a potential decrease in value exist, which include significant operating losses incurred or a severe depreciation of the currency in which the investment is denominated. If an investment in a subsidiary is impaired, its value is generally written down to the net asset value. Subsequent recoveries in value are recognized up to the original cost value based on either the increased net asset value or a value above the net asset value if, in the opinion of management, forecasts of future profitability provide sufficient evidence that a carrying amount above net asset value is supported. Management may exercise its discretion as to what extent and in which period a recovery in value is recognized.

Impairments of investments are presented as *Impairment of investments in subsidiaries and other participations* and reversals of impairments are presented as *Extraordinary income* in the income statement. Impairments and partial or full reversals of impairments for a subsidiary during the same annual period are determined on a net basis.

› Refer to Note 4 for more information

Hedge accounting for Investments in subsidiaries and other participations

UBS AG applies hedge accounting for certain investments in subsidiaries and other participations denominated in currencies other than the US dollar, which are designated as hedged items. For this purpose, foreign exchange (FX) derivatives, mainly FX forwards and FX swaps, are used and designated as hedging instruments.

The hedged risk is determined as the change in the carrying amount of the hedged item arising solely from changes in spot FX rates. Consequently, UBS AG only designates the spot element of the FX derivatives as hedging instruments. Changes in the fair value of the hedging instruments attributable to changes in forward points are not part of a hedge accounting designation. These amounts, therefore, do not form part of the effectiveness assessment and are recognized in *Net trading income*.

The effective portion of gains and losses of these FX derivatives is deferred on the balance sheet as *Other assets* or *Other liabilities* to the extent no change is recognized in the carrying amount of the hedged item arising from changes in spot FX rates. Otherwise, the effective portion of gains and losses of these FX derivatives is matched with the corresponding valuation adjustments of the hedged item recorded in the income statement and recorded either as a reduction of *Impairment of investments in subsidiaries and other participations* or as *Extraordinary income*.

Revenue and expense transfers with other Group entities

UBS AG pays to and receives amounts from other Group entities in connection with revenue sharing arrangements, primarily related to the Investment Bank. Revenues transferred to and received from Group entities are settled in cash as entity revenue transfers paid or received. When the nature of the underlying transaction between UBS AG and the Group entity contains a single, clearly identifiable service component, related income and expenses are presented in the respective income statement line item, e.g., *Fee and commission income from securities and investment business and other fee and commission income*, *Fee and commission expense* or *Net trading income*. To the extent the nature of the underlying transaction contains various service components and is not clearly attributable to a particular income statement line item, related income and expenses are presented in *Sundry ordinary income* and *Sundry ordinary expenses*.

UBS AG receives services from UBS Business Solutions AG, mainly relating to the Group Operations and Technology Office, as well as certain other services from other Group entities.

UBS AG provides services to Group entities, mainly relating to real estate and selected other Group Services functions.

Services received from and provided to Group entities are settled in cash as entity cost transfers paid or received. Entity cost transfers paid are presented within *General and administrative expenses* and entity cost transfers received are presented within *Sundry ordinary income* or *Income from real estate holdings*.

› Refer to Notes 5 and 7 for more information

Note 2 Accounting policies (continued)

Post-employment benefit plans

Swiss GAAP permit the use of IFRS Accounting Standards or Swiss accounting standards for post-employment benefit plans, with the election made on a plan-by-plan basis.

UBS AG has elected to apply Swiss GAAP (FER 16) for the Swiss pension plan in its standalone financial statements. The requirements of Swiss GAAP (FER 16) are better aligned with the specific nature of Swiss pension plans, which are hybrid in that they combine elements of defined contribution and defined benefit plans but are treated as defined benefit plans under IFRS Accounting Standards. Swiss GAAP (FER 16) require that the employer contributions to the pension fund are recognized as *Personnel expenses* in the income statement. The employer contributions to the Swiss pension fund are determined as a percentage of contributory compensation. Furthermore, Swiss GAAP (FER16) require an assessment as to whether, based on the financial statements of the pension fund prepared in accordance with Swiss accounting standards (FER 26), an economic benefit to, or obligation of, UBS AG arises from the pension fund that is recognized in the balance sheet when conditions are met. Conditions for recording a pension asset or liability would be met if, for example, an employer contribution reserve is available or UBS AG is required to contribute to the reduction of a pension deficit (on a FER 26 basis).

Key differences between Swiss GAAP (FER 16) and IFRS Accounting Standards include the treatment of dynamic elements, such as future salary increases and future interest credits on retirement savings, which are not considered under the static method used in accordance with Swiss GAAP (FER 16). Also, the discount rate used to determine the defined benefit obligation in accordance with IFRS Accounting Standards is based on the yield of high-quality corporate bonds of the market in the respective pension plan country. The discount rate used in accordance with Swiss GAAP (FER 16), i.e., the technical interest rate, is determined by the Pension Foundation Board, based on the expected returns of the Board's investment strategy.

› Refer to Note 22 for more information

UBS AG has elected to apply IFRS Accounting Standards (IAS 19) for its non-Swiss defined benefit plans. However, remeasurements of the defined benefit obligation and the plan assets are recognized in the income statement rather than directly in equity. For corresponding disclosures in accordance with IAS 19 requirements, refer to Note 26 to the consolidated financial statements of UBS AG.

› Refer to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

Deferred taxes

Deferred tax assets are not recognized in UBS AG's standalone financial statements. However, deferred tax liabilities may be recognized for taxable temporary differences. Changes in the deferred tax liability balance are recognized in the income statement.

Allowances and provisions for expected credit losses

UBS AG is required to apply expected credit loss (ECL) approaches for credit-impaired and non-credit-impaired financial instruments in its standalone financial statements.

For the substantial majority of non-credit-impaired exposures within the scope of the Swiss GAAP ECL requirements, UBS AG has chosen to apply the IFRS Accounting Standards ECL approach that is also applied in its consolidated financial statements. These exposures include all financial assets that are measured at amortized cost under both frameworks, Swiss GAAP and IFRS Accounting Standards, fee and lease receivables, claims arising from Group-internal funding presented as *Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity*, guarantees, irrevocable loan commitments, revolving revocable credit lines and forward starting reverse repurchase and securities borrowing agreements. Further information about the ECL approach under IFRS Accounting Standards is provided in Note 1 to the consolidated financial statements of UBS AG.

› Refer to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

For the small residual population of exposures within the scope of the Swiss GAAP ECL requirements, which are not subject to ECL under IFRS Accounting Standards due to classification differences, alternative approaches are applied.

- For exposures for which Pillar 1 internal ratings-based models are applied for measurement of credit risk RWA, ECL for such exposures is calculated as the regulatory expected loss (EL), with an add-on to scale up to the residual maturity of exposures maturing beyond the next 12 months. This approach is mainly applied for brokerage receivables presented within *Due from customers*, which generally mature within 12 months. For detailed information about regulatory EL, refer to the "Risk management and control" section of the UBS AG Annual Report 2023.
- For exposures for which the standardized approach is applied for the measurement of credit risk RWA, ECL is determined using a portfolio approach that derives a conservative probability of default (PD) and a conservative loss given default (LGD) for the entire portfolio. This approach is mainly applied for a small number of loans to large corporate clients presented within *Due from customers*.

Note 2 Accounting policies (continued)

UBS applies a single definition of default for credit risk management purposes, regulatory reporting and ECL, with a counterparty classified as defaulted based on quantitative and qualitative criteria.

- › Refer to “Credit policies for distressed assets” in the “Risk management and control” section of the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

An allowance for credit losses is reported as a decrease in the carrying amount of a financial asset. For an off-balance sheet item, such as a commitment, a provision for credit losses is reported in *Provisions*. Changes to allowances and provisions for credit losses are recognized in *Credit loss (expense) / release*.

- › Refer to Note 12 for more information

Dispensations in the standalone financial statements

As UBS AG prepares consolidated financial statements in accordance with IFRS Accounting Standards, UBS AG is exempt from various disclosures in the standalone financial statements. The dispensations include the management report, the statement of cash flows and various note disclosures, as well as the publication of full interim financial statements.

b) Changes in accounting policies

There were no significant changes in accounting policies during 2023.

c) Change in organization

In December 2023, the Board of Directors of UBS Group AG approved the merger of UBS AG and Credit Suisse AG, and both entities entered into a definitive merger agreement. The completion of the merger is subject to regulatory approvals and is expected to occur by the end of the second quarter of 2024.

d) Risk management

UBS AG is fully integrated into the Group-wide risk management process described in the audited part of the “Risk management and control” section of the UBS AG Annual Report 2023.

Further information about the use of derivative instruments and hedge accounting is provided on the following pages and in Notes 1, 10 and 25 to the consolidated financial statements of UBS AG.

- › Refer to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

Note 3a Net trading income by business

	USD m		CHF m	
	For the year ended	31.12.22	For the year ended	31.12.22
	31.12.23		31.12.23	
Investment Bank	6,575	5,271	5,922	5,016
of which: Global Markets	6,616	5,423	5,960	5,165
of which: Global Banking	(42)	(152)	(38)	(148)
Other business divisions and Group Items	678	525	605	496
Total net trading income	7,253	5,796	6,527	5,512

Note 3b Net trading income by underlying risk category

	USD m		CHF m	
	For the year ended	31.12.22	For the year ended	31.12.22
	31.12.23		31.12.23	
Equity instruments (including funds)	5,479	3,528	4,930	3,361
Foreign exchange instruments	1,128	1,404	1,017	1,341
Interest rate and credit instruments (including funds)	524	763	471	714
Other	122	100	110	97
Total net trading income	7,253	5,796	6,527	5,512
of which: net gains / (losses) from financial liabilities designated at fair value ¹	(1,839)	12,687	(1,471)	12,184

¹ Excludes fair value changes of hedges related to financial liabilities designated at fair value and foreign currency effects arising from translating foreign currency transactions into the respective functional currency, both of which are reported within Net trading income.

Note 4 Investments in subsidiaries and other participations

The table below provides the carrying amount, the equity interest and the registered office information regarding the investments in subsidiaries and other participations.

	Registered office	Equity interest accumulated in %	Carrying amount in USD m		Carrying amount in CHF m	
			31.12.23	31.12.22	31.12.23	31.12.22
UBS Americas Holding LLC	Wilmington, Delaware, USA	100	31,484	34,233	26,500	31,642
UBS Switzerland AG	Zurich, Switzerland	100	7,985	7,984	6,721	7,380
UBS Europe SE	Frankfurt, Germany	100	3,914	3,572	3,294	3,301
UBS Asset Management AG	Zurich, Switzerland	100	1,732	1,728	1,457	1,597
Other			2,976	3,511	2,505	3,246
Total investments in subsidiaries and other participations			48,090	51,029	40,477	47,165

Dividend income from investments in subsidiaries and other participations of USD 5,430m (CHF 4,862m) in 2023 and USD 6,465m (CHF 6,183m) in 2022 was mainly attributable to UBS Switzerland AG, UBS Asset Management AG, UBS Americas Holding LLC and UBS Europe SE.

In 2023, UBS AG recognized *Impairments of investments in subsidiaries and other participations* of USD 3,715m (CHF 3,343m), mainly due to an impairment related to UBS Americas Holding LLC of USD 3,500m (CHF 3,135m), as the recoverable amount of this participation declined, mostly due to lower forecasted profits and dividend payouts. In 2022, UBS AG recognized *Impairments of investments in subsidiaries and other participations* of USD 1,056m (CHF 1,014m), mainly due to impairments related to UBS Europe SE of USD 628m (CHF 609m), which partly offset the dividends received from this subsidiary.

Note 5 Sundry ordinary income and expenses

	USD m		CHF m	
	For the year ended	31.12.22	For the year ended	31.12.22
	31.12.23		31.12.23	
Income from services provided to UBS Group AG or its subsidiaries ¹	1,511	1,398	1,354	1,332
Net unrealized gains on financial investments ²	70	0	59	0
Other	14	69	14	65
Total sundry ordinary income	1,596	1,467	1,426	1,397
Expenses from revenue transfers to UBS Group AG or its subsidiaries	(394)	(629)	(355)	(596)
Net unrealized losses on financial investments ²	0	(288)	0	(274)
Other	(13)	(20)	(11)	(19)
Total sundry ordinary expenses	(407)	(937)	(366)	(888)

¹ Services provided by UBS AG primarily related to Group Items. ² Mainly relates to debt instruments available for sale. Refer to Note 15a for more information.

Note 6 Personnel expenses

	USD m		CHF m	
	For the year ended	31.12.22	For the year ended	31.12.22
	31.12.23		31.12.23	
Salaries	1,710	1,602	1,536	1,527
Variable compensation – performance awards	1,115	1,141	1,003	1,084
Variable compensation – other	83	76	74	72
Contractors	27	35	25	33
Social security	242	205	217	194
Post-employment benefit plans	124	(55)	115	(51)
<i>of which: value adjustments for economic benefits or obligations from non-Swiss pension funds¹</i>	<i>31</i>	<i>(167)</i>	<i>31</i>	<i>(157)</i>
Other personnel expenses	106	106	95	101
Total personnel expenses	3,408	3,109	3,063	2,960

¹ Reflects the remeasurement of the defined benefit obligation and return on plan assets excluding amounts included in interest income for the non-Swiss defined benefit plans, for which IAS 19 is applied.

Note 7 General and administrative expenses

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Real estate	451	415	404	395
Market data services	129	108	115	103
Technology costs	98	92	88	87
Outsourcing costs	75	77	67	74
Marketing and communication	35	27	31	26
Travel and entertainment	65	41	58	39
Fees to audit firms	12	14	11	13
<i>of which: financial and regulatory audits</i>	9	11	8	10
<i>of which: audit-related services</i>	2	3	2	3
<i>of which: tax and other services</i>	0	0	0	0
Other professional fees	173	96	153	92
Other	3,081	2,674	2,757	2,546
<i>of which: shared services costs charged by UBS Group AG or its subsidiaries</i>	2,806	2,465	2,514	2,349
Total general and administrative expenses	4,118	3,543	3,684	3,375

Note 8 Extraordinary income and expenses

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Reversal of impairments of and provisions for subsidiaries and other participations ¹	9	5	10	4
Net gains from disposals of properties	10	80	9	74
Gains from disposals of subsidiaries and other participations	9	116	8	113
Other extraordinary income	5	1	5	0
Total extraordinary income	34	201	32	191
Total extraordinary expenses	2	2	2	2

¹ Refer to Note 4 for more information.

Net gains from disposals of properties of USD 80m (CHF 74m) in 2022 mainly reflected gains on the sale of properties in Basel.

Gains from disposals of subsidiaries and other participations of USD 116m (CHF 113m) in 2022 mainly included a gain from the sale of UBS AG's wholly owned subsidiary UBS Swiss Financial Advisers AG to Vontobel.

Note 9 Taxes

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Income tax expense / (benefit)	279	271	255	258
<i>of which: current</i>	277	250	254	237
<i>of which: deferred</i>	2	21	2	21
Capital tax	31	24	28	23
Total tax expense / (benefit)	310	295	283	281

Income tax expense of USD 279m (CHF 255m) was recognized for UBS AG in 2023, compared with USD 271m (CHF 258m) for 2022. The income tax expense for 2023 was reduced by a benefit of USD 397m (CHF 356m) in respect of the utilization of tax losses carried forward, primarily in the US and in Jersey. The income tax expense for 2023 related to UBS AG's taxable profits that were primarily earned in other locations.

The income tax expense for 2022 was reduced by a benefit of USD 204m (CHF 195m) in respect of the utilization of tax losses carried forward, primarily in the US and the UK. The income tax expense for 2022 related to UBS AG's taxable profits that were primarily earned in other locations.

For 2023, the average tax rate, defined as income tax expense divided by the sum of operating profit and extraordinary income minus extraordinary expenses and capital tax, was 15.5% (2022: 3.6%).

Note 10 Securities financing transactions

	USD bn		CHF bn	
	31.12.23	31.12.22	31.12.23	31.12.22
On-balance sheet				
Receivables from securities financing transactions, gross	157.0	131.3	132.1	121.4
Netting of securities financing transactions	(87.6)	(73.2)	(73.7)	(67.7)
Receivables from securities financing transactions, net	69.4	58.1	58.4	53.7
Payables from securities financing transactions, gross	111.4	96.7	93.7	89.4
Netting of securities financing transactions	(87.6)	(73.2)	(73.7)	(67.7)
Payables from securities financing transactions, net	23.8	23.5	20.0	21.7
Assets pledged as collateral in connection with securities financing transactions	75.7	54.0	63.7	49.9
<i>of which: trading portfolio assets</i>	68.2	50.9	57.4	47.1
<i>of which: assets that may be sold or repledged by counterparties</i>	49.9	39.3	42.0	36.4
<i>of which: financial investments</i>	7.5	3.1	6.3	2.8
<i>of which: assets that may be sold or repledged by counterparties</i>	7.4	2.8	6.2	2.6
Off-balance sheet				
Fair value of assets received as collateral in connection with securities financing transactions	372.6	312.8	313.6	289.1
<i>of which: repledged</i>	246.5	225.6	207.5	208.5
<i>of which: sold in connection with short sale transactions</i>	27.3	25.1	23.0	23.2

Note 11a Collateral for loans and off-balance sheet transactions

USD m	31.12.23					31.12.22				
	Secured			Unsecured	Total	Secured			Unsecured	Total
	Secured by collateral		Secured by other credit enhancements ²			Secured by collateral		Secured by other credit enhancements ²		
	Real estate	Other collateral ¹		Real estate	Other collateral ¹					
On-balance sheet										
Due from customers, gross ³		65,884	48	41,733 ⁴	107,665	7	64,475	176	41,069 ⁴	105,726
Mortgage loans, gross	5,116				5,116	5,039				5,039
of which: residential mortgages	2,854				2,854	3,205				3,205
of which: other mortgages ⁵	2,263				2,263	1,834				1,834
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity				29,403	29,403				27,704	27,704
Total on-balance sheet, gross	5,116	65,884	48	71,136	142,184	5,045	64,475	176	68,772	138,469
Allowances	(0)	(63)	0	(161)	(225)	(0)	(54)	0	(145)	(200)
Total on-balance sheet, net	5,116	65,821	48	70,974	141,959	5,045	64,421	176	68,627	138,269

Off-balance sheet

Contingent liabilities, gross		21,245	990	9,125	31,360		10,437	1,069	8,853	20,359
Irrevocable commitments, gross	550	9,365	154	9,831	19,900	237	7,467	129	8,440	16,272
Forward starting reverse repurchase and securities borrowing transactions		63,527			63,527		27,343			27,343
Liabilities for calls on shares and other equities				5	5				5	5
Total off-balance sheet	550	94,136	1,144	18,961	114,791	237	45,246	1,198	17,298	63,979

¹ Mainly includes cash and securities. ² Includes guarantees. ³ Includes prime brokerage margin lending receivables and prime brokerage receivables relating to securities financing transactions. ⁴ Primarily consists of amounts due from subsidiaries and other Group entities. ⁵ Consists of office and business premises, industrial premises and other mortgages.

CHF m	31.12.23					31.12.22				
	Secured			Unsecured	Total	Secured			Unsecured	Total
	Secured by collateral		Secured by other credit enhancements ²			Secured by collateral		Secured by other credit enhancements ²		
	Real estate	Other collateral ¹		Real estate	Other collateral ¹					
On-balance sheet										
Due from customers, gross ³		55,454	40	35,126 ⁴	90,621	6	59,594	163	37,959 ⁴	97,722
Mortgage loans, gross	4,306				4,306	4,657				4,657
of which: residential mortgages	2,402				2,402	2,962				2,962
of which: other mortgages ⁵	1,904				1,904	1,695				1,695
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity				24,748	24,748				25,606	25,606
Total on-balance sheet, gross	4,306	55,454	40	59,874	119,675	4,663	59,594	163	63,565	127,985
Allowances	(0)	(56)	0	(133)	(189)	(0)	(50)	0	(135)	(185)
Total on-balance sheet, net	4,306	55,397	40	59,742	119,486	4,663	59,544	163	63,430	127,801

Off-balance sheet

Contingent liabilities, gross		17,881	833	7,680	26,395		9,646	988	8,183	18,818
Irrevocable commitments, gross	463	7,882	129	8,275	16,749	219	6,902	119	7,801	15,041
Forward starting reverse repurchase and securities borrowing transactions		53,470		0	53,470		25,273			25,273
Liabilities for calls on shares and other equities				4	4				4	4
Total off-balance sheet	463	79,233	963	15,959	96,619	219	41,821	1,107	15,988	59,135

¹ Mainly includes cash and securities. ² Includes guarantees. ³ Includes prime brokerage margin lending receivables and prime brokerage receivables relating to securities financing transactions. ⁴ Primarily consists of amounts due from subsidiaries and other Group entities. ⁵ Consists of office and business premises, industrial premises and other mortgages.

Note 11b Credit-impaired financial instruments

	31.12.23				31.12.22			
	Gross credit-impaired financial instruments	Allowances and provisions	Estimated liquidation proceeds of collateral	Net credit-impaired financial instruments	Gross credit-impaired financial instruments	Allowances and provisions	Estimated liquidation proceeds of collateral	Net credit-impaired financial instruments
<i>USD m</i>								
Amounts due from customers	384	114	270	0	318	105	213	0
Mortgage loans	113	0	113	0	185	0	184	0
Other assets	2	2	0	0	2	2	0	0
Guarantees and loan commitments	18	4	8	7	73	0	40	33
Total credit-impaired financial instruments¹	517	120	390	7	577	107	437	33

¹ Credit-impaired financial instruments are financial assets and off-balance sheet positions subject to incurred credit losses, also referred to as stage 3 positions.

	31.12.23				31.12.22			
	Gross credit-impaired financial instruments	Allowances and provisions	Estimated liquidation proceeds of collateral	Net credit-impaired financial instruments	Gross credit-impaired financial instruments	Allowances and provisions	Estimated liquidation proceeds of collateral	Net credit-impaired financial instruments
<i>CHF m</i>								
Amounts due from customers	323	96	227	0	294	97	197	0
Mortgage loans	95	0	95	0	171	0	170	0
Other assets	1	1	0	0	2	2	0	0
Guarantees and loan commitments	15	3	6	6	67	0	37	31
Total credit-impaired financial instruments¹	435	101	329	6	534	99	404	31

¹ Credit-impaired financial instruments are financial assets and off-balance sheet positions subject to incurred credit losses, also referred to as stage 3 positions.

Note 12 Allowances and provisions

Allowances and provisions of USD 2,249m (CHF 1,893m) as of 31 December 2023 included allowances and provisions for credit losses of USD 294m (CHF 247m). Allowances and provisions of USD 2,237m (CHF 2,068m) as of 31 December 2022 included allowances and provisions for credit losses of USD 287m (CHF 266m).

The 2023 increase in allowances and provisions for credit losses of USD 7m (a decrease of CHF 19m) included net credit loss expenses of USD 13m (CHF 13m), primarily related to credit-impaired positions, as well as USD 7m (CHF 33m) for write-offs and other movements that did not impact the income statement.

Net credit loss expenses in 2023 included a net expense of USD 54m (CHF 48m) on credit-impaired positions, in the Investment Bank, and a net release of USD 34m (CHF 29m) in Group Items on a single position.

Note 12a Allowances for credit losses

	Balance as of 31.12.22	Increase recognized in the income statement	Release recognized in the income statement	Write-offs	Recoveries and past due interest	Reclassifications / other	Foreign currency translation	Balance as of
								31.12.23
<i>USD m</i>								
Default risk relating to on-balance sheet exposures	211	29	0	(9)	0	0	3	233
<i>of which: incurred credit losses</i>	107	15	0	(9)	0	0	3	116
<i>of which: expected credit losses</i>	104	14	0	0	0	0	0	117
Other	0	7	0	0	0	0	0	7
Total allowances	211	36	0	(9)	0	0	3	241

	Balance as of 31.12.22	Increase recognized in the income statement	Release recognized in the income statement	Write-offs	Recoveries and past due interest	Reclassifications / other	Foreign currency translation	Balance as of
								31.12.23
<i>CHF m</i>								
Default risk relating to on-balance sheet exposures	196	27	0	(7)	0	0	(19)	197
<i>of which: incurred credit losses</i>	99	14	0	(7)	0	0	(9)	98
<i>of which: expected credit losses</i>	97	12	0	0	0	0	(10)	99
Other	0	6	0	0	0	0	0	6
Total allowances	196	33	0	(7)	0	0	(19)	203

Note 12b Provisions

	Balance as of 31.12.22	Increase recognized in the income statement	Release recognized in the income statement	Provisions used in conformity with designated purpose	Recoveries	Reclassifications	Foreign currency translation / other ²	Balance as of 31.12.23
<i>USD m</i>								
Default risk related to off-balance sheet items and credit lines	76	4	(19)	0	0	0	0	60
<i>of which: incurred credit losses</i>	0	4	0	0	0	0	0	4
<i>of which: expected credit losses</i>	76	0	(19)	0	0	0	0	57
Litigation, regulatory and similar matters	1,643	58	(30)	(53)	0	1	45	1,665
Restructuring	51	31	(5)	(54)	0	0	2	25
Real estate ¹	109	17	0	(27)	0	0	13	113
Employee benefits	27	4	(4)	0	0	0	1	27
Deferred taxes	92	2	0	0	0	0	0	94
Other	28	4	(5)	(3)	0	0	1	25
Total provisions	2,026	119	(64)	(136)	0	1	62	2,008

¹ Includes provisions for onerous contracts of USD 47m as of 31 December 2023 (31 December 2022: USD 51m) and reinstatement cost provisions for leasehold improvements of USD 66m as of 31 December 2023 (31 December 2022: USD 58m). ² Other mainly includes reinstatement costs.

	Balance as of 31.12.22	Increase recognized in the income statement	Release recognized in the income statement	Provisions used in conformity with designated purpose	Recoveries	Reclassifications	Foreign currency translation / other ²	Balance as of 31.12.23
<i>CHF m</i>								
Default risk related to off-balance sheet items and credit lines	70	3	(17)	0	0	0	(6)	51
<i>of which: incurred credit losses</i>	0	3	0	0	0	0	0	3
<i>of which: expected credit losses</i>	70	0	(17)	0	0	0	(6)	48
Litigation, regulatory and similar matters	1,518	51	(26)	(47)	0	1	(96)	1,401
Restructuring	47	27	(5)	(48)	0	0	(1)	21
Real estate ¹	101	16	0	(24)	0	0	2	95
Employee benefits	25	3	(4)	0	0	0	(2)	23
Deferred taxes	85	1	0	0	0	0	(7)	79
Other	26	3	(4)	(3)	0	0	(1)	21
Total provisions	1,872	105	(57)	(122)	0	1	(110)	1,690

¹ Includes provisions for onerous contracts of CHF 39m as of 31 December 2023 (31 December 2022: CHF 47m) and reinstatement cost provisions for leasehold improvements of CHF 55m as of 31 December 2023 (31 December 2022: CHF 54m). ² Other mainly includes reinstatement costs.

Note 12c Development of allowances and provisions for credit losses

<i>USD m</i>	Total	Stage 1	Stage 2	Stage 3
Balance as of 31 December 2022	(287)	(132)	(47)	(107)
Net movement from new and derecognized transactions ¹	8	(1)	3	7
<i>of which: Large corporate clients</i>	6	(3)	2	7
Remeasurements with stage transfers ²	(52)	0	0	(53)
<i>of which: Large corporate clients</i>	(52)	1	0	(53)
Remeasurements without stage transfers ³	46	9	10	26
<i>of which: Large corporate clients</i>	13	13	10	(11)
Model changes ⁴	(16)	(10)	(6)	0
Total ECL allowance movements with profit or loss impact	(13)	(2)	7	(19)
Movements without profit or loss impact (write-off, FX and other)⁵	7	1	(1)	7
Balance as of 31 December 2023	(294)	(133)	(41)	(120)

¹ Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. ² Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. ³ Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. ⁴ Represents the change in the allowances and provisions related to changes in models and methodologies. ⁵ Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

<i>CHF m</i>	Total	Stage 1	Stage 2	Stage 3
Balance as of 31 December 2022	(266)	(123)	(44)	(99)
Net movement from new and derecognized transactions ¹	8	(1)	3	6
<i>of which: Large corporate clients</i>	5	(3)	2	6
Remeasurements with stage transfers ²	(50)	0	0	(51)
<i>of which: Large corporate clients</i>	(50)	1	0	(50)
Remeasurements without stage transfers ³	43	9	9	25
<i>of which: Large corporate clients</i>	11	12	9	(10)
Model changes ⁴	(15)	(10)	(5)	0
Total ECL allowance movements with profit or loss impact	(13)	(2)	7	(19)
Movements without profit or loss impact (write-off, FX and other)⁵	33	13	3	17
Balance as of 31 December 2023	(247)	(112)	(34)	(101)

¹ Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. ² Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. ³ Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. ⁴ Represents the change in the allowances and provisions related to changes in models and methodologies. ⁵ Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

Note 12c Development of allowances and provisions for credit losses (continued)

<i>USD m</i>	Total	Stage 1	Stage 2	Stage 3
Balance as of 31 December 2021	(336)	(148)	(35)	(153)
Net movement from new and derecognized transactions ¹	13	4	11	(2)
<i>of which: Large corporate clients</i>	11	2	11	(2)
Remeasurements with stage transfers ²	(23)	13	(20)	(16)
<i>of which: Large corporate clients</i>	(30)	14	(29)	(15)
Remeasurements without stage transfers ³	28	(4)	(3)	34
<i>of which: Large corporate clients</i>	24	(5)	(2)	31
Model changes ⁴	0	1	(1)	0
Total ECL allowance movements with profit or loss impact	17	14	(13)	17
Movements without profit or loss impact (write-off, FX and other) ⁵	31	1	0	30
Balance as of 31 December 2022	(287)	(132)	(47)	(107)

¹ Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. ² Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. ³ Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. ⁴ Represents the change in the allowances and provisions related to changes in models and methodologies. ⁵ Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

<i>CHF m</i>	Total	Stage 1	Stage 2	Stage 3
Balance as of 31 December 2021	(307)	(136)	(32)	(139)
Net movement from new and derecognized transactions ¹	12	4	11	(2)
<i>of which: Large corporate clients</i>	10	2	11	(2)
Remeasurements with stage transfers ²	(21)	13	(19)	(15)
<i>of which: Large corporate clients</i>	(28)	13	(28)	(14)
Remeasurements without stage transfers ³	27	(4)	(3)	33
<i>of which: Large corporate clients</i>	22	(4)	(2)	29
Model changes ⁴	0	0	(1)	0
Total ECL allowance movements with profit or loss impact	17	13	(12)	16
Movements without profit or loss impact (write-off, FX and other) ⁵	24	(1)	0	25
Balance as of 31 December 2022	(266)	(123)	(44)	(99)

¹ Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. ² Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. ³ Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. ⁴ Represents the change in the allowances and provisions related to changes in models and methodologies. ⁵ Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

Note 12d Balance sheet and off-balance sheet positions subject to ECL

The tables below provide ECL exposure and allowance and provision information about financial instruments and certain non-financial instruments that are subject to ECL.

USD m	31.12.23							
	Financial instruments measured at amortized cost	Carrying amount ¹			ECL allowances			
		Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
Cash and balances at central banks	49,449	49,449	0	0	0	0	0	0
Due from banks	56,082	56,082	0	0	(5)	(5)	0	0
Receivables from securities financing transactions	69,381	69,381	0	0	(2)	(2)	0	0
Due from customers	107,463	105,919	1,275	270	(202)	(69)	(19)	(114)
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	29,380	29,380	0	0	(22)	(22)	0	0
Mortgage loans	5,116	4,997	6	113	0	(0)	0	0
Accrued income and prepaid expenses	3,000	2,991	8	(0)	(0)	0	0	(0)
Other assets ²	918	918	0	0	(2)	(0)	0	(2)
Total on-balance sheet financial assets within the scope of ECL	320,789	319,117	1,289	383	(233)	(99)	(19)	(116)

Off-balance sheet (within the scope of ECL)	Total exposure				ECL provisions			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Contingent liabilities, gross	31,360	31,226	129	4	(3)	(2)	(1)	(1)
Irrevocable commitments, gross	19,900	18,427	1,458	14	(56)	(33)	(21)	(2)
Forward starting transactions (securities financing transactions) ³	9,500	9,500	0	0	0	0	0	0
Credit lines	9,777	9,446	331	0	(1)	(1)	(0)	0
Irrevocable committed prolongation of existing loans	1,907	1,907	0	0	0	0	0	0
Total off-balance sheet financial instruments and credit lines within the scope of ECL	72,444	70,507	1,918	18	(60)	(35)	(22)	(4)
Total allowances and provisions					(294)	(133)	(41)	(120)

¹ The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. ² Includes components of other receivables due from UBS Group AG and subsidiaries in the UBS Group and other assets within the scope of ECL. Refer to Note 16a for more information. ³ Includes forward starting reverse repurchase agreements within the scope of ECL.

CHF m	31.12.23							
	Financial instruments measured at amortized cost	Carrying amount ¹			ECL allowances			
		Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
Cash and balances at central banks	41,620	41,620	0	0	0	0	0	0
Due from banks	47,204	47,204	0	0	(4)	(4)	0	0
Receivables from securities financing transactions	58,398	58,398	0	0	(1)	(1)	0	0
Due from customers	90,451	89,151	1,073	227	(170)	(58)	(16)	(96)
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	24,729	24,729	0	0	(19)	(19)	0	0
Mortgage loans	4,306	4,206	5	95	0	(0)	0	0
Accrued income and prepaid expenses	2,525	2,518	7	(0)	0	0	0	(0)
Other assets ²	772	772	0	0	(2)	(0)	0	(1)
Total on-balance sheet financial assets within the scope of ECL	270,005	268,598	1,085	322	(197)	(83)	(16)	(98)

Off-balance sheet (within the scope of ECL)	Total exposure				ECL provisions			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Contingent liabilities, gross	26,395	26,283	109	3	(3)	(1)	(0)	(1)
Irrevocable commitments, gross	16,749	15,510	1,227	12	(49)	(29)	(19)	(2)
Forward starting transactions (securities financing transactions) ³	7,996	7,996	0	0	0	0	0	0
Credit lines	8,229	7,951	278	0	0	0	0	0
Irrevocable committed prolongation of existing loans	1,605	1,605	0	0	0	0	0	0
Total off-balance sheet financial instruments and credit lines within the scope of ECL	60,975	59,345	1,615	15	(51)	(30)	(18)	(3)
Total allowances and provisions					(247)	(112)	(34)	(101)

¹ The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. ² Includes components of other receivables due from UBS Group AG and subsidiaries in the UBS Group and other assets within the scope of ECL. Refer to Note 16a for more information. ³ Includes forward starting reverse repurchase agreements within the scope of ECL.

Note 12d Balance sheet and off-balance sheet positions subject to ECL (continued)

USD m	31.12.22								
	Carrying amount ¹				ECL allowances				
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	
Cash and balances at central banks	48,344	48,344	0	0	0	0	0	0	0
Due from banks	31,450	31,450	0	0	(5)	(5)	0	0	
Receivables from securities financing transactions	58,141	58,141	0	0	(2)	(2)	0	0	
Due from customers	105,552	103,876	1,463	213	(174)	(59)	(9)	(105)	
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	27,678	27,678	0	0	(26)	(26)	0	0	
Mortgage loans	5,039	4,837	17	184	(0)	0	0	(0)	
Accrued income and prepaid expenses	1,872	1,863	9	0	0	0	0	0	
Other assets ²	939	939	(0)	0	(3)	(1)	0	(2)	
Total on-balance sheet financial assets within the scope of ECL	279,015	277,128	1,490	397	(211)	(94)	(9)	(107)	

Off-balance sheet (within the scope of ECL)	Total exposure				ECL provisions			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Contingent liabilities, gross	20,359	19,260	1,091	8	(3)	(2)	(1)	0
Irrevocable commitments, gross	16,272	14,474	1,734	64	(72)	(35)	(37)	0
Forward starting transactions (securities financing transactions) ³	2,810	2,810	0	0	(0)	(0)	0	0
Credit lines	11,592	11,256	335	0	(1)	(0)	(0)	0
Irrevocable committed prolongation of existing loans	147	147	0	0	0	0	0	0
Total off-balance sheet financial instruments and credit lines within the scope of ECL	51,180	47,947	3,160	73	(76)	(38)	(38)	0
Total allowances and provisions					(287)	(132)	(47)	(107)

¹ The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. ² Includes components of other receivables due from UBS Group AG and subsidiaries in the UBS Group and other assets within the scope of ECL. Refer to Note 16a for more information. ³ Includes forward starting reverse repurchase agreements within the scope of ECL.

CHF m	31.12.22								
	Carrying amount ¹				ECL allowances				
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	
Cash and balances at central banks	44,684	44,684	0	0	0	0	0	0	0
Due from banks	29,069	29,069	0	0	(5)	(5)	0	0	
Receivables from securities financing transactions	53,739	53,739	0	0	(2)	(2)	0	0	
Due from customers	97,561	96,011	1,353	197	(161)	(55)	(9)	(97)	
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	25,582	25,582	0	0	(24)	(24)	0	0	
Mortgage loans	4,657	4,471	16	170	(0)	0	0	0	
Accrued income and prepaid expenses	1,730	1,722	8	0	0	0	0	0	
Other assets ²	867	867	(0)	(0)	(3)	(1)	0	(2)	
Total on-balance sheet financial assets within the scope of ECL	257,890	256,146	1,377	367	(196)	(88)	(9)	(99)	

Off-balance sheet (within the scope of ECL)	Total exposure				ECL provisions			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Contingent liabilities, gross	18,818	17,802	1,008	8	(3)	(2)	(1)	0
Irrevocable commitments, gross	15,041	13,378	1,603	60	(66)	(32)	(34)	0
Forward starting transactions (securities financing transactions) ³	2,597	2,597	0	0	(0)	(0)	0	0
Credit lines	10,714	10,404	310	0	(1)	(1)	(0)	0
Irrevocable committed prolongation of existing loans	135	135	0	0	0	0	0	0
Total off-balance sheet financial instruments and credit lines within the scope of ECL	47,305	44,317	2,921	67	(70)	(35)	(35)	0
Total allowances and provisions					(266)	(123)	(44)	(99)

¹ The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. ² Includes components of other receivables due from UBS Group AG and subsidiaries in the UBS Group and other assets within the scope of ECL. Refer to Note 16a for more information. ³ Includes forward starting reverse repurchase agreements within the scope of ECL.

Note 12e Financial assets subject to credit risk by rating category

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification.

Financial assets subject to credit risk by rating category									
USD m									
31.12.23									
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total gross carrying amount	ECL allowances	Net carrying amount (maximum exposure to credit risk)
Financial instruments measured at amortized cost									
Cash and balances at central banks	49,186	262	0	0	0	0	49,449	0	49,449
of which: stage 1	49,186	262	0	0	0	0	49,449	0	49,449
Due from banks	1,128	53,671	823	452	13	0	56,087	(5)	56,082
of which: stage 1	1,128	53,671	823	452	13	0	56,087	(5)	56,082
Receivables from securities financing transactions	23,453	24,046	5,286	15,507	1,091	0	69,383	(2)	69,381
of which: stage 1	23,453	24,046	5,286	15,507	1,091	0	69,383	(2)	69,381
Due from customers	1,551	43,921	10,578	48,624	2,607	384	107,665	(202)	107,463
of which: stage 1	1,551	43,783	10,332	48,182	2,139	0	105,987	(69)	105,919
of which: stage 2	0	138	246	442	468	0	1,294	(19)	1,275
of which: stage 3	0	0	0	0	0	384	384	(114)	270
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	0	29,403	0	0	0	0	29,403	(22)	29,380
of which: stage 1	0	29,403	0	0	0	0	29,403	(22)	29,380
Mortgage loans	0	1	668	3,295	1,039	113	5,116	0	5,116
of which: stage 1	0	1	668	3,290	1,039	0	4,997	0	4,997
of which: stage 2	0	0	0	6	0	0	6	0	6
of which: stage 3	0	0	0	0	0	113	113	0	113
Accrued income and prepaid expenses	156	1,491	447	852	54	0	3,000	0	3,000
of which: stage 1	156	1,491	443	851	51	0	2,991	0	2,991
of which: stage 2	0	0	4	2	3	0	8	0	8
Other assets	21	179	14	696	8	2	920	(2)	918
of which: stage 1	21	179	14	696	8	0	918	0	918
of which: stage 3	0	0	0	0	0	2	2	(2)	0
Total in scope of ECL assets / ECL amounts by stages	75,496	152,973	17,816	69,427	4,811	499	321,022	(233)	320,789

Off-balance sheet positions and credit lines subject to expected credit loss by rating category

USD m									
31.12.23									
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total off-balance sheet exposure (maximum exposure to credit risk)	ECL provisions	
Off-balance sheet (within the scope of ECL)									
Contingent liabilities, gross	17,689	9,145	2,230	1,977	314	4	31,360	(3)	
of which: stage 1	17,689	9,116	2,212	1,967	243	0	31,226	(2)	
of which: stage 2	0	30	19	10	71	0	129	(1)	
of which: stage 3	0	0	0	0	0	4	4	(1)	
Irrevocable commitments, gross	1,177	5,489	4,727	2,515	5,978	14	19,900	(56)	
of which: stage 1	1,177	5,489	4,715	2,407	4,639	0	18,427	(33)	
of which: stage 2	0	0	12	108	1,339	0	1,458	(21)	
of which: stage 3	0	0	0	0	0	14	14	(2)	
Forward starting transactions (securities financing transactions)	9,062	219	84	135	0	0	9,500	0	
of which: stage 1	9,062	219	84	135	0	0	9,500	0	
Credit lines	0	3,662	196	4,495	1,424	0	9,777	(1)	
of which: stage 1	0	3,628	148	4,493	1,178	0	9,446	(1)	
of which: stage 2	0	34	49	3	246	0	331	(0)	
Irrevocable committed prolongation of existing loans	0	1,907	0	0	0	0	1,907	0	
of which: stage 1	0	1,907	0	0	0	0	1,907	0	
Total off-balance sheet financial instruments and credit lines	27,928	20,423	7,237	9,122	7,715	18	72,444	(60)	

Note 12e Financial assets subject to credit risk by rating category (continued)

Financial assets subject to credit risk by rating category									
CHF m									
	31.12.23								
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total gross carrying amount	ECL allowances	Net carrying amount (maximum exposure to credit risk)
Financial instruments measured at amortized cost									
Cash and balances at central banks	41,400	221	0	0	0	0	41,621	0	41,620
of which: stage 1	41,400	221	0	0	0	0	41,621	0	41,620
Due from banks	950	45,175	693	381	11	0	47,209	(4)	47,204
of which: stage 1	950	45,175	693	381	11	0	47,209	(4)	47,204
Receivables from securities financing transactions	19,741	20,239	4,449	13,052	918	0	58,399	(1)	58,398
of which: stage 1	19,741	20,239	4,449	13,052	918	0	58,399	(1)	58,398
Due from customers	1,306	36,968	8,903	40,926	2,194	323	90,621	(170)	90,451
of which: stage 1	1,306	36,852	8,696	40,554	1,801	0	89,209	(58)	89,151
of which: stage 2	0	116	207	372	394	0	1,089	(16)	1,073
of which: stage 3	0	0	0	0	0	323	323	(96)	227
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	0	24,748	0	0	0	0	24,748	(19)	24,729
of which: stage 1	0	24,748	0	0	0	0	24,748	(19)	24,729
Mortgage loans	0	1	562	2,774	874	95	4,306	0	4,306
of which: stage 1	0	1	562	2,769	874	0	4,206	0	4,206
of which: stage 2	0	0	0	5	0	0	5	0	5
of which: stage 3	0	0	0	0	0	95	95	0	95
Accrued income and prepaid expenses	131	1,255	376	718	45	0	2,525	0	2,525
of which: stage 1	131	1,255	373	716	43	0	2,518	0	2,518
of which: stage 2	0	0	4	1	2	0	7	0	7
Other assets	17	151	12	586	7	1	774	(2)	772
of which: stage 1	17	151	12	586	7	0	773	0	772
of which: stage 3	0	0	0	0	0	1	1	(1)	0
Total in scope of ECL assets / ECL amounts by stages	63,544	128,757	14,995	58,436	4,050	420	270,202	(197)	270,005

Off-balance sheet positions and credit lines subject to expected credit loss by rating category

CHF m									
	31.12.23								
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total off-balance sheet exposure (maximum exposure to credit risk)	ECL provisions	
Off-balance sheet (within the scope of ECL)									
Contingent liabilities, gross	14,889	7,698	1,877	1,664	264	3	26,395	(3)	
of which: stage 1	14,889	7,673	1,862	1,655	204	0	26,283	(1)	
of which: stage 2	0	25	16	9	60	0	109	0	
of which: stage 3	0	0	0	0	0	3	3	(1)	
Irrevocable commitments, gross	990	4,620	3,978	2,117	5,032	12	16,749	(49)	
of which: stage 1	990	4,620	3,968	2,026	3,905	0	15,510	(29)	
of which: stage 2	0	0	10	91	1,127	0	1,227	(19)	
of which: stage 3	0	0	0	0	0	12	12	(2)	
Forward starting transactions (securities financing transactions)	7,627	185	70	114	0	0	7,996	0	
of which: stage 1	7,627	185	70	114	0	0	7,996	0	
Credit lines	0	3,082	165	3,784	1,198	0	8,229	0	
of which: stage 1	0	3,054	124	3,781	991	0	7,951	0	
of which: stage 2	0	28	41	2	207	0	278	0	
Irrevocable committed prolongation of existing loans	0	1,605	0	0	0	0	1,605	0	
of which: stage 1	0	1,605	0	0	0	0	1,605	0	
Total off-balance sheet financial instruments and credit lines	23,507	17,190	6,091	7,678	6,494	15	60,975	(51)	

› Refer to Note 9 and Note 19 to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information about ECL in accordance with IFRS Accounting Standards

Note 12e Financial assets subject to credit risk by rating category (continued)

Financial assets subject to credit risk by rating category									
USD m									
31.12.22									
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total gross carrying amount	ECL allowances	Net carrying amount (maximum exposure to credit risk)
Financial instruments measured at amortized cost									
Cash and balances at central banks	48,227	117	0	0	0	0	48,344	0	48,344
of which: stage 1	48,227	117	0	0	0	0	48,344	0	48,344
Due from banks	867	29,915	640	0	33	0	31,455	(5)	31,450
of which: stage 1	867	29,915	640	0	33	0	31,455	(5)	31,450
Receivables from securities financing transactions	14,930	8,597	7,564	26,332	721	0	58,143	(2)	58,141
of which: stage 1	14,930	8,597	7,564	26,332	721	0	58,143	(2)	58,141
Due from customers	4,619	38,780	8,602	50,987	2,420	318	105,726	(174)	105,552
of which: stage 1	4,619	38,780	8,295	50,433	1,809	0	103,936	(59)	103,876
of which: stage 2	0	0	307	555	611	0	1,473	(9)	1,463
of which: stage 3	0	0	0	0	0	318	318	(105)	213
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	0	27,704	0	0	0	0	27,704	(26)	27,678
of which: stage 1	0	27,704	0	0	0	0	27,704	(26)	27,678
Mortgage loans	0	1	302	4,063	488	185	5,039	0	5,039
of which: stage 1	0	1	302	4,045	488	0	4,837	0	4,837
of which: stage 2	0	0	0	17	0	0	17	0	17
of which: stage 3	0	0	0	0	0	185	185	0	184
Accrued income and prepaid expenses	130	671	352	687	33	0	1,872	0	1,872
of which: stage 1	130	671	351	681	31	0	1,863	0	1,863
of which: stage 2	0	0	0	6	2	0	9	0	9
Other assets	0	155	4	776	5	2	942	(3)	939
of which: stage 1	0	155	4	776	5	0	940	(1)	939
of which: stage 3	0	0	0	0	0	2	2	(2)	0
Total in scope of ECL assets / ECL amounts by stages	68,772	105,939	17,464	82,845	3,701	504	279,225	(211)	279,015

Off-balance sheet positions and credit lines subject to expected credit loss by rating category

USD m									
31.12.22									
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total off-balance sheet exposure (maximum exposure to credit risk)	ECL provisions	
Off-balance sheet (in scope of ECL)									
Contingent liabilities, gross	7,157	9,102	2,464	1,273	356	8	20,359	(3)	
of which: stage 1	7,157	9,072	1,555	1,247	229	0	19,260	(2)	
of which: stage 2	0	30	909	25	127	0	1,091	(1)	
of which: stage 3	0	0	0	0	0	8	8	0	
Irrevocable commitments, gross	1,239	5,068	3,146	1,895	4,860	64	16,272	(72)	
of which: stage 1	1,239	4,948	3,030	1,771	3,485	0	14,474	(35)	
of which: stage 2	0	120	115	124	1,375	0	1,734	(37)	
of which: stage 3	0	0	0	0	0	64	64	0	
Forward starting transactions (securities financing transactions)	1,790	2	11	1,007	0	0	2,810	0	
of which: stage 1	1,790	2	11	1,007	0	0	2,810	0	
Credit lines	0	3,868	687	5,851	1,186	0	11,592	(1)	
of which: stage 1	0	3,825	616	5,700	1,115	0	11,256	0	
of which: stage 2	0	43	71	150	71	0	335	0	
Irrevocable committed prolongation of existing loans	0	147	0	0	0	0	147	0	
of which: stage 1	0	147	0	0	0	0	147	0	
Total off-balance sheet financial instruments and credit lines	10,186	18,186	6,307	10,026	6,402	73	51,180	(76)	

Note 12e Financial assets subject to credit risk by rating category (continued)

Financial assets subject to credit risk by rating category									
CHF m									
31.12.22									
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total gross carrying amount	ECL allowances	Net carrying amount (maximum exposure to credit risk)
Financial instruments measured at amortized cost									
Cash and balances at central banks	44,576	108	0	0	0	0	44,684	0	44,684
of which: stage 1	44,576	108	0	0	0	0	44,684	0	44,684
Due from banks	801	27,650	591	0	30	0	29,073	(5)	29,069
of which: stage 1	801	27,650	591	0	30	0	29,073	(5)	29,069
Receivables from securities financing transactions	13,799	7,946	6,991	24,338	667	0	53,741	(2)	53,739
of which: stage 1	13,799	7,946	6,991	24,338	667	0	53,741	(2)	53,739
Due from customers	4,269	35,844	7,950	47,127	2,237	294	97,722	(161)	97,561
of which: stage 1	4,269	35,844	7,667	46,614	1,672	0	96,067	(55)	96,011
of which: stage 2	0	0	283	513	565	0	1,361	(9)	1,353
of which: stage 3	0	0	0	0	0	294	294	(97)	197
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	0	25,607	0	0	0	0	25,607	(24)	25,582
of which: stage 1	0	25,607	0	0	0	0	25,607	(24)	25,582
Mortgage loans	0	1	279	3,755	451	171	4,657	0	4,657
of which: stage 1	0	1	279	3,739	451	0	4,471	0	4,471
of which: stage 2	0	0	0	16	0	0	16	0	16
of which: stage 3	0	0	0	0	0	171	171	0	170
Accrued income and prepaid expenses	120	620	325	635	31	0	1,730	0	1,730
of which: stage 1	120	620	325	629	29	0	1,722	0	1,722
of which: stage 2	0	0	0	6	2	0	8	0	8
Other assets	0	143	4	717	4	1	870	(3)	867
of which: stage 1	0	143	4	717	4	0	869	(1)	867
of which: stage 3	0	0	0	0	0	1	2	(2)	0
Total in scope of ECL assets / ECL amounts by stages	63,565	97,918	16,141	76,573	3,421	466	258,085	(196)	257,890

Off-balance sheet positions and credit lines subject to expected credit loss by rating category

CHF m									
31.12.22									
Rating category	0-1	2-3	4-5	6-8	9-13	Credit-impaired (defaulted)	Total off-balance sheet exposure (maximum exposure to credit risk)	ECL provisions	
Off-balance sheet (in scope of ECL)									
Contingent liabilities, gross	6,615	8,413	2,277	1,176	329	8	18,818	(3)	
of which: stage 1	6,615	8,385	1,438	1,153	211	0	17,802	(2)	
of which: stage 2	0	27	840	23	118	0	1,008	(1)	
of which: stage 3	0	0	0	0	0	8	8	0	
Irrevocable commitments, gross	1,145	4,684	2,907	1,752	4,492	60	15,041	(66)	
of which: stage 1	1,145	4,574	2,801	1,637	3,221	0	13,378	(32)	
of which: stage 2	0	111	107	115	1,271	0	1,603	(34)	
of which: stage 3	0	0	0	0	0	60	60	0	
Forward starting transactions (securities financing transactions)	1,655	2	10	931	0	0	2,597	0	
of which: stage 1	1,655	2	10	931	0	0	2,597	0	
Credit lines	0	3,575	635	5,408	1,096	0	10,714	(1)	
of which: stage 1	0	3,536	569	5,269	1,030	0	10,404	(1)	
of which: stage 2	0	40	66	139	66	0	310	0	
Irrevocable committed prolongation of existing loans	0	135	0	0	0	0	135	0	
of which: stage 1	0	135	0	0	0	0	135	0	
Total off-balance sheet financial instruments and credit lines	9,415	16,810	5,829	9,267	5,917	67	47,305	(70)	

Note 13 Trading portfolio and other financial instruments measured at fair value

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Assets				
Trading portfolio assets	124,682	98,566	104,943	91,104
<i>of which: debt instruments¹</i>	21,300	12,088	17,928	11,173
<i>of which: listed</i>	17,653	9,618	14,858	8,890
<i>of which: equity instruments</i>	100,646	83,720	84,713	77,382
<i>of which: precious metals and other physical commodities</i>	2,735	2,757	2,302	2,549
Total assets measured at fair value	124,682	98,566	104,943	91,104
<i>of which: fair value derived using a valuation model</i>	17,340	9,635	14,595	8,906
<i>of which: securities eligible for repurchase transactions in accordance with liquidity regulations²</i>	12,167	5,635	10,241	5,208
Liabilities				
Trading portfolio liabilities	27,280	25,058	22,961	23,160
<i>of which: debt instruments¹</i>	11,191	8,234	9,419	7,610
<i>of which: listed</i>	10,908	7,738	9,181	7,153
<i>of which: equity instruments</i>	16,089	16,824	13,542	15,550
Financial liabilities designated at fair value ³	80,859	70,603	68,058	65,258
Total liabilities measured at fair value	108,139	95,661	91,019	88,418
<i>of which: fair value derived using a valuation model</i>	85,898	75,024	72,300	69,344

¹ Includes money market paper. ² Consists of high-quality liquid debt securities that are eligible for repurchase transactions at the Swiss National Bank or other central banks. ³ Refer to Note 19 for more information.

Note 14 Derivative instruments¹

USD bn	31.12.23			31.12.22		
	Derivative financial assets	Derivative financial liabilities	Total notional values ²	Derivative financial assets	Derivative financial liabilities	Total notional values ²
Interest rate contracts						
Forwards ³	0.1	0.2	1,076	0.3	0.2	821
Swaps	25.7	21.0	12,667	28.8	22.9	10,336
<i>of which: designated in hedge accounting relationships</i>	0.0	0.0	123	0.0	0.0	112
Futures	0.0	0.0	704	0.0	0.0	603
Over-the-counter (OTC) options	12.1	14.4	1,571	14.2	17.5	1,393
Exchange-traded options	0.1	0.1	96	0.2	0.2	136
Total	38.1	35.7	16,114⁴	43.6	40.8	13,289
Foreign exchange contracts						
Forwards	15.6	18.9	1,892	26.5	28.6	1,765
<i>of which: designated in hedge accounting relationships</i>	0.0	0.0	0	0.0	0.0	0
Swaps	44.5	47.1	3,823	50.2	51.0	3,351
<i>of which: designated in hedge accounting relationships</i>	0.5	0.7	46	0.8	0.5	33
Futures	0.0	0.0	1	0.0	0.0	2
Over-the-counter (OTC) options	6.3	6.1	894	9.3	9.3	1,074
Exchange-traded options	0.1	0.1	5	0.1	0.2	10
Total	66.4	72.2	6,615	86.1	89.1	6,201
Equity contracts						
Forwards	0.2	0.4	33	0.2	0.3	33
Swaps	6.5	9.3	269	5.7	6.9	223
Futures	0.0	0.0	73	0.0	0.0	50
Over-the-counter (OTC) options	2.9	6.0	199	2.8	4.6	144
Exchange-traded options	9.5	9.0	726	8.7	9.6	525
Total	19.1	24.6	1,299	17.4	21.4	975
Credit derivative contracts						
Credit default swaps	1.5	1.3	95	0.9	1.0	76
Total return swaps	0.0	0.1	1	0.1	0.2	1
Other	0.1	0.0	1	0.0	0.0	2
Total	1.7	1.5	97	1.0	1.2	79
Commodity, precious metals and other contracts						
Forwards ⁵	0.1	0.2	49	0.1	0.1	64
Swaps	0.7	0.5	45	0.5	0.7	39
Futures	0.0	0.0	13	0.0	0.0	16
Over-the-counter (OTC) options	0.6	0.3	38	0.4	0.3	29
Exchange-traded options	0.3	0.3	4	0.3	0.3	6
Total	1.6	1.3	150	1.3	1.4	154
Total before netting	126.9	135.3	24,275	149.5	153.8	20,698
<i>of which: trading derivatives</i>	<i>126.4</i>	<i>134.5</i>		<i>148.6</i>	<i>153.3</i>	
<i>of which: fair value derived using a valuation model</i>	<i>125.8</i>	<i>133.8</i>		<i>147.8</i>	<i>152.4</i>	
<i>of which: derivatives designated in hedge accounting relationships</i>	<i>0.5</i>	<i>0.7</i>		<i>0.8</i>	<i>0.5</i>	
<i>of which: fair value derived using a valuation model</i>	<i>0.5</i>	<i>0.7</i>		<i>0.8</i>	<i>0.5</i>	
Netting with cash collateral payables / receivables	(17.9)	(19.4)		(20.9)	(22.5)	
Replacement value netting	(98.9)	(98.9)		(113.8)	(113.8)	
Total after netting	10.1	16.9		14.7	17.4	
<i>of which: with central clearing counterparties</i>	<i>0.5</i>	<i>0.2</i>		<i>0.9</i>	<i>0.2</i>	
<i>of which: with bank and broker-dealer counterparties</i>	<i>2.1</i>	<i>2.1</i>		<i>4.3</i>	<i>2.8</i>	
<i>of which: other client counterparties</i>	<i>7.5</i>	<i>14.6</i>		<i>9.6</i>	<i>14.5</i>	

¹ Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are excluded from this table. The replacement values and related notional values of these derivatives were not material for the periods presented. ² Total notional values include USD 13.8trn (31 December 2022: USD 11.2trn) relating to derivatives that are cleared through either a central counterparty or an exchange. The fair value of these derivatives net of the corresponding cash margin was not material for any of the periods presented. ³ Includes forward rate agreements. ⁴ Notional amounts related to interest rate contracts increased by USD 2.8trn compared with 31 December 2022, mainly reflecting lower compression activity and higher business volumes driven by elevated interest rate volatility and inflation. ⁵ Includes derivative loan commitments with notional values of USD 6bn as of 31 December 2023 (31 December 2022: USD 5bn) and negative replacement values of USD 21m (31 December 2022: USD 43m).

Note 14 Derivative instruments (continued)¹

CHF bn	31.12.23			31.12.22		
	Derivative financial assets	Derivative financial liabilities	Total notional values ²	Derivative financial assets	Derivative financial liabilities	Total notional values ²
Interest rate contracts						
Forwards ³	0.1	0.1	905	0.3	0.1	759
Swaps	21.7	17.6	10,662	26.7	21.1	9,553
<i>of which: designated in hedge accounting relationships</i>	<i>0.0</i>	<i>0.0</i>	<i>104</i>	<i>0.0</i>	<i>0.0</i>	<i>104</i>
Futures	0.0	0.0	593	0.0	0.0	558
Over-the-counter (OTC) options	10.2	12.1	1,322	13.1	16.2	1,288
Exchange-traded options	0.1	0.1	81	0.2	0.2	126
Total	32.0	30.0	13,563⁴	40.3	37.7	12,283
Foreign exchange contracts						
Forwards	13.1	15.9	1,593	24.5	26.5	1,631
<i>of which: designated in hedge accounting relationships</i>	<i>0.0</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>	<i>0.0</i>	<i>0</i>
Swaps	37.5	39.6	3,218	46.4	47.1	3,097
<i>of which: designated in hedge accounting relationships</i>	<i>0.4</i>	<i>0.6</i>	<i>39</i>	<i>0.8</i>	<i>0.5</i>	<i>31</i>
Futures	0.0	0.0	1	0.0	0.0	2
Over-the-counter (OTC) options	5.3	5.2	752	8.6	8.6	993
Exchange-traded options	0.0	0.0	5	0.1	0.2	9
Total	55.9	60.7	5,568	79.6	82.3	5,732
Equity contracts						
Forwards	0.2	0.3	27	0.2	0.3	31
Swaps	5.4	7.8	226	5.2	6.3	206
Futures	0.0	0.0	61	0.0	0.0	46
Over-the-counter (OTC) options	2.5	5.0	168	2.6	4.2	133
Exchange-traded options	8.0	7.6	611	8.1	8.9	486
Total	16.1	20.7	1,094	16.1	19.8	901
Credit derivative contracts						
Credit default swaps	1.2	1.1	80	0.8	0.9	70
Total return swaps	0.0	0.1	1	0.1	0.2	1
Other	0.1	0.0	1	0.0	0.0	2
Total	1.4	1.2	81	1.0	1.1	73
Commodity, precious metals and other contracts						
Forwards ⁵	0.1	0.1	41	0.1	0.1	59
Swaps	0.6	0.5	38	0.5	0.6	36
Futures	0.0	0.0	11	0.0	0.0	15
Over-the-counter (OTC) options	0.5	0.2	32	0.4	0.3	27
Exchange-traded options	0.2	0.3	4	0.3	0.3	5
Total	1.4	1.1	126	1.2	1.3	142
Total before netting	106.8	113.9	20,432	138.1	142.1	19,131
<i>of which: trading derivatives</i>	<i>106.4</i>	<i>113.2</i>		<i>137.4</i>	<i>141.7</i>	
<i>of which: fair value derived using a valuation model</i>	<i>105.9</i>	<i>112.6</i>		<i>136.6</i>	<i>140.8</i>	
<i>of which: derivatives designated in hedge accounting relationships</i>	<i>0.4</i>	<i>0.6</i>		<i>0.8</i>	<i>0.5</i>	
<i>of which: fair value derived using a valuation model</i>	<i>0.4</i>	<i>0.6</i>		<i>0.8</i>	<i>0.5</i>	
Netting with cash collateral payables / receivables	(15.1)	(16.4)		(19.3)	(20.8)	
Replacement value netting	(83.2)	(83.2)		(105.2)	(105.2)	
Total after netting	8.5	14.2		13.6	16.1	
<i>of which: with central clearing counterparties</i>	<i>0.4</i>	<i>0.2</i>		<i>0.8</i>	<i>0.2</i>	
<i>of which: with bank and broker-dealer counterparties</i>	<i>1.7</i>	<i>1.7</i>		<i>4.0</i>	<i>2.6</i>	
<i>of which: other client counterparties</i>	<i>6.3</i>	<i>12.3</i>		<i>8.8</i>	<i>13.4</i>	

¹ Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are excluded from this table. The replacement values and related notional values of these derivatives were not material for the periods presented. ² Total notional values include CHF 11.6trn (31 December 2022: CHF 10.4trn) relating to derivatives that are cleared through either a central counterparty or an exchange. The fair value of these derivatives net of the corresponding cash margin was not material for any of the periods presented. ³ Includes forward rate agreements. ⁴ Notional amounts related to interest rate contracts increased by CHF 1.3trn compared with 31 December 2022, mainly reflecting lower compression activity and higher business volumes driven by elevated interest rate volatility and inflation. ⁵ Includes derivative loan commitments with notional values of CHF 5bn as of 31 December 2023 (31 December 2022: CHF 4bn) and negative replacement values of CHF 17m (31 December 2022: CHF 40m).

Note 15a Financial investments by instrument type

USD m	31.12.23		31.12.22	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt instruments	40,857	40,864	43,725	43,496
<i>of which: held to maturity</i>	20,760	20,474	21,657	21,202
<i>of which: available for sale</i>	20,097	20,390	22,068	22,293
Equity instruments	16	19	20	22
<i>of which: qualified participations¹</i>	2	2	4	4
Other	1	1	1	1
Total financial investments	40,874	40,884	43,746	43,518
<i>of which: securities eligible for repurchase transactions in accordance with liquidity regulations²</i>	<i>36,255</i>	<i>36,065</i>	<i>38,452</i>	<i>38,020</i>

¹ Qualified participations are investments in which UBS AG holds 10% or more of the total capital or has at least 10% of total voting rights. ² Consists of high-quality liquid debt securities that are eligible for repurchase transactions at the Swiss National Bank or other central banks.

CHF m	31.12.23		31.12.22	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt instruments	34,388	34,395	40,414	40,203
<i>of which: held to maturity</i>	17,473	17,233	20,018	19,597
<i>of which: available for sale</i>	16,915	17,162	20,397	20,606
Equity instruments	14	16	18	20
<i>of which: qualified participations¹</i>	1	1	4	4
Other	1	1	1	1
Total financial investments	34,403	34,412	40,434	40,224
<i>of which: securities eligible for repurchase transactions in accordance with liquidity regulations²</i>	<i>30,515</i>	<i>30,355</i>	<i>35,541</i>	<i>35,142</i>

¹ Qualified participations are investments in which UBS AG holds 10% or more of the total capital or has at least 10% of total voting rights. ² Consists of high-quality liquid debt securities that are eligible for repurchase transactions at the Swiss National Bank or other central banks.

Note 15b Financial investments by counterparty rating – debt instruments

Internal UBS rating ¹	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
0–1	31,902	36,214	26,852	33,472
2–3	8,929	7,193	7,515	6,649
4–5	24	237	20	219
6–8	0	0	0	0
9–13	0	0	0	0
Non-rated	1	81	1	75
Total financial investments	40,857	43,725	34,388	40,414

¹ Refer to Note 18 for more information.

Note 16a Other assets

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Deferral position for hedging instruments	6,824	9,029	5,743	8,346
Deposits and collateral provided in connection with litigation, regulatory and similar matters ¹	1,372	2,197	1,155	2,030
Fee- and commission-related receivables	242	121	203	112
Net assets for defined benefit plans	344	322	290	298
VAT, withholding tax and other tax receivables	425	1,038	357	959
Other	699	809	587	746
<i>of which: other receivables due from UBS Group AG and subsidiaries in the UBS Group</i>	<i>483</i>	<i>519</i>	<i>407</i>	<i>480</i>
Total other assets²	9,905	13,516	8,336	12,491

¹ Refer to item 1 in Note 17b to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information. ² Includes components of other receivables due from UBS Group AG and subsidiaries in the UBS Group and other assets totaling USD 918m (CHF 772m) as of 31 December 2023 (USD 939m (CHF 867m) as of 31 December 2022), which are within the scope of expected credit loss accounting. Refer to Note 12d for more information.

Note 16b Other liabilities

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Settlement and clearing accounts	115	102	97	95
Net defined benefit liabilities	66	65	56	60
VAT, withholding tax and other tax payables ¹	82	70	69	65
Other	1,491	1,345	1,254	1,243
<i>of which: other payables due to UBS Group AG and subsidiaries in the UBS Group</i>	<i>900</i>	<i>814</i>	<i>758</i>	<i>753</i>
Total other liabilities	1,755	1,582	1,475	1,462

¹ Excludes capital tax payables.

Note 17 Pledged assets

The table below provides information about pledged assets, other than assets placed with central banks related to undrawn credit lines and for payment, clearing and settlement purposes (31 December 2023: USD 3.5bn (CHF 2.9bn), 31 December 2022: USD 5.2bn (CHF 4.8bn)) and those pledged in connection with securities financing transactions (refer to Note 10 for more information).

<i>USD m</i>	31.12.23	31.12.22
	Carrying amount of pledged assets	Carrying amount of pledged assets
Securities ¹	8,011	4,733
Property ²	2,187	2,052
Total pledged assets	10,198	6,785

¹ Includes securities pledged for derivative transactions, where the replacement values are managed on a portfolio basis across counterparties and product types, and therefore there is no direct relationship between the specific collateral pledged and the associated liability. ² These pledged properties serve as collateral for an existing mortgage loan from UBS Switzerland AG, the carrying amount of which was USD 2,804m as of 31 December 2023 (USD 2,651m as of 31 December 2022).

<i>CHF m</i>	31.12.23	31.12.22
	Carrying amount of pledged assets	Carrying amount of pledged assets
Securities ¹	6,743	4,374
Property ²	1,841	1,897
Total pledged assets	8,584	6,271

¹ Includes securities pledged for derivative transactions, where the replacement values are managed on a portfolio basis across counterparties and product types, and therefore there is no direct relationship between the specific collateral pledged and the associated liability. ² These pledged properties serve as collateral for an existing mortgage loan from UBS Switzerland AG, the carrying amount of which was CHF 2,360m as of 31 December 2023 (CHF 2,450m as of 31 December 2022).

Note 18 Country risk of total assets

The table below provides a breakdown of total non-Swiss assets by credit rating, after netting of assets and liabilities as recognized on the balance sheet, but before other risk mitigants. The credit ratings reflect the sovereign credit rating of the country to which the ultimate risk of the underlying asset is related. The ultimate country of risk for unsecured loan positions is the domicile of the immediate borrower or, in the case of a legal entity, the domicile of the ultimate parent entity. For collateralized or guaranteed positions, the ultimate country of risk is the domicile of the provider of the collateral or guarantor or, if applicable, the domicile of the ultimate parent entity of the provider of the collateral or guarantor. For mortgage loans, the ultimate country of risk is the country where the real estate is located. Similarly, the ultimate country of risk for property and equipment is the country where the property and equipment are located. Assets for which Switzerland is the ultimate country of risk are provided separately at the bottom of the table in order to provide a reconciliation to total balance sheet assets.

► Refer to the "Risk management and control" section of the UBS AG Annual Report 2023 for more information

						31.12.23	31.12.22		
Classification	Internal UBS rating ¹	Description	Moody's Investors Service	S&P	Fitch	USD m	%	USD m	%
Low risk	0 and 1	Investment grade	Aaa	AAA	AAA	251,204	45	230,979	46
	2		Aa1 to Aa3	AA+ to AA-	AA+ to AA-	90,612	16	96,069	19
	3		A1 to A3	A+ to A-	A+ to A-	71,893	13	71,856	14
Medium risk	4	Sub-investment grade	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	10,340	2	8,013	2
	5		Baa3	BBB-	BBB-	5,328	1	6,156	1
	6		Ba1	BB+	BB+	127	0	287	0
High risk	7		Ba2	BB	BB	774	0	566	0
	8		Ba3	BB-	BB-	1,940	0	1,958	0
	9		B1	B+	B+	750	0	868	0
Very high risk	10		B2	B	B	503	0	524	0
	11		B3	B-	B-	121	0	20	0
	12		Caa1 to Caa2	CCC+ to CCC	CCC+ to CCC	261	0	203	0
	13		Caa3 to C	CCC- to C	CCC- to C	134	0	140	0
Distressed	Default	Defaulted							
			D	D	29	0	9	0	
Subtotal						434,016	78	417,648	83
Switzerland						124,511	22	87,119	17
Total assets						558,527	100	504,767	100

¹ Internal ratings are mapped to the external ratings in line with the table published in the "Risk management and control" section of the UBS AG Annual Report 2023.

						31.12.23	31.12.22		
Classification	Internal UBS rating ¹	Description	Moody's Investors Service	S&P	Fitch	CHF m	%	CHF m	%
Low risk	0 and 1	Investment grade	Aaa	AAA	AAA	211,428	45	213,488	46
	2		Aa1 to Aa3	AA+ to AA-	AA+ to AA-	76,271	16	88,797	19
	3		A1 to A3	A+ to A-	A+ to A-	60,511	13	66,416	14
Medium risk	4	Sub-investment grade	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	8,703	2	7,407	2
	5		Baa3	BBB-	BBB-	4,485	1	5,690	1
	6		Ba1	BB+	BB+	107	0	265	0
High risk	7		Ba2	BB	BB	651	0	523	0
	8		Ba3	BB-	BB-	1,633	0	1,810	0
	9		B1	B+	B+	631	0	802	0
Very high risk	10		B2	B	B	423	0	485	0
	11		B3	B-	B-	102	0	19	0
	12		Caa1 to Caa2	CCC+ to CCC	CCC+ to CCC	220	0	187	0
	13		Caa3 to C	CCC- to C	CCC- to C	113	0	129	0
Distressed	Default	Defaulted							
			D	D	24	0	8	0	
Subtotal						365,302	78	386,026	83
Switzerland						104,803	22	80,524	17
Total assets						470,106	100	466,550	100

¹ Internal ratings are mapped to the external ratings in line with the table published in the "Risk management and control" section of the UBS AG Annual Report 2023.

Note 19 Structured debt instruments

The table below provides a breakdown of financial liabilities designated at fair value that are considered structured debt instruments.

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Fixed-rate bonds with structured features	5,679	2,293	4,780	2,120
Structured debt instruments issued:				
Equity-linked	46,220	41,926	38,903	38,752
Rates-linked	16,681	15,925	14,040	14,719
Credit-linked	4,287	2,281	3,608	2,108
Commodity-linked ¹	3,704	4,304	3,118	3,978
FX-linked	699	578	589	535
Funding received from UBS Group AG designated at fair value ²	2,711	1,959	2,282	1,811
Structured over-the-counter (OTC) debt instruments	877	1,336	738	1,235
Total financial liabilities designated at fair value	80,859	70,603	68,058	65,258

¹ Includes precious metals-linked debt instruments issued. ² Refer to Note 20 for more information.

In addition to *Financial liabilities designated at fair value*, certain structured debt instruments were reported within the balance sheet lines *Due to banks*, *Due to customers* and *Bonds issued*. These instruments were bifurcated for measurement purposes. As of 31 December 2023, the total carrying amount of the host instruments was USD 7,555m (CHF 6,359m) (31 December 2022: USD 5,379m (CHF 4,972m)) and the total carrying amount of the bifurcated embedded derivatives was positive USD 58m (CHF 49m) (31 December 2022: positive USD 59m (CHF 54m)).

Note 20 Funding eligible as total loss-absorbing capacity at the UBS AG level

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Funding eligible as total loss-absorbing capacity at the UBS AG level included in:				
Funding received from UBS Group AG measured at amortized cost	67,292	59,202	56,639	54,720
Funding received from UBS Group AG designated at fair value	2,711	1,959	2,282	1,811
Bonds issued	546	3,041	460	2,811
Total funding eligible as total loss-absorbing capacity at the UBS AG level¹	70,549	64,202	59,381	59,342

¹ Represents the Swiss GAAP carrying amount of instruments qualifying as total loss-absorbing capital. In accordance with the Basel III framework, as applicable to Swiss systemically relevant banks (SRB), total funding eligible as total loss-absorbing capacity at the UBS AG level was USD 66,951m (CHF 56,352m) as of 31 December 2023 (31 December 2022: USD 58,823m (CHF 54,370m)). Refer to the "UBS AG standalone regulatory information" section of this report for more information about Swiss SRB going and gone concern capital.

Note 21a Share capital

UBS AG shares

The 2023 Annual General Meeting of UBS AG approved a change of the share capital currency from the Swiss franc to the US dollar, resulting in a slight reduction to the nominal value per share to USD 0.10 (from CHF 0.10 previously), with the amount of the reduction allocated to the *Capital contribution reserve*. As a consequence of the change in the share capital currency, the capital contribution reserve was also converted from Swiss francs to US dollars, resulting in an increase, with the offset recorded in the *Other statutory capital reserve*. Total equity reported for UBS AG standalone was not affected by these changes.

As of 31 December 2023, UBS AG's share capital of USD 386m (CHF 386m as of 31 December 2022) consisted of fully paid-up registered issued shares with a nominal value each of USD 0.10 (CHF 0.10 as of 31 December 2022), which each entitle the holder to one vote at the meeting of the shareholders of UBS AG, if entered into the share register as having the right to vote, as well as a proportionate share of distributed dividends. UBS AG's shares are not subject to any restrictions or limitations on their transferability.

As of 31 December 2023, shares issued by UBS AG totaled 3,858,408,466 shares (unchanged from 31 December 2022). The shares were all dividend bearing and held by UBS Group AG.

Additionally, as of 31 December 2023, 380,000,000 registered shares with a nominal value of USD 0.10 each (CHF 0.10 as of 31 December 2022) were available to be issued out of conditional capital through the voluntary or mandatory exercise of conversion rights and / or warrants granted in connection with the issuance of bonds or similar financial instruments on national or international capital markets.

Non-distributable reserves

Non-distributable reserves consist of 50% of the share capital of UBS AG, amounting to USD 193m (CHF 190m) as of 31 December 2023 (USD 197m (CHF 193m) as of 31 December 2022).

Note 21b Significant shareholders

The sole direct shareholder of UBS AG is UBS Group AG, which holds 100% of UBS AG shares. These shares are entitled to voting rights. Indirect shareholders of UBS AG included in the table below are the direct shareholders of UBS Group AG (acting in their own name or in their capacity as nominees for other investors or beneficial owners) that were registered in the UBS Group AG share register with 3% or more of the share capital of UBS Group AG as of 31 December 2023 or as of 31 December 2022. The shares and share capital of UBS AG held by indirect shareholders, as shown in the table below, represent their relative holding of UBS Group AG shares. They do not have voting rights in UBS AG.

<i>USD m, except where indicated</i>	31.12.23		31.12.22	
	Share capital held	Shares held (%)	Share capital held	Shares held (%)
Significant direct shareholder of UBS AG				
UBS Group AG	386	100	393	100
Significant indirect shareholders of UBS AG				
DTC (Cede & Co.), New York ¹	29	7	28	7
Nortrust Nominees Ltd., London	15	4	17	4
Chase Nominees Ltd., London			34	9

¹ DTC (Cede & Co.), New York, "The Depository Trust Company," is a US securities clearing organization.

<i>CHF m, except where indicated</i>	31.12.23		31.12.22	
	Share capital held	Shares held (%)	Share capital held	Shares held (%)
Significant direct shareholder of UBS AG				
UBS Group AG	380	100	386	100
Significant indirect shareholders of UBS AG				
DTC (Cede & Co.), New York ¹	28	7	27	7
Nortrust Nominees Ltd., London	15	4	17	4
Chase Nominees Ltd., London			33	9

¹ DTC (Cede & Co.), New York, "The Depository Trust Company," is a US securities clearing organization.

Note 22 Swiss and non-Swiss post-employment benefit plans

a) Assets related to non-Swiss defined benefit plans	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Net assets for non-Swiss defined benefit plans ¹	344	322	290	298
Total assets for non-Swiss defined benefit plans	344	322	290	298

¹ As of 31 December 2023, USD 341m (CHF 287m) related to the UK defined benefit pension plan and USD 3m (CHF 2m) related to the US defined benefit pension plan. As of 31 December 2022, USD 321m (CHF 297m) related to the UK defined benefit pension plan and USD 1m (CHF 1m) related to the US defined benefit pension plan.

b) Liabilities related to Swiss pension plan and non-Swiss defined benefit plans	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Provision for Swiss pension plan	0	0	0	0
Net defined benefit liabilities for non-Swiss defined benefit plans ¹	66	65	56	60
Total provision for Swiss pension plan and net defined benefit liabilities for non-Swiss defined benefit plans	66	65	56	60
Bank accounts at UBS and UBS debt instruments held by Swiss pension fund	11	24	10	22
UBS derivative financial instruments held by Swiss pension fund	34	7	29	6
Total liabilities related to Swiss pension plan and non-Swiss defined benefit plans	112	95	94	88

¹ As of 31 December 2023, USD 37m (CHF 31m) related to the US plans and USD 14m (CHF 12m) related to the UK plan. As of 31 December 2022, USD 37m (CHF 34m) related to the US plans and USD 14m (CHF 13m) related to the UK plan.

c) Swiss pension plan	USD m		CHF m	
	As of or for the year ended			
	31.12.23	31.12.22	31.12.23	31.12.22
Pension plan surplus ¹	343	297	288	275
Economic benefit / (obligation) of UBS AG	0	0	0	0
Change in economic benefit / (obligation) recognized in the income statement	0	0	0	0
Employer contributions in the period recognized in the income statement	28	41	25	39
Performance awards-related employer contributions accrued	3	4	3	4
Total pension expense recognized in the income statement within Personnel expenses	31	45	28	42

¹ The pension plan surplus is determined in accordance with FER 26 and consists of the reserve for the fluctuation in asset value. The surplus did not represent an economic benefit for UBS AG in accordance with FER 16 both as of 31 December 2023 and 31 December 2022.

UBS AG has elected to apply FER 16 for its Swiss pension plan and IFRS Accounting Standards (IAS 19) for its non-Swiss defined benefit plans. However, remeasurements of the defined benefit obligations for non-Swiss defined benefit plans are recognized in the income statement rather than directly in equity.

In 2023, an expense of USD 124m (CHF 115m) was recognized in the income statement, driven by expenses of USD 76m (CHF 68m) related to defined contribution plans and USD 49m (CHF 47m) related to defined benefit plans.

In 2022, a gain of USD 55m (CHF 51m) was recognized in the income statement, driven by a net gain related to the UK defined benefit plan that reflected an increase in the applicable discount rate, partly offset by a loss due to a negative return on plan assets and an increase in the applicable inflation rate. This net gain was partly offset by expenses related to the Swiss plan and other non-Swiss defined benefit plans.

The Swiss pension plan had no employer contribution reserve as of both 31 December 2023 and 31 December 2022.

- › Refer to Note 2 for more information
- › Refer to Note 26 to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information about non-Swiss defined benefit plans in accordance with IFRS Accounting Standards

Note 23 Related parties

Transactions with related parties are conducted at internally agreed transfer prices or at arm's-length terms and neither involve more than the normal risk of collectability nor contain any other unfavorable features for the firm. Loans, fixed advances and mortgages granted to non-independent members of the governing bodies in the ordinary course of business are also on substantially the same terms and conditions that are available to other employees, including interest rates and collateral. Independent members of the governing bodies are granted loans and mortgages in the ordinary course of business at general market conditions.

USD m	31.12.23		31.12.22	
	Amounts due from	Amounts due to	Amounts due from	Amounts due to
Qualified shareholders ¹	4,344	77,258	2,609	65,310
of which: due from / to customers	3,804	2,535	2,526	1,061
of which: funding received from UBS Group AG measured at amortized cost		70,620		61,202
of which: funding received from UBS Group AG designated at fair value		2,711		1,959
Subsidiaries	116,967	68,654	100,990	51,093
of which: due from / to banks	35,235	51,206	26,500	39,168
of which: due from / to customers	35,319	1,267	32,075	2,801
of which: receivables / payables from securities financing transactions	15,979	15,121	13,003	7,775
of which: funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	29,380		27,678	
Affiliated entities ²	16,644	2,004	332	420
of which: due from / to banks	14,821	1,194		
of which: due from / to customers	904	232	219	208
External auditors		4		4
Other related parties ³		2	6	2

¹ The qualified shareholder of UBS AG is UBS Group AG. ² Affiliated entities of UBS AG are all direct subsidiaries of UBS Group AG, including Credit Suisse AG. ³ Includes amounts due to / from other participations.

CHF m	31.12.23		31.12.22	
	Amounts due from	Amounts due to	Amounts due from	Amounts due to
Qualified shareholders ¹	3,656	65,027	2,412	60,366
of which: due from / to customers	3,201	2,134	2,335	981
of which: funding received from UBS Group AG measured at amortized cost		59,440		56,568
of which: funding received from UBS Group AG designated at fair value		2,282		1,811
Subsidiaries	98,450	57,785	93,344	47,225
of which: due from / to banks	29,657	43,099	24,494	36,202
of which: due from / to customers	29,728	1,067	29,647	2,589
of which: receivables / payables from securities financing transactions	13,450	12,727	12,018	7,187
of which: funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity	24,729		25,582	
Affiliated entities ²	14,009	1,687	307	388
of which: due from / to banks	12,475	1,005		
of which: due from / to customers	761	195	202	193
External auditors		3		4
Other related parties ³		2	5	2

¹ The qualified shareholder of UBS AG is UBS Group AG. ² Affiliated entities of UBS AG are all direct subsidiaries of UBS Group AG, including Credit Suisse AG. ³ Includes amounts due to / from other participations.

As of 31 December 2023, off-balance sheet positions related to subsidiaries amounted to USD 8.6bn (CHF 7.2bn) (31 December 2022: USD 8.0bn (CHF 7.4bn)), of which USD 6.4bn (CHF 5.4bn) was guarantees to third parties (31 December 2022: USD 6.2bn (CHF 5.7bn)) and USD 0.5bn (CHF 0.4bn) was loan commitments (31 December 2022: USD 0.5bn (CHF 0.5bn)).

As of 31 December 2023, off-balance sheet positions related to affiliates amounted to USD 1.0bn (CHF 0.8bn) (31 December 2022: USD 0.0bn (CHF 0.0bn)).

Loans to and deposits from members of governing bodies were immaterial for all periods presented.

Note 24 Fiduciary transactions

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Fiduciary deposits	39	84	33	78
<i>of which: placed with third-party banks</i>	39	84	33	78
<i>of which: placed with subsidiaries and affiliated entities</i>	0	0	0	0
Total fiduciary transactions	39	84	33	78

Fiduciary transactions encompass transactions entered into by UBS AG that result in holding or placing assets on behalf of individuals, trusts, defined benefit plans and other institutions. Unless the recognition criteria for the assets are satisfied, these assets and the related income are excluded from UBS AG's balance sheet and income statement but are disclosed in this Note as off-balance sheet fiduciary transactions. Client deposits that are initially placed as fiduciary transactions with UBS AG may be recognized on UBS AG's balance sheet in situations in which the deposit is subsequently placed within UBS AG. In such cases, these deposits are not reported in the table above.

Note 25a Invested assets and net new money

	USD bn		CHF bn	
	As of or for the year ended	As of or for the year ended	As of or for the year ended	As of or for the year ended
	31.12.23	31.12.22	31.12.23	31.12.22
Discretionary assets	60	53	51	48
Other invested assets	434	415	365	384
Total invested assets¹	494	468	416	432
Net new money	23	(1)	21	(2)

¹ Includes no double counts.

Note 25b Development of invested assets

	USD bn		CHF bn	
	31.12.23	31.12.22	31.12.23	31.12.22
Total invested assets at the beginning of the year ¹	468	560	432	510
Net new money	23	(1)	21	(2)
Market movements ²	3	(81)	1	(75)
Foreign currency translation	2	(10)	(37)	(2)
Other effects	(1)	1	(1)	1
Total invested assets at the end of the year¹	494	468	416	432

¹ Includes no double counts. ² Includes interest and dividend income.

› Refer to Note 31 to the UBS AG consolidated financial statements in the UBS AG Annual Report 2023 for more information

To the General Meeting of
UBS AG, Zurich and Basel,

Basel, 27 March 2024

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of UBS AG (the Company), which comprise the balance sheet as at 31 December 2023 and the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments in subsidiaries and other participations

Area of Focus As of 31 December 2023, the carrying amount of UBS AG's investments in subsidiaries and other participations is USD 48 billion. Investments in subsidiaries and other participations are equity interests that are held to carry on the business of UBS AG or for other strategic purposes. They include all subsidiaries directly held by UBS AG through which UBS AG conducts its business on a global basis. The investments are measured individually and carried at cost less impairment. The carrying amount is tested for impairment annually, with the recoverable amount being determined using a discounted dividend model.

Due to the inherent uncertainties in valuing investments in subsidiaries, including forecasting and management's judgments, and considering the significance of the account we identified this area as a key audit matter.

Our audit response Our audit procedures included the review of management's process over the valuation of investments in subsidiaries and other participations, including the impairment test.

We obtained an understanding and evaluated the relevant controls addressing the identified risks and tested the design and operating effectiveness of these controls. Our focus was on controls over the review of the various valuation models and the estimation of future cashflows, as well as governance and oversight over management's valuation process.

We assessed the appropriateness of the valuation methodology, taking into account the nature of the investment and the underlying business. With the support of valuation specialists we assessed the assumptions and methodologies used by management, to determine the recoverable amount of the investment in subsidiaries.

We also assessed the relevant disclosures regarding investments in subsidiaries and other participations (within note 4 to the financial statements).

Valuation of complex or illiquid instruments at fair value

Area of Focus At 31 December 2023, UBS AG held financial assets and liabilities measured at fair value, including financial instruments that did not trade in active markets. These instruments are reported within the following accounts: financial assets and liabilities at fair value held for trading, derivative financial instruments, financial assets at fair value not held for trading, debt issued designated at fair value, brokerage payables designated at fair value, and other financial liabilities designated at fair value. In determining the fair value of these financial instruments, valuation techniques, modelling assumptions, and estimates of unobservable market inputs which required significant management judgment, were used.

Auditing management's judgments and assumptions used in the estimation of the fair value of these instruments was complex due to the highly judgmental nature of valuation techniques, key modelling assumptions and significant unobservable inputs. Auditing the valuation of complex or illiquid instruments at fair value included consideration of any incremental risks arising from the impact of current macroeconomic influences on valuation techniques and inputs, such as geopolitics and inflation. The valuation techniques that required especially complex judgement were comprised of discounted cash flow and earnings-based valuation techniques. Highly judgmental modelling assumptions result from a range of different models or model calibrations used by market participants. Valuation inputs which were particularly complex and subjective included those with a limited degree of observability and the associated extrapolation, interpolation or calibration of curves using limited and proxy data points. Examples of such inputs included unobservable credit spreads and bond prices, and volatility.

Our audit response

We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over management's financial instrument valuation processes, including controls over market data inputs, model and methodology governance, and valuation adjustments.

We tested the valuation techniques, models and methodologies, and the inputs used in those models, as outlined above, by performing an independent revaluation of certain complex or illiquid financial assets and liabilities with the support of specialists. We used independent models and inputs and compared inputs to available market data among other procedures. We also independently challenged key judgments in relation to a sample of fair value adjustments.

We also assessed the relevant disclosures regarding fair value measurement disclosure (within note 14 and 15 to the financial statements).

Expected credit losses

Area of Focus UBS AG applies in its standalone financial statements the ECL approach which is used in its consolidated financial statements under the IFRS Accounting Standards.

ECL is recognized for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, fee and lease receivables, financial guarantees, and loan commitments not measured at fair value. ECL is also recognized on the undrawn portion of committed unconditionally revocable credit lines, which include the credit card limits and master credit facilities. The allowances and provisions for ECL consists of exposures that are in default which are individually evaluated for impairment (stage 3), as well as losses inherent in the loan portfolio that are not specifically identified (stage 1 and stage 2). Management's ECL estimates represent the

difference between contractual cash flows and those expected to receive, discounted at the effective interest rate. The method used to calculate ECL is based on a combination of the following principal factors: probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”).

Auditing management’s estimate of the allowances and provisions for ECL was complex due to the highly judgmental nature of forward-looking economic scenarios that form the basis of the ECL calculation, their probability weightings, related post-model adjustments, and the credit risk models used to estimate stage 1 and stage 2 ECL. The macroeconomic developments during 2023, including persisting geopolitical tensions and inflation, contributed to further uncertainty and complexity in estimating ECL. As a result, the ECL estimation required higher management judgement, specifically within the following two areas: (i) scenario selection, including assumptions about the scenario severity, underlying macroeconomic variables, and the number of scenarios necessary to sufficiently cover the bandwidth of potential outcomes, as well as related scenario weights and post-model adjustments; and (ii) credit risk models, since the output from historic data based models may not be indicative of current or future conditions.

Additionally, auditing the measurement of individual ECL for stage 3 was complex due to the high degree of judgment involved in management’s process for estimating ECL based on assumptions. These assumptions take into account expected future cash flows from collateral and other credit enhancements or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims.

Our audit response

We obtained an understanding, evaluated the design and tested the operating effectiveness of management’s controls over the ECL estimate, including management’s choice of forward-looking economic scenarios used to measure ECL and the probability weighting assigned to such scenarios. We evaluated management’s methodologies and governance controls for developing and monitoring the economic scenarios used and the probability weightings assigned to them, and related post-model adjustments. Supported by specialists, we assessed the key macroeconomic variables used in the forward-looking scenarios, such as real gross domestic product growth, unemployment rate, interest rates and house price indices, and evaluated the modelled correlation and translation of those macroeconomic factors to the ECL estimate. We further assessed the appropriateness of the post-model adjustments by considering management’s governance process, assumptions used and sensitivity analysis.

We also obtained an understanding, evaluated the design and tested the operating effectiveness of controls over credit risk models used in the ECL estimate, including controls over the completeness and accuracy of model input data, calculation logic, and output data used in the overall

ECL calculation. With the support of specialists, on a sample basis, we performed an evaluation of management's models and tested the model outcomes by inspecting model documentation, reperforming model calculations, and comparing data used as inputs to management's forecast to external sources, among other procedures.

For the measurement of stage 3, we obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's process, including an evaluation of the assumptions used by management regarding the future cash flows from debtors' continuing operations and/or the liquidation of collateral. Supported by specialists in certain areas, we additionally tested collateral valuation, cash flow assumptions and exit strategies by performing inquiries of management, inspecting underlying documents, such as loan contracts, financial statements, covenants, budgets and business plans, and by reperforming discounted cash flow calculations among other procedures, on a sample basis.

We also assessed the relevant disclosures regarding financial assets at amortized cost and other positions in scope of expected credit loss measurement (within notes 12a to 12e to the financial statements).

Legal Provisions & contingent liability

Area of Focus UBS AG operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcomes may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the legal provisions which have been established.

Auditing management's assessment of legal provisions was complex and judgmental due to the significant subjectivity involved in management's estimate of the amount and probability that an outflow of resources will be required for existing legal matters, including inquiries regarding cross-border wealth management businesses. The legal provisions for these matters are based on management's estimation of the amount and likelihood of the occurrence of certain scenarios.

Our audit response We obtained an understanding, evaluated the design and tested the operational effectiveness of management's controls over the legal provision process. Our procedures included testing management's review of the accuracy of the inputs to the estimation of the amount and likelihood of the occurrence of certain scenarios.

Where appropriate, we assessed the methodologies on which the provision amounts were based with the involvement of specialists, recalculated the provisions and tested the underlying information. We inspected internal and external legal analyses of the matters supporting the judgmental aspects impacted by legal interpretations. We obtained correspondence directly from external legal counsel to assess the

information provided by management and performed inquiries with external counsel as necessary.

We also assessed the relevant disclosures regarding legal provisions (within note 12b to the financial statements).



Other information

The Board of Directors is responsible for the other information in the annual report. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework for banks, the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTSuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Maurice McCormick
Licensed audit expert
(Auditor in charge)



Spiros Kavvadias
Licensed audit expert

UBS AG standalone regulatory information

UBS AG standalone regulatory information

Key metrics of the fourth quarter of 2023

Quarterly | The table below is based on Basel Committee on Banking Supervision (BCBS) Basel III rules and IFRS Accounting Standards.

During the fourth quarter of 2023, tier 1 capital increased by USD 0.3bn to USD 65.1bn. Common equity tier 1 (CET1) capital decreased by USD 0.6bn to USD 52.6bn, mainly reflecting additional accruals for capital returns to UBS Group AG. Additional tier 1 (AT1) capital issued by the Group and on-lent to UBS AG increased by USD 0.8bn to USD 12.5bn, mainly reflecting two issuances of AT1 capital instruments of USD 3.5bn and positive impacts from interest rate risk hedge, foreign currency translation and other effects. These increases were partly offset by a USD 2.5bn AT1 capital instrument that ceased to be eligible as going concern capital when we issued a notice of redemption of this instrument in the fourth quarter of 2023. In addition, two high-trigger loss-absorbing AT1 capital instruments of an equivalent of USD 0.6bn previously on-lent from the Group to UBS AG were transferred to Credit Suisse AG on 20 October 2023.

Phase-in risk-weighted assets (RWA) increased by USD 6.6bn to USD 354.1bn during the fourth quarter of 2023, primarily driven by increases in credit and counterparty credit risk RWA and participation RWA, partly offset by decreases in operational risk RWA and market risk RWA.

The leverage ratio denominator (the LRD) increased by USD 35.0bn to USD 643.9bn, driven by a USD 19.2bn increase in asset size and other movements and a USD 15.9bn increase in currency effects. The increase in asset size and other movements was mainly driven by higher on-balance sheet assets, mainly due to higher trading portfolio assets and lending balances, and securities financing transactions, partly offset by lower derivative exposures.

Correspondingly, the CET1 capital ratio of UBS AG standalone decreased to 14.8% from 15.3%, reflecting the increase in RWA and the decrease in CET1 capital. The firm's Basel III leverage ratio decreased to 10.1% from 10.6%, reflecting the increase in the LRD, partly offset by the aforementioned increase in tier 1 capital.

The quarterly average liquidity coverage ratio (LCR) of UBS AG standalone increased 34.2 percentage points to 260.2%, remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA). The movement in the quarterly average LCR was driven by an increase in average high-quality liquid assets (HQLA) of USD 20.7bn to USD 130.0bn, mainly driven by an increase in customer deposits. The effect of the increase in average HQLA was slightly offset by an increase in average net cash outflows of USD 1.6bn to USD 50.4bn, mainly driven by lower net inflows from securities financing transactions.

As of 31 December 2023, the net stable funding ratio decreased 2.7 percentage points to 91.7%, remaining above the prudential requirement communicated by FINMA. Available stable funding increased by USD 16.0bn to USD 279.8bn, mainly driven by higher customer deposits, debt issued and regulatory capital. Required stable funding increased by USD 25.8bn to USD 304.9bn, mainly driven by higher trading and lending assets.

KM1: Key metrics

USD m, except where indicated

	31.12.23	30.9.23	30.6.23	31.3.23	31.12.22
Available capital (amounts)					
1 Common Equity Tier 1 (CET1) ¹	52,553	53,107	53,904	53,476	53,995
2 Tier 1 ¹	65,051	64,767	65,622	65,791	65,836
3 Total capital ¹	65,052	64,767	65,622	66,279	66,321
Risk-weighted assets (amounts)²					
4 Total risk-weighted assets (RWA)	354,083	347,514	343,374	348,235	332,864
4a Minimum capital requirement ³	28,327	27,801	27,470	27,859	26,629
Risk-based capital ratios as a percentage of RWA²					
5 CET1 ratio (%) ¹	14.84	15.28	15.70	15.36	16.22
6 Tier 1 ratio (%) ¹	18.37	18.64	19.11	18.89	19.78
7 Total capital ratio (%) ¹	18.37	18.64	19.11	19.03	19.92
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50	2.50
9 Countercyclical buffer requirement (%)	0.12	0.11	0.09	0.08	0.06
9a Additional countercyclical buffer for Swiss mortgage loans (%)	0.00	0.00	0.00	0.00	0.00
10 Bank G-SIB and / or D-SIB additional requirements (%) ⁴					
11 Total of bank CET1 specific buffer requirements (%) ⁵	2.62	2.61	2.59	2.58	2.56
12 CET1 available after meeting the bank's minimum capital requirements (%) ⁶	10.34	10.64	11.11	10.86	11.72
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure	643,939	608,933	606,158	589,317	575,461
14 Basel III leverage ratio (%) ¹	10.10	10.64	10.83	11.16	11.44
Liquidity coverage ratio (LCR)⁷					
15 Total high-quality liquid assets (HQLA)	129,961	109,248	97,726	98,761	101,609
16 Total net cash outflow	50,376	48,781	47,083	52,382	53,616
16a of which: cash outflows	163,836	160,990	160,163	163,526	156,764
16b of which: cash inflows	113,460	112,210	113,080	111,144	103,148
17 LCR (%)	260.16	225.93	207.98	189.11	191.19
Net stable funding ratio (NSFR)⁸					
18 Total available stable funding	279,758	263,737	253,927	254,983	254,433
19 Total required stable funding	304,938	279,160	283,937	288,991	280,166
20 NSFR (%)	91.74	94.48	89.43	88.23	90.82

¹ As of 1 July 2022, capital amounts exclude the transitional relief of recognizing ECL allowances and provisions in CET1 capital in accordance with FINMA Circular 2013/1 "Eligible capital – banks". ² Based on phase-in rules for RWA. Refer to "Swiss SRB going and gone concern requirements and information" below for more information. ³ Calculated as 8% of total RWA, based on total capital minimum requirements, excluding CET1 buffer requirements. ⁴ Swiss SRB going and gone concern requirements and information for UBS AG standalone are provided below in this section. ⁵ Excludes non-BCBS capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. ⁶ Represents the CET1 ratio that is available to meet buffer requirements. Calculated as the CET1 ratio minus the BCBS CET1 capital requirement and, where applicable, minus the BCBS tier 2 capital requirement met with CET1 capital. ⁷ Calculated after the application of haircuts and inflow and outflow rates, as well as, where applicable, caps on Level 2 assets and cash inflows. Calculated based on an average of 63 data points in the fourth quarter of 2023 and 63 data points in the third quarter of 2023. For the prior-quarter data points, refer to the respective Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. ⁸ In accordance with Art. 17h para. 3 and 4 of the Liquidity Ordinance, UBS AG standalone is required to maintain a minimum NSFR of at least 80% without taking into account excess funding of UBS Switzerland AG and 100% after taking into account such excess funding.

Swiss systemically relevant bank going and gone concern requirements and information

UBS AG standalone is considered a systemically relevant bank (an SRB) under Swiss banking law and is subject to capital regulations on a standalone basis.

The capital requirements based on RWA include a minimum CET1 capital requirement of 10.12%, including a countercyclical buffer of 0.12%, and a total going concern capital requirement of 14.42%, including a countercyclical buffer of 0.12%. The capital requirements based on the LRD include a minimum CET1 capital requirement of 3.5% and a total going concern leverage ratio requirement of 5.0%.

CET1 capital and high-trigger AT1 capital instruments are eligible as going concern capital. As of 31 December 2023, one remaining outstanding low-trigger AT1 capital instrument, amounting to USD 1.2bn, that was on-lent from UBS Group AG to UBS AG qualified as going concern capital, as agreed with FINMA.

Following the amendments to the Banking Act and the Banking Ordinance that entered into force as of 1 January 2023, UBS AG standalone is subject to a gone concern capital requirement based on the sum of: (i) the nominal value of the gone concern instruments issued by UBS entities and held by the parent firm; (ii) 75% of the capital requirements resulting from third-party exposure on a standalone basis; and (iii) a buffer requirement equal to 30% of the Group's gone concern capital requirement on UBS AG's consolidated exposure. A transitional period until 2024 has been granted for the buffer requirement. The gone concern capital coverage ratio reflects how much gone concern capital is available to meet the gone concern requirement. Outstanding high- and low-trigger loss-absorbing tier 2 capital instruments, non-Basel III-compliant tier 2 capital instruments and total loss-absorbing capacity-eligible unsecured debt instruments are eligible to meet gone concern requirements until one year before maturity.

For direct and indirect investments, including the holding of regulatory capital instruments of UBS AG by subsidiaries that are active in banking and finance, a FINMA decree introduced a risk-weighting approach, with a phase-in period until 1 January 2028. Starting from 1 July 2017, these investments were risk-weighted at 200%. From 1 January 2019 onward, the risk weights are being gradually raised by 5 percentage points per year for Switzerland-domiciled investments and by 20 percentage points per year for foreign-domiciled investments until the fully applied risk weights are 250% and 400%, respectively. As of 31 December 2023, the applicable phase-in risk weights were 225% for Switzerland-domiciled investments and 300% for foreign-domiciled investments.

- › Refer to **“Capital and capital ratios of our significant regulated subsidiaries”** in the **“Capital, liquidity and funding, and balance sheet”** section of the **UBS Group Annual Report 2023**, available under **“Annual reporting”** at ubs.com/investors, for more information about the joint liability of UBS AG and UBS Switzerland AG

Quarterly | The tables below provide details of the Swiss SRB RWA- and LRD-based going and gone concern requirements and information as required by FINMA; details regarding eligible gone concern instruments are provided below.

Swiss SRB going and gone concern requirements and information

As of 31.12.23	RWA, phase-in		RWA, fully applied as of 1.1.28		LRD	
<i>USD m, except where indicated</i>	in %		in %		in %	
Required going concern capital						
Total going concern capital	14.42 ¹	51,048	14.42 ¹	57,577	5.00 ¹	32,197
Common equity tier 1 capital	10.12	35,822	10.12	40,404	3.50	22,538
<i>of which: minimum capital</i>	4.50	15,934	4.50	17,972	1.50	9,659
<i>of which: buffer capital</i>	5.50	19,475	5.50	21,965	2.00	12,879
<i>of which: countercyclical buffer</i>	0.12	414	0.12	467		
Maximum additional tier 1 capital	4.30	15,226	4.30	17,173	1.50	9,659
<i>of which: additional tier 1 capital</i>	3.50	12,393	3.50	13,978	1.50	9,659
<i>of which: additional tier 1 buffer capital</i>	0.80	2,833	0.80	3,195		
Eligible going concern capital						
Total going concern capital	18.37	65,051	16.29	65,051	10.10	65,051
Common equity tier 1 capital	14.84	52,553	13.16	52,553	8.16	52,553
Total loss-absorbing additional tier 1 capital	3.53	12,498	3.13	12,498	1.94	12,498
<i>of which: high-trigger loss-absorbing additional tier 1 capital</i>	3.19	11,286	2.83	11,286	1.75	11,286
<i>of which: low-trigger loss-absorbing additional tier 1 capital</i>	0.34	1,212	0.30	1,212	0.19	1,212
Risk-weighted assets / leverage ratio denominator						
Risk-weighted assets		354,083		399,369		
Leverage ratio denominator						643,939
Required gone concern capital²						
Total gone concern loss-absorbing capacity	Higher of RWA- or LRD-based					
	48,406					
Eligible gone concern capital						
Total gone concern loss-absorbing capacity	54,452					
Gone concern capital coverage ratio	112.49					

¹ Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.50% for leverage ratio denominator (LRD). ² A maximum of 25% of the gone concern requirements can be met with instruments that have a remaining maturity of between one and two years. Once at least 75% of the minimum gone concern requirement has been met with instruments that have a remaining maturity of greater than two years, all instruments that have a remaining maturity of between one and two years remain eligible to be included in the total gone concern capital.

Swiss SRB going and gone concern information

USD m, except where indicated

	31.12.23	30.9.23	31.12.22
Eligible going concern capital			
Total going concern capital	65,051	64,767	65,836
Total tier 1 capital	65,051	64,767	65,836
Common equity tier 1 capital	52,553	53,107	53,995
Total loss-absorbing additional tier 1 capital	12,498	11,660	11,841
of which: high-trigger loss-absorbing additional tier 1 capital	11,286	10,466	10,654
of which: low-trigger loss-absorbing additional tier 1 capital	1,212	1,194	1,187
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	54,452	53,343	46,982
Total tier 2 capital	533	530	2,949
of which: low-trigger loss-absorbing tier 2 capital	0	0	2,421
of which: non-Basel III-compliant tier 2 capital	533	530	528
TLAC-eligible unsecured debt	53,920	52,814	44,033
Total loss-absorbing capacity			
Total loss-absorbing capacity	119,504	118,110	112,818
Denominators for going and gone concern ratios			
Risk-weighted assets, phase-in	354,083	347,514	332,864
of which: investments in Switzerland-domiciled subsidiaries ¹	43,448	41,355	39,589
of which: investments in foreign-domiciled subsidiaries ¹	121,374	120,263	121,021
Risk-weighted assets, fully applied as of 1.1.28	399,369	392,197	390,128
of which: investments in Switzerland-domiciled subsidiaries ¹	48,276	45,950	44,988
of which: investments in foreign-domiciled subsidiaries ¹	161,832	160,350	172,887
Leverage ratio denominator	643,939	608,933	575,461
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio, phase-in	18.4	18.6	19.8
of which: common equity tier 1 capital ratio, phase-in	14.8	15.3	16.2
Going concern capital ratio, fully applied as of 1.1.28	16.3	16.5	16.9
of which: common equity tier 1 capital ratio, fully applied as of 1.1.28	13.2	13.5	13.8
Leverage ratios (%)			
Going concern leverage ratio	10.1	10.6	11.4
of which: common equity tier 1 leverage ratio	8.2	8.7	9.4
Capital coverage ratio (%)			
Gone concern capital coverage ratio	112.5	115.6	117.1

¹ Net exposures for direct and indirect investments including holding of regulatory capital instruments in Switzerland-domiciled subsidiaries and for direct and indirect investments including holding of regulatory capital instruments in foreign-domiciled subsidiaries are risk-weighted at 225% and 300%, respectively, for the current year. Risk weights will gradually increase by 5 percentage points per year for Switzerland-domiciled investments and 20 percentage points per year for foreign-domiciled investments until the fully applied risk weights of 250% and 400%, respectively, are applied.



Climate risk

Annual I Our climate strategy and governance are determined and overseen at the UBS Group level. Similarly, we identify and manage climate risks, including climate-related financial risks, in our own operations, balance sheet, client assets and supply chain at the UBS Group level.

Climate-related metrics for the UBS AG legal entity are presented in the UBS Group AG Annual Report 2023.

- › Refer to **“Our focus on sustainability and climate”** in the **“How we create value for our stakeholders”** section and to **“Sustainability and climate risk”** in the **“Risk management and control”** section of the **UBS Group AG Annual Report 2023** for more information
- › Refer to **“Our sustainability and impact strategy”** in the **“Strategy”** section of the **UBS Group AG Sustainability Report 2023**, available from 28 March 2024 under **“Annual reporting”** at ubs.com/investors, for more information

Non-financial report

UBS Group AG and UBS AG have issued a separate non-financial group report. This report provides disclosures on environmental, social and governance (ESG) matters for UBS as a group. For UBS AG and its consolidated subsidiaries, this report also provides the disclosures on non-financial information required by the German law implementing EU Directive 2014/95 (*CSR-Richtlinie-Umsetzungsgesetz / CSR-RUG*), in accordance with Art. 114 of the Securities Trading Act (*Wertpapierhandelsgesetz / WpHG*), and for UBS AG on a standalone basis, it provides disclosure under Art. 8 of the EU Taxonomy Regulation. The report is available under **“Annual reporting”** at ubs.com/investors.

- › Refer to the **UBS Group Sustainability Report 2023** available at ubs.com/investors, for more information

Cautionary Statement | This report and the information contained herein are provided solely for information purposes, and are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this report. Refer to UBS's most recent Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission (the SEC) on Form 6-K, available at ubs.com/investors, for additional information.

Rounding | Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Percentages and percent changes disclosed in text and tables are calculated on the basis of unrounded figures. Absolute changes between reporting periods disclosed in the text, which can be derived from numbers presented in related tables, are calculated on a rounded basis.

Tables | Within tables, blank fields generally indicate non-applicability or that presentation of any content would not be 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. Values that are zero on a rounded basis can be either negative or positive on an actual basis.

Websites | In this report, any website addresses are provided solely for information and are not intended to be active links. UBS is not incorporating the contents of any such websites into this report.

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