Pillar 3 Report

31 December 2023

UBS Group and significant regulated subsidiaries and sub-groups

UBS

Terms used in this report, unless the context requires otherwise

"UBS," "UBS Group," "UBS Group AG consolidated," "Group," "the Group," "we," "us" and "our"	UBS Group AG and its consolidated subsidiaries
"UBS Group excluding the Credit Suisse AG sub-group"	All UBS Group entities, excluding the Credit Suisse AG sub-group
"UBS AG" and "UBS AG consolidated"	UBS AG and its consolidated subsidiaries
"Credit Suisse AG" and "Credit Suisse AG consolidated"	Credit Suisse AG and its consolidated subsidiaries
"Credit Suisse Group" and "Credit Suisse Group AG consolidated"	Pre-acquisition Credit Suisse Group
"Credit Suisse"	Credit Suisse AG and its consolidated subsidiaries, Credit Suisse Services AG and other small former Credit Suisse Group entities now directly held by UBS Group AG
"UBS Group AG" and "UBS Group AG standalone"	UBS Group AG on a standalone basis
"Credit Suisse Group AG" and "Credit Suisse Group AG standalone"	Credit Suisse Group AG on a standalone basis
"UBS AG standalone"	UBS AG on a standalone basis
"Credit Suisse AG standalone"	Credit Suisse AG on a standalone basis
"UBS Switzerland AG" and "UBS Switzerland AG standalone"	UBS Switzerland AG on a standalone basis
"UBS Europe SE consolidated"	UBS Europe SE and its consolidated subsidiaries
"UBS Americas Holding LLC" and "UBS Americas Holding LLC consolidated"	UBS Americas Holding LLC and its consolidated subsidiaries
"1m"	One million, i.e., 1,000,000
"1bn"	One billion, i.e., 1,000,000,000
"1trn"	One trillion, i.e., 1,000,000,000,000

In this report, unless the context requires otherwise, references to any gender shall apply to all genders.

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UBS Group

Introduction and basis for preparation

Scope of Basel III Pillar 3 disclosures

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

This report provides Pillar 3 disclosures for the UBS Group, including the acquired Credit Suisse Group, and prudential key figures and regulatory information for UBS AG consolidated and standalone, UBS Switzerland AG standalone, UBS Europe SE consolidated, and UBS Americas Holding LLC consolidated, as well as Credit Suisse AG consolidated and standalone, Credit Suisse (Schweiz) AG consolidated and standalone, Credit Suisse International standalone, and Credit Suisse Holdings (USA), Inc. consolidated in the respective sections under "Significant regulated subsidiaries and sub-groups."

This Pillar 3 Report has been prepared in accordance with Swiss Financial Market Supervisory Authority (FINMA) Pillar 3 disclosure requirements (FINMA Circular 2016/1 "Disclosure – banks") as revised on 8 December 2021, the underlying BCBS guidance "Revised Pillar 3 disclosure requirements" issued in January 2015, the "Frequently asked questions on the revised Pillar 3 disclosure requirements" issued in August 2016, the "Pillar 3 disclosure requirements – consolidated and enhanced framework" issued in March 2017 and the subsequent "Technical Amendment – Pillar 3 disclosure requirements – regulatory treatment of accounting provisions" issued in August 2018.

As UBS is considered a systemically relevant bank (an SRB) under Swiss banking law, UBS Group AG, UBS AG, Credit Suisse AG and Credit Suisse (Schweiz) AG are required to comply with regulations based on the Basel III framework as applicable to Swiss SRBs on a consolidated basis.

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

Acquisition of the Credit Suisse Group

Impact of our acquisition of the Credit Suisse Group on Basel III Pillar 3 disclosures

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. In the second quarter 2023 Pillar 3 report we included the impacts of the acquisition of the Credit Suisse Group in the scope of UBS Group AG consolidated, and we included significant regulated subsidiaries and sub-groups related to Credit Suisse. In this fourth quarter 2023 Pillar 3 report, the comparative periods ended 30 September 2023 and 30 June 2023 therefore include the impact of the acquisition of the Credit Suisse Group, while comparative periods prior to those ended 30 June 2023 reflect information prior to the acquisition of the Credit Suisse Group, unless explicitly stated otherwise.

From the 30 June 2023 Pillar 3 report onward we have included the following disclosures as a result of the acquisition.
- CR10 – Specialized lending
- SEC1 – Securitization exposures in the banking book
- SEC2 – Securitization exposures in the trading book
- SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor
- SEC4 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as investor
- MR1 – Market risk under standardized approach
- Significant regulated subsidiaries and sub-groups related to Credit Suisse

› **Refer to the "Acquisition and integration of Credit Suisse" section and "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information**

Legal structure integration

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. We also expect to complete the transition to a single US intermediate holding company in the second quarter of 2024 and the planned merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG in the third quarter of 2024.

Completing the mergers of our significant legal entities is a critical step in enabling us to unlock the next phase of the cost, capital and funding synergies that we expect to realize in 2025 and 2026. These significant-legal-entity mergers are a pre-requisite for the first wave of client migrations and will enable us to begin streamlining and decommissioning legacy Credit Suisse platforms in the second half of 2024.

IFRS 3 measurement period adjustments in the third and fourth quarters of 2023 for the acquisition of the Credit Suisse Group

UBS has reclassified certain loans and off-balance sheet loan commitments held by the newly established Non-core and Legacy business division to Measured at fair value through profit or loss in the third and fourth quarters of 2023. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for details on the accounting treatment, and respective adjustments to prior reporting periods. Comparative periods for CET1 capital information and for Pillar 3 disclosures where we disclose IFRS Accounting Standards carrying values have been restated accordingly. We have applied the amended classification and measurement for leverage ratio denominator and risk-weighted assets (RWA) calculation purposes prospectively from the third quarter and fourth quarter of 2023, i.e., from when they occurred.

Significant regulatory developments, disclosure requirements and other changes

Swiss Federal Council adopts amendments to the Capital Adequacy Ordinance

In November 2023, the Swiss Federal Council adopted amendments to the Capital Adequacy Ordinance (the CAO) for banks to incorporate the final Basel III standards adopted by the BCBS in Swiss law. The amended CAO will enter into force on 1 January 2025. The final degree of alignment between the Swiss implementation and those in other jurisdictions remains uncertain at this stage. Although EU legislators target implementation by January 2025, the implementation timelines in the UK and the US have been delayed until July 2025. The Swiss Federal Department of Finance will inform the Swiss Federal Council about the status of international implementation by the end of July 2024. We currently estimate that the revised Basel III framework, including the Fundamental Review of the Trading Book, will lead to a further net increase in RWA of approximately USD 25bn, of which USD 10bn is in Non-core and Legacy. This estimate is based on static balances and on our current understanding of the relevant standards before taking into account mitigating actions and not reflecting the impact of the output floor, which is phased in over time. It may change as a result of new or updated regulatory interpretations, appropriate conservatism in model calibration, the implementation of Basel III standards into national law, changes in business growth, market conditions, and other factors. The core business-led reductions in RWA, coupled with the run-down of positions in Non-core and Legacy during 2024 and 2025, are expected to more than offset the effects of revised Basel III standards.

Financial Stability Board updates list of global systemically important banks

In November 2023, the Financial Stability Board (the FSB) published the 2023 list of global systemically important banks (G-SIBs). UBS has been moved from Bucket 1 to Bucket 2, corresponding to an increased FSB common equity tier 1 capital surcharge requirement of 1.5% from 1.0%, effective from 1 January 2025. Credit Suisse has been removed from the list. As UBS is subject to higher requirements under the Swiss CAO, the change does not affect the capital requirements applicable to UBS.

Introduction of a public liquidity backstop in Switzerland

In September 2023, the Swiss Federal Council adopted a dispatch and draft legislation on the introduction of a public liquidity backstop for systemically important banks (SIBs), which was initially implemented as part of the emergency ordinance of March 2023 (the Emergency Ordinance). The proposed legislative changes aim to establish the public liquidity backstop as part of ordinary law in order to enable the Swiss government and the Swiss National Bank (the SNB) to support an SIB domiciled in Switzerland with liquidity in the process of resolution, in line with other financial centers. The introduction of the public liquidity backstop is intended to increase the confidence of market participants in the ability of SIBs to be successfully recapitalized and remain solvent in a crisis. Furthermore, the draft legislation provides that SIBs will pay the Swiss Confederation an annual fee to mitigate a potential impact on competition and to compensate the Swiss Confederation for its guarantee to the SNB of the public liquidity backstop, if required.

In addition to the public liquidity backstop, the proposed legislative changes would enact into ordinary law additional provisions contained in the Emergency Ordinance, including mandated clawback of variable compensation in the event that government support is provided to an SIB.

The legislative changes are expected to come into force by January 2025, at the earliest, as in November 2023, the Swiss Parliament suspended discussions on the public liquidity backstop until the presentation of the Swiss Federal Council's report on SIBs.

Findings of the group of experts on banking stability

In September 2023, a group of experts on banking stability, mandated by the Swiss Federal Department of Finance, published a report considering the role of banks and the legal and regulatory framework related to the stability of the Swiss financial center. The report concluded that Swiss capital regulations are working as intended and that there is no need for a major revision. However, the report sees a need for reforms with regard to banking supervision and proposes that the relevant authorities be granted broader powers. Furthermore, the report suggests improvements regarding liquidity regulations, including a proposal to extend the supply of liquidity in the case of a crisis. The report also suggests that Swiss authorities should make improvements with regard to crisis preparation and management.

Revisions to the Swiss Liquidity Ordinance

In the third quarter of 2023, FINMA communicated the liquidity requirements arising from the revisions to the Swiss Liquidity Ordinance, with the aim of strengthening the resilience of SIBs in Switzerland. The affected legal entities of the UBS Group are compliant with these requirements, which became effective on 1 January 2024.

Financial Stability Board Peer Review of Switzerland

In February 2014, the FSB published its Peer Review of Switzerland, which examines Switzerland's implementation of the FSB's too-big-to-fail (TBTF) reforms for G-SIBs. The review states that although Swiss authorities have made important steps toward implementing an effective TBTF regime for G-SIBs, additional steps can be taken to further strengthen the Swiss TBTF framework. Recommendations include increasing supervisory resources, strengthening early intervention powers and enhancing the recovery and resolution regime.

Significant BCBS consultation papers

Recalibration of shocks for interest rate risk in the banking book

In December 2023, the BCBS issued a public consultation on proposed adjustments to its standard on interest rate risk in the banking book (IRRBB). The Committee proposes to make a set of adjustments to the specified interest rate shocks in the IRRBB standard, consistent with commitments in the standard to periodically update their calibration. It also proposes to make targeted adjustments to the current methodology used to calculate the shocks. These changes are needed to address problems with how the current methodology captures interest rate changes during periods when rates are close to zero.

Disclosure of climate-related financial risks

In November 2023, the BCBS issued a public consultation paper on a Pillar 3 disclosure framework for climate-related financial risks. This work forms part of the BCBS's holistic approach to address climate-related financial risks to the global banking system. The BCBS is analyzing how a Pillar 3 disclosure framework for climate-related financial risks would further its mandate to strengthen the regulation, supervision and practices of banks worldwide, with the purpose of enhancing financial stability, and the potential design of such a framework.

Other developments

Capital returns

In 2023, we bought back USD 1.3bn of shares before we announced the acquisition of the Credit Suisse Group. In 2024, we plan to repurchase up to USD 1bn of our shares commencing after the completion of the merger of UBS AG and Credit Suisse AG. Our ambition is for share repurchases to exceed our pre-acquisition levels by 2026.

For 2023, the Board of Directors plans to propose a dividend to UBS Group AG shareholders of USD 0.70 per share. Subject to approval at the Annual General Meeting, scheduled for 24 April 2024, the dividend will be paid on 3 May 2024 to shareholders of record on 2 May 2024. The ex-dividend date will be 30 April 2024.

Frequency and comparability of Pillar 3 disclosures

The table below summarizes the reporting frequency for each disclosure as per the current FINMA requirements applicable to UBS.

In line with the FINMA-specified disclosure frequency and requirements for disclosure with regard to comparative periods, we provide quantitative comparative information as of 30 September 2023 for disclosures required on a quarterly basis and as of 30 June 2023 for disclosures required on a semi-annual basis. Both these comparative periods include Credit Suisse information as a result of the aforementioned acquisition date on 12 June 2023. Where specifically required by FINMA and / or the BCBS, we disclose comparative information for additional reporting dates. Comparative periods prior to 30 June 2023 do not include information related to Credit Suisse, unless explicitly stated.

Where required, movement commentary is aligned with the corresponding disclosure frequency required by FINMA and always refers to the latest comparative period. Throughout this report, signposts are displayed at the beginning of a section, table or chart – Annual | Semi-annual | Quarterly | – indicating whether the disclosure is provided annually, semi-annually or quarterly. A triangle symbol – ▲ ▲ ▲ – indicates the end of the signpost.

› **Refer to our 31 March 2023, 30 June 2023 and 30 September 2023 Pillar 3 Reports, available under "Pillar 3 disclosures" at *ubs.com/investors*, for more information about previously published quarterly movement commentary**

› **Refer to our 30 June 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors*, for more information about previously published semi-annual movement commentary**

The table below outlines the annual, semi-annual and quarterly disclosure requirements that are satisfied in this report for UBS Group and significant regulated subsidiaries and sub-groups as applicable. For specific disclosures, this report may refer to the UBS Group Annual Report 2023.

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FINMA reference[1]	Disclosure title in this report	Section of this report	Page number in this report
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FINMA reference[1]	Disclosure title in this report	Section of this report	Page number in this report
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1 Disclosure requirement per FINMA Circular 2016/1 "Disclosure – banks".

Format of Pillar 3 disclosures

As defined by FINMA, certain Pillar 3 disclosures follow a fixed format, whereas other disclosures are flexible and may be modified to a certain degree to present the most relevant information. Pillar 3 requirements are presented under the relevant FINMA table / template reference (e.g., OVA, OV1, LI1, etc.). Pillar 3 disclosures may also include row labeling (1, 2, 3, etc.) as prescribed by FINMA. Naming conventions used in our Pillar 3 disclosures are based on FINMA guidance and may not reflect UBS naming conventions.

The FINMA-defined asset classes used within this Pillar 3 Report are as follows:
– Central governments and central banks, consisting of exposures relating to governments at the level of the nation state and their central banks. The European Union is also treated as a central government.
– Banks and securities dealers, consisting of exposures to legal entities holding banking licenses and securities firms subject to adequate supervisory and regulatory arrangements, including risk-based capital requirements. Securities firms can only be assigned to this asset class if they are subject to a supervision equivalent to that of banks.
– Public-sector entities and multi-lateral development banks, consisting of exposures to institutions established on the basis of public law in different forms, such as administrative entities or public companies and regional governments, the Bank for International Settlements, the International Monetary Fund, and eligible multi-lateral development banks recognized by FINMA.
– Corporates: specialized lending, consisting of exposures relating to income-producing real estate and high-volatility commercial real estate, commodities finance, project finance, and object finance.
– Corporates: other lending, consisting of all exposures to corporates that are not specialized lending. This asset class includes private commercial entities, such as corporations, partnerships or proprietorships, insurance companies and funds (including managed funds).
– Retail: residential mortgages, consisting of residential mortgages, regardless of exposure size, if the owner occupies or rents out the mortgaged property.
– Retail: qualifying revolving retail exposures, consisting of unsecured and revolving credits to individuals that exhibit appropriate loss characteristics relating to credit card relationships at UBS.
– Retail: other, consisting primarily of Lombard lending that represents loans made against the pledge of eligible marketable securities or cash, as well as exposures to small businesses, private clients and other retail customers without mortgage financing.
– Equity, consisting of instruments that have no stated or predetermined maturity and represent a residual interest in the net assets of an entity.
– Other assets, consisting of the remainder of exposures that UBS is exposed to, mainly non-counterparty-related assets.

Governance over Pillar 3 disclosures

The Board of Directors (the BoD) and senior management are responsible for establishing and maintaining an effective internal control structure over the disclosure of financial information, including Pillar 3 disclosures. In line with BCBS and FINMA requirements, we have a BoD-approved Pillar 3 disclosure governance policy in place, which includes information about the key internal controls and procedures designed to govern the preparation, review and sign-off of Pillar 3 disclosures. UBS's Pillar 3 framework has been amended to take account of the Group structure post the acquisition of the Credit Suisse Group and will continue to be refined as the integration progresses. This Pillar 3 Report has been verified and approved in line with UBS's Pillar 3 framework.

Risk management framework

Our Group-wide risk management framework is applied across all risk types. The table below presents an overview of risk management disclosures that are provided separately in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors.*

OVA: Bank risk management approach

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OVA: Bank risk management approach (continued)

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Our approach to measuring risk exposure and risk-weighted assets

Depending on the intended purpose, the measurement of risk exposure that we apply may differ. Exposures may be measured for financial accounting purposes under IFRS Accounting Standards for deriving our regulatory capital requirement or for internal risk management and control purposes. Our Pillar 3 disclosures are generally based on measures of risk exposure used to derive the regulatory capital required under Pillar 1. Our RWA are calculated according to the BCBS Basel III framework, as implemented by the Swiss Capital Adequacy Ordinance issued by the Swiss Federal Council and by the associated circulars issued by FINMA.

The table below provides a summary of the approaches we use for the main risk categories to determine the regulatory risk exposure and RWA.

Category	Definition of risk	Regulatory risk exposure	Risk-weighted assets
I. Credit risk			
Credit risk	Credit risk is the risk of a loss resulting from the failure of a counterparty to meet its contractual obligations toward UBS arising from transactions such as loans, debt securities held in our banking book and undrawn credit facilities. Refer to section 5, Credit risk.	Exposure at default (EAD) is the amount we expect a counterparty to owe us at the time of a possible default. For banking products, the EAD generally equals the IFRS Accounting Standards carrying amount as of the reporting date. The EAD is expected to remain constant over the 12-month period. For loan commitments, a credit conversion factor is applied to model expected future drawdowns over the 12-month period.	We apply two approaches to measure credit risk RWA. – *Advanced internal ratings-based (A-IRB) approach*, applied for the majority of our businesses. Counterparty risk weights are determined by reference to internal probability of default and LGD estimates. – *Standardized approach (SA)*, generally based on external ratings for a sub-set of our credit portfolio where internal measures are not available.
Non-counterparty-related risk	Non-counterparty-related risk (NCPA) denotes the risk of a loss arising from changes in value or from liquidation of assets not linked to any counterparty, e.g., premises, equipment and software, and deferred tax assets on temporary differences. Refer to section 3, Overview of risk-weighted assets.	The IFRS Accounting Standards carrying amount is the basis for measuring NCPA exposure.	We measure NCPA RWA by applying prescribed regulatory risk weights to the NCPA exposure.
Equity positions in the banking book	Risk from equity positions in the banking book refers to the investment risk arising from equity positions and other relevant investments or instruments held in our banking book. Refer to section 5, Credit risk.	The IFRS Accounting Standards carrying amount is the basis for measuring risk exposure for equity securities held in our banking book but reflecting a net position.	We measure the RWA from equity positions in the banking book by applying prescribed regulatory risk weights to our listed and unlisted equity exposures.

Category	Definition of risk	Regulatory risk exposure	Risk-weighted assets
II. Counterparty credit risk			
Counterparty credit risk (CCR)	CCR is the risk that a counterparty for over-the-counter (OTC) derivatives, exchange-traded derivatives (ETDs) or securities financing transactions (SFTs) will default before the final settlement of a transaction and cause a loss to the firm if the transaction has a positive economic value at the time of default. Refer to section 6, Counterparty credit risk.	We primarily use internal models to measure CCR exposures to third parties. All internal models are approved by FINMA. – *For OTC derivatives and ETDs*, we apply the effective expected positive exposure (EEPE) and stressed expected positive exposure (SEPE) as defined in the Basel III framework. – *For SFTs*, we apply the close-out period approach. In certain instances where risk models are not available: – *Exposure on OTC derivatives and ETDs* is calculated considering the net positive replacement values and potential future exposure. – *Exposure for SFTs* is based on the IFRS Accounting Standards carrying amount, net of collateral mitigation.	We apply two approaches to measure CCR RWA. – *Advanced internal ratings-based (A-IRB) approach*, applied for the majority of our businesses. Counterparty risk weights are determined by reference to internal counterparty ratings and LGD estimates. – *Standardized approach (SA),* generally based on external ratings for a sub-set of our credit portfolio, where internal measures are not available. We apply an additional credit valuation adjustment (CVA) capital charge to hold capital against the risk of mark-to-market losses associated with the deterioration of counterparty credit quality.
Settlement risk	Settlement risk is the risk of loss resulting from transactions that involve exchange of value (e.g., security versus cash) where we must deliver without first being able to determine with certainty that we will receive the countervalue. Refer to section 3, Overview of risk-weighted assets.	The IFRS Accounting Standards carrying amount is the basis for measuring settlement risk exposure.	We measure settlement risk RWA through the application of prescribed regulatory risk weights to the settlement risk exposure.
III. Securitization exposures in the banking book			
Securitization exposures in the banking book	Exposures arising from traditional and synthetic securitizations held in our banking book. Refer to section 8, Securitizations.	The IFRS Accounting Standards carrying amount after eligible regulatory credit risk mitigation and credit conversion factor is the basis for measuring securitization exposure. For synthetic securitization transactions, the exposure is equal to the fair value of the net long or short securitization position.	Consistent with the BCBS, we apply the FINMA-defined hierarchy of approaches for banking book securitizations to measure RWA. – *Internal ratings-based approach (SEC-IRBA)*, considering the advanced IRB risk weights, if the securitized pool largely consists of IRB positions and internal ratings are available. – *External ratings-based approach (SEC-ERBA)*, if the IRB approach cannot be applied, risk weights are applied based on external ratings, provided that we are able to demonstrate our expertise in critically reviewing and challenging the external ratings. – *Standardized approach (SEC-SA) or 1,250% risk weight factor,* if none of the aforementioned approaches can be applied, we would apply the standardized approach where the delinquency status of a significant portion of the underlying exposure can be determined or a risk weight of 1,250%. For re-securitization exposures we apply either the standardized approach or a risk weight factor of 1,250%.

Category	Definition of risk	Regulatory risk exposure	Risk-weighted assets
IV. Market risk			
Value-at-risk (VaR)	VaR is a statistical measure of market risk, representing the market risk losses that could potentially be realized over a set time horizon (holding period) at an established level of confidence. For regulatory VaR, the holding period is 10 days and the confidence level is 99%. For our risk management measure, Management VaR, we apply a holding period of 1 day and a confidence level of 95%. For further differences between regulatory and Management VaR, refer to the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*. Refer to section 9, Market risk.		The VaR component of market risk RWA is calculated by taking the maximum of the period-end VaR and the product of the average VaR for the 60 trading days immediately preceding the period end and a VaR multiplier. The quantity is then multiplied by a risk weight factor of 1,250% to determine RWA. The VaR multiplier is dependent on the number of VaR backtesting exceptions within the most recent 250-trading-day window.
Stressed VaR (SVaR)	SVaR is a 10-day 99% VaR measure estimated with model parameters that are calibrated to historical data covering a one-year period of significant financial stress relevant to the firm's current portfolio. Refer to section 9, Market risk.		The derivation of SVaR RWA is similar to the one explained above for VaR. Unlike VaR, SVaR is computed weekly, and as a result the average SVaR is computed over the most recent 12 observations.
Add-on for risks not in VaR (RniV)	Potential risks that are not fully captured by our VaR model are referred to as RniV. We have a framework to identify and quantify these potential risks and underpin them with capital. Refer to section 9, Market risk.		Our RniV framework is used to derive the RniV-based component of the market risk RWA, which is approved by FINMA. Since the second quarter of 2018, RniV and RWA resulting from RniV are recalibrated on a monthly basis. As the RWA from RniV are add-ons, they do not reflect any diversification benefits across risks capitalized through VaR and SVaR.
Incremental risk charge (the IRC)	The IRC represents an estimate of the default and rating migration risk of all trading book positions with issuer risk, except for equity products and securitization exposures, measured over a one-year time horizon at a 99.9% confidence level. Refer to section 9, Market risk.		The IRC is calculated weekly, and the results are used to derive the IRC-based component of the market risk RWA. The derivation is similar to that for VaR- and SVaR-based RWA, but without a VaR multiplier.
Securitization / re-securitization in the trading book	Risk arising from traditional and synthetic securitizations held in our trading book. Refer to section 8, Securitizations and section 9, Market risk.	The exposure is equal to the fair value of the net long or short securitization position.	We measure trading book securitization RWA using the *Ratings-based approach*, i.e., applying risk weights based on external ratings.
V. Operational risk			
Operational risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external causes (deliberate, accidental or natural), including cybersecurity and information security risk. Operational risk includes, among others, legal risk, conduct risk and compliance risk. Refer to section 10, Operational risk.		We use the advanced measurement approach to measure operational risk RWA in accordance with FINMA requirements.

Key metrics

Key metrics of the fourth quarter of 2023

Quarterly | The KM1 and KM2 tables below are based on Basel Committee on Banking Supervision Basel III rules. The KM2 table includes a reference to the total loss-absorbing capacity (TLAC) term sheet, published by the Financial Stability Board (the FSB). The FSB provides this term sheet at *fsb.org/2015/11/total-loss-absorbing-capacity-tlac-principles-and-term-sheet*.

Our capital ratios increased, reflecting an increase in our common equity tier 1 (CET1) capital and an increase in our additional tier 1 (AT1) capital. Our leverage ratio decreased, reflecting an increase in the leverage ratio denominator (the LRD), partly offset by the increase in our tier 1 capital.

Our CET1 capital increased by USD 1.1bn to USD 78.5bn, mainly as the operating loss before tax of USD 0.8bn, dividend accruals of USD 0.8bn, amortization of transitional CET1 purchase price allocation (PPA) adjustments (interest rate and own credit) of USD 0.3bn (net of tax) and compensation- and own share-related components of USD 0.2bn were more than offset by positive effects from foreign currency translation of USD 1.6bn and an increase of USD 1.5bn in eligible deferred tax assets on temporary differences.

As part of the acquisition of the Credit Suisse Group, the assets acquired and liabilities assumed, including contingent liabilities, were recognized at fair value as of the acquisition date in accordance with IFRS 3, *Business Combinations*. The PPA fair value adjustments required under IFRS 3 are recognized as part of negative goodwill and include effects on financial instruments measured at amortized cost, such as fair value impacts from interest rates and own credit, that are expected to accrete back to par through the income statement as the instruments are held to maturity. Similar own-credit-related effects have also been recognized as part of the PPA adjustments on financial liabilities measured at fair value. As agreed with the Swiss Financial Market Supervisory Authority (FINMA), a transitional CET1 capital treatment has been applied for certain of these fair value adjustments, given the substantially temporary nature of the IFRS-3-accounting-driven effects. As such, equity reductions under IFRS Accounting Standards of USD 5.9bn (before tax) and USD 5.0bn (net of tax) as of the acquisition date have been neutralized for CET1 capital calculation purposes, of which USD 1.0bn (net of tax) relates to own-credit-related fair value adjustments. The transitional treatment is subject to linear amortization and will reduce to nil by 30 June 2027. In the fourth quarter of 2023, the amortization of transitional CET1 PPA adjustments (interest rate and own credit) was USD 0.3bn (net of tax).

Our tier 1 capital increased by USD 2.0bn to USD 92.4bn, reflecting the aforementioned increase in CET1 capital and an increase in AT1 capital of USD 0.9bn. The AT1 capital increase was mainly driven by 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 USD 3.0bn equivalent of AT1 capital instruments that ceased to be eligible as going concern capital when we issued notice of redemption of the instruments in the fourth quarter of 2023.

The TLAC available as of 31 December 2023 included CET1 capital, AT1 capital and non-regulatory capital elements of TLAC. Under the Swiss systemically relevant bank framework, including transitional arrangements, TLAC excludes 45% of the gross unrealized gains on debt instruments measured at fair value through other comprehensive income for accounting purposes, which for regulatory capital purposes are measured at the lower of cost or market value. This amount was negligible as of 31 December 2023 but is included as available TLAC in the KM2 table in this section.

Our available TLAC increased by USD 5.8bn to USD 199.5bn, driven by a USD 3.8bn increase in TLAC-eligible senior unsecured debt and the aforementioned increase in tier 1 capital. The increase in TLAC-eligible senior unsecured debt was mainly due to positive impacts from interest rate risk hedge, foreign currency translation and other effects, as well as the issuance of an aggregate of USD 0.3bn equivalent of TLAC-eligible senior unsecured debt. These increases were partly offset by the redemption of USD 2.2bn equivalent of TLAC-eligible senior unsecured debt.

During the fourth quarter of 2023, RWA were unchanged at USD 546.5bn, primarily as increases of USD 3.5bn from amounts below thresholds for deduction (250% risk weight) and USD 2.1bn from counterparty credit risk (CCR) RWA were partly offset by decreases of USD 2.7bn from market risk RWA, USD 1.6bn from equity positions under the simple risk-weight approach and USD 0.2bn from credit risk RWA. The remaining variance was spread across other risk types.

The leverage ratio denominator (the LRD) increased by USD 79.6bn to USD 1,695.4bn, driven by currency effects of USD 68.4bn and asset size and other movements of USD 11.1bn.

The quarterly average liquidity coverage ratio (the LCR) of the UBS Group increased 19.1 percentage points to 215.7%, remaining above the prudential requirement communicated by FINMA. The movement in the average LCR was primarily driven by an increase in high-quality liquid assets (HQLA) of USD 48.1bn to USD 415.6bn, mostly driven by higher customer deposits and proceeds received from debt issuances and negative net new loans. The effect of the increase in average HQLA was partly offset by a USD 5.5bn increase in average net cash outflows, to USD 192.8bn. That increase was due to lower net inflows from securities financing transactions and lower inflows from lending assets, partly offset by lower outflows from debt issued.

As of 31 December 2023, the net stable funding ratio of the UBS Group increased 3.9 percentage points to 124.7%, remaining above the prudential requirement communicated by FINMA. Available stable funding increased by USD 53.7bn to USD 926.4bn, reflecting higher customer deposits, debt securities issued and regulatory capital. Required stable funding increased by USD 20.2bn to USD 743.2bn, predominantly reflecting higher trading and lending assets.

KM1: Key metrics

USD m, except where indicated

		31.12.23[1]	30.9.23[1]	30.6.23[1]	31.3.23	31.12.22
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)[2]	78,485	77,409	79,080	44,590	45,457
2	Tier 1[2]	92,377	90,369	92,110	57,694	58,321
3	Total capital[2]	92,378	90,369	92,110	58,182	58,806
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	546,505	546,491	556,603	321,660	319,585
4a	Minimum capital requirement[3]	43,720	43,719	44,528	25,733	25,567
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)[2]	14.36	14.16	14.21	13.86	14.22
6	Tier 1 ratio (%)[2]	16.90	16.54	16.55	17.94	18.25
7	Total capital ratio (%)[2]	16.90	16.54	16.55	18.09	18.40
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 (%)	0.14	0.15	0.11	0.09	0.07
9a	Additional countercyclical buffer for Swiss mortgage loans (%)	0.33	0.31	0.30	0.27	0.27
10	Bank G-SIB and / or D-SIB additional requirements (%)	1.00	1.00	1.00	1.00	1.00
11	Total of bank CET1 specific buffer requirements (%)[4]	3.64	3.65	3.61	3.59	3.57
12	CET1 available after meeting the bank's minimum capital requirements (%)[5]	8.90	8.54	8.55	9.36	9.72
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	1,695,403	1,615,817	1,677,877	1,014,446	1,028,461
14	Basel III leverage ratio (%)[2]	5.45	5.59	5.49	5.69	5.67
Liquidity coverage ratio (LCR)[6]						
15	Total high-quality liquid assets (HQLA)	415,594	367,518	257,107	230,208	238,585
16	Total net cash outflow	192,760	187,256	144,973	142,160	145,972
16a	*of which: cash outflows*	*342,096*	*344,862*	*275,298*	*264,653*	*262,123*
16b	*of which: cash inflows*	*149,336*	*157,606*	*130,325*	*122,493*	*116,151*
17	LCR (%)	215.66	196.53	175.24	161.93	163.72
Net stable funding ratio (NSFR)						
18	Total available stable funding	926,424	872,742	873,061	556,270	561,431
19	Total required stable funding	743,159	722,927	742,130	472,662	468,496
20	NSFR (%)	124.66	120.72	117.64	117.69	119.84

1 Information as of 31 December 2023, 30 September 2023 and 30 June 2023 has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information. 2 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". 3 Calculated as 8% of total RWA, based on total capital minimum requirements, excluding CET1 buffer requirements. 4 Excludes non-BCBS capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. 5 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. 6 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.

KM2: Key metrics – TLAC requirements (at resolution group level)[1]

USD m, except where indicated

		31.12.23[2]	30.9.23[2]	30.6.23[2]	31.3.23	31.12.22
1	Total loss-absorbing capacity (TLAC) available[3]	199,484	193,722	194,863	110,319	105,312
2	Total RWA at the level of the resolution group	546,505	546,491	556,603	321,660	319,585
3	TLAC as a percentage of RWA (%)	36.50	35.45	35.01	34.30	32.95
4	Leverage ratio exposure measure at the level of the resolution group	1,695,403	1,615,817	1,677,877	1,014,446	1,028,461
5	TLAC as a percentage of leverage ratio exposure measure (%)	11.77	11.99	11.61	10.87	10.24
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?			No		
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?			No		
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognized as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognized as external TLAC if no cap was applied (%)			N/A – Refer to our response to 6b.		

1 Resolution group level is defined as the UBS Group AG consolidated level. 2 Information as of 31 December 2023, 30 September 2023 and 30 June 2023 has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information.
3 As of 1 July 2022, our 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".

Overview of risk-weighted assets

Overview of RWA and capital requirements

Quarterly | The OV1 table below provides an overview of our risk-weighted assets (RWA) and the related minimum capital requirements by risk type. The table presented is based on the respective Swiss Financial Market Supervisory Authority (FINMA) template and empty rows indicate current non-applicability to UBS.

During the fourth quarter of 2023, RWA were unchanged at USD 546.5bn, primarily as increases of USD 3.5bn from amounts below thresholds for deduction (250% risk weight) and USD 2.1bn from counterparty credit risk (CCR) RWA were partly offset by decreases of USD 2.7bn from market risk RWA, USD 1.6bn from equity positions under the simple risk-weight approach and USD 0.2bn from credit risk RWA. The remaining variance was spread across other risk types.

RWA from amounts below thresholds for deduction (250% risk weight) increased by USD 3.5bn, primarily due to an increase in deferred tax assets, mainly related to the recognition of previously unrecognized deferred tax assets on temporary differences in connection with our business planning process and an election to capitalize compensation-related costs for US tax purposes. RWA related to investments in associates in the banking and financial industry were broadly unchanged, mainly as a decrease related to our investment in SIX Group was almost entirely offset by a reclassification of investments in associates from the simple risk-weight approach to the line related to items subject to thresholds for deduction.

CCR RWA increased by USD 2.1bn, mainly driven by increases of USD 0.9bn related to currency effects, USD 0.7bn related to model updates and USD 0.7bn related to methodology and policy changes, partly offset by a decrease of USD 0.2bn related to asset size and other movements. Model updates resulted in an increase of USD 0.7bn, primarily related to an update to a model for securities financing transactions, partly offset by the recalibration of certain multipliers as a result of improvements to models. Methodology and policy changes resulted in an RWA increase of USD 0.7bn, due to a change in the treatment of a derivatives portfolio from the internal model-based approach to the standardized approach for counterparty credit risk.

Market risk RWA decreased by USD 2.7bn, primarily driven by a decrease of USD 2.9bn from asset size and other movements, partly offset by an increase of USD 0.3bn related to ongoing parameter updates of the value-at-risk (VaR) models. FINMA approved the integration of time decay into regulatory VaR and stressed VaR, which went live on 12 January 2024.

Equity positions under the simple risk-weight approach decreased by USD 1.6bn, primarily due to the aforementioned reclassification of investments in associates to the line related to items subject to thresholds for deduction, as well as reductions in exposures.

Credit risk RWA decreased by USD 0.2bn, mainly driven by an increase of USD 12.6bn related to currency effects, partly offset by decreases of USD 11.4bn related to asset size and other movements and USD 1.4bn related to model updates. Asset size and other movements decreased by USD 11.4bn, mainly driven by negative net new loans in Global Wealth Management and lower lending assets in Personal & Corporate Banking. Furthermore, the fourth quarter of 2023 included an RWA decrease on loans and loan commitments in Non-core and Legacy driven by actions to actively unwind the portfolio, in addition to the natural roll-off and nostro accounts in Group Items. Model updates resulted in a decrease of USD 1.4bn, primarily related to the recalibration of certain multipliers as a result of improvements to models.

The flow tables for credit risk, CCR and market risk RWA in the respective sections of this report provide further details regarding the movements in RWA in the fourth quarter of 2023.

› **Refer to the "Introduction and basis for preparation" section of this report for more information about the applied regulatory standards**

› **Refer to 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 capital management and RWA, including details regarding movements in RWA during 2023**

OV1: Overview of RWA

USD m		31.12.23	30.9.23	30.6.23	31.3.23	31.12.22	Section or table reference	Minimum capital requirements[1] 31.12.23
1	Credit risk (excluding counterparty credit risk)	279,723	279,914	286,557	165,174	162,889	5	22,378
2	*of which: standardized approach (SA)*	*69,725*	*70,139*	*70,842*	*43,757*	*41,930*	*CR4*	*5,578*
2a	*of which: non-counterparty-related risk*	*17,979*	*18,124*	*18,730*	*12,838*	*12,855*	*CR4*	*1,438*
3	*of which: foundation internal ratings-based (F-IRB) approach*							
4	*of which: supervisory slotting approach*	*3,103*	*3,314*	*3,432*			*CR10*	*248*
5	*of which: advanced internal ratings-based (A-IRB) approach*	*206,896*	*206,461*	*212,282*	*121,417*	*120,958*	*CR6*	*16,552*
6	Counterparty credit risk[2]	42,862	40,807	43,123	34,702	36,630	6, CCR1, CCR8	3,429
7	*of which: SA for counterparty credit risk (SA-CCR)*	*9,233*	*7,650*	*8,193*	*7,239*	*6,785*		*739*
8	*of which: internal model method (IMM)*	*17,273*	*19,274*	*20,329*	*15,921*	*16,438*	*CCR7*	*1,382*
8a	*of which: value-at-risk (VaR)*	*10,996*	*8,748*	*8,472*	*7,402*	*9,421*	*CCR7*	*880*
9	*of which: other CCR*	*5,360*	*5,134*	*6,129*	*4,139*	*3,987*		*429*
10	Credit valuation adjustment (CVA)	8,807	9,092	9,335	4,067	4,310	6, CCR2	705
11	Equity positions under the simple risk-weight approach	5,454	7,020	7,477	4,187	3,768	5, CR10	436
12	Equity investments in funds – look-through approach	2,776	2,824	2,849	717	638		222
13	Equity investments in funds – mandate-based approach	823	884	936	1,095	1,250		66
14	Equity investments in funds – fallback approach	662	844	847	266	236		53
15	Settlement risk	523	945	743	331	408		42
16	Securitization exposures in banking book	12,831	12,968	13,702	313	271	8	1,026
17	*of which: securitization internal ratings-based approach (SEC-IRBA)*	*7,000*	*7,396*	*7,609*			*8*	*560*
18	*of which: securitization external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)*	*924*	*851*	*887*	*28*	*28*	*8*	*74*
19	*of which: securitization standardized approach (SEC-SA)*	*4,907*	*4,721*	*5,206*	*285*	*243*	*8*	*393*
20	Market Risk	21,398	24,050	23,637	15,102	13,478	8,9	1,712
21	*of which: standardized approach (SA)*	*509*	*963*	*1,092*	*371*	*463*	*MR1*	*41*
22	*of which: internal models approach (IMA)*	*20,889*	*23,087*	*22,545*	*14,730*	*13,015*	*MR2*	*1,671*
23	Capital charge for switch between trading book and banking book[3]							
24	Operational risk	145,426	145,426	145,426	81,379	81,379		11,634
25	Amounts below thresholds for deduction (250% risk weight)[4]	25,219	21,716	21,973	14,326	14,328		2,018
25a	*of which: deferred tax assets*	*16,392*	*12,589*	*12,419*	*11,349*	*11,381*		*1,311*
26	Floor adjustment							
27	Total	546,505	546,491	556,603	321,660	319,585		43,720

1 Calculated based on 8% of RWA. 2 Excludes settlement risk, which is separately reported in line 15 "Settlement risk." Includes RWA with central counterparties. The split between the sub-components of counterparty credit risk refers to the calculation of the exposure measure. 3 Not applicable until the implementation of the final rules on the minimum capital requirements for market risk (the Fundamental Review of the Trading Book). 4 Includes items subject to threshold deduction treatment that do not exceed their respective threshold and are risk-weighted at 250%. Items subject to threshold deduction treatment include significant investments in common shares of non-consolidated financial institutions (banks, insurance and other financial entities) and deferred tax assets arising from temporary differences.

Linkage between financial statements and regulatory exposures

Annual | This section provides information about the differences between our regulatory exposures and carrying amounts presented in our financial statements prepared in accordance with IFRS Accounting Standards. Assets and liabilities presented in our IFRS Accounting Standards financial statements may be subject to more than one risk framework, as explained further below.

LIA: Explanation of the differences between the IFRS Accounting Standards and regulatory scopes of consolidation

The scope of consolidation for the purpose of calculating Group regulatory capital is generally the same as the consolidation scope under IFRS Accounting Standards and includes subsidiaries that are directly or indirectly controlled by UBS Group AG and are active in banking and finance. However, subsidiaries consolidated under IFRS Accounting Standards whose business is outside the banking and finance sector are excluded from the regulatory scope of consolidation. Subject to the regulatory auditor's consent, a subsidiary fully consolidated under IFRS Accounting Standards may be proportionately consolidated under the regulatory scope of consolidation on an exceptional basis provided that (i) the bank's obligation to support the company subject to consolidation is limited to the bank's own holding quota and (ii) the remaining shareholders or partners are required to provide support in proportion to their holding quota and are legally and financially able to fulfill their obligations. The key difference between the IFRS Accounting Standards and regulatory scopes of consolidation as of 31 December 2023 relates to investments in insurance, real estate and commercial companies, as well as investment vehicles, that are consolidated under IFRS Accounting Standards but are either proportionately consolidated or not consolidated for regulatory capital purposes where they are subject to risk-weighting.

As of 31 December 2023, UBS Asset Management Life Ltd (total assets on a standalone basis as of 31 December 2023: USD 15,959m; total equity on a standalone basis as of 31 December 2023: USD 29m) represented the most significant entity that was included in the IFRS Accounting Standards scope of consolidation but not in the regulatory scope of consolidation. This life insurance entity accounts for most of the difference between the "Balance sheet in accordance with IFRS Accounting Standards scope of consolidation" and the "Balance sheet in accordance with regulatory scope of consolidation" columns in the CC2 table. The difference is mainly related to financial assets at fair value not held for trading and other financial liabilities designated at fair value. As of 31 December 2023, entities consolidated under either IFRS Accounting Standards or the regulatory scope of consolidation did not report any significant capital deficiencies.

In the banking book, certain equity investments are not consolidated under either the IFRS Accounting Standards or under the regulatory scope. As of 31 December 2023, these investments mainly consisted of infrastructure holdings and joint operations (e.g., settlement and clearing institutions, and stock and financial futures exchanges) and included our participation in SIX Group. These investments are risk-weighted based on applicable threshold rules.

More information about the legal structure of UBS Group and the IFRS Accounting Standards scope of consolidation is provided in the "Our evolution" section and in "Note 1 Summary of material accounting policies" in the "Consolidated financial statements" section, respectively, of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*. ▲

Fair value measurement

Annual | The table below refers to additional information about fair value measurement that is provided in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

LIA: Explanations of differences between accounting and regulatory exposure amounts

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Valuation methodologies applied, including mark-to-market and mark-to-model methodologies in use	Consolidated financial statements	– Note 21a Valuation principles – Note 21c Fair value hierarchy – Note 21e Level 3 instruments: valuation techniques and inputs	366 367–371 373–376
Description of the independent price verification process	Consolidated financial statements	– Note 21b Valuation governance	366
Procedures for valuation adjustments or reserves for valuing trading positions by type of instrument	Consolidated financial statements	– Note 21d Valuation adjustments and other items	372–373

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Annual | The LI1 table below provides a breakdown of the IFRS Accounting Standards balance sheet into the risk types used to calculate our regulatory capital requirements. Cash collateral receivables and payables on derivative instruments, derivative financial instruments and financial assets at fair value not held for trading are subject to capital requirements under both market risk and counterparty credit risk frameworks. In addition, other financial assets measured at amortized cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income include securities that have been pledged as collateral. These securities are also considered in the counterparty credit risk framework, as collateral pledged is subject to counterparty credit risk. Foreign exchange risk in the banking book is captured by the market risk framework. Banking book positions with foreign exchange risk are not included in the column regarding market risk.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

31.12.23	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
USD m			Subject to credit risk framework[1]	Subject to counterparty credit risk framework[2]	Subject to securitization framework[3]	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central banks	314,148	314,148	314,148				
Loans and advances to banks	21,161	21,079	20,782	264[4]	33		
Receivables from securities financing transactions	99,039	99,006		99,006		15,842	
Cash collateral receivables on derivative instruments	50,082	49,657		49,657		693	
Loans and advances to customers	639,844	639,306	612,350	2,539[4]	24,416		
Other financial assets measured at amortized cost	65,498	64,819	60,213	10,539[6]	366		
Total financial assets measured at amortized cost	1,189,773	1,188,016	1,007,492	162,005	24,815	16,535	
Financial assets at fair value held for trading	169,633	169,010	10,608[5]	51,285[6]	13,135	145,266	
of which: assets pledged as collateral that may be sold or repledged by counterparties	*51,263*	*51,263*		*51,263*		*51,263*	
Derivative financial instruments	176,084	176,090	18	176,037		172,355	28
Brokerage receivables	21,037	21,037	5,168	15,869			
Financial assets at fair value not held for trading[7]	104,018	88,085	45,694	38,715[6, 8]	99	42,428	
Total financial assets measured at fair value through profit or loss	470,773	454,224	61,488	281,906	13,234	360,049	28
Financial assets measured at fair value through other comprehensive income	2,233	2,184	2,184				
Investments in associates	2,373	2,403	2,375				29
Property, equipment and software	17,849	17,764	17,764				
Goodwill and intangible assets	7,515	7,448	336				7,112
Deferred tax assets	10,682	10,665[9]	7,588				3,077
Other non-financial assets	16,049	16,056	9,037			5,931	1,088
Total assets	1,717,246	1,698,760	1,108,264	443,910	38,049	382,515	11,334
Liabilities							
Amounts due to banks	70,962	71,033					71,033
Payables from securities financing transactions	14,394	14,394		14,394		8,319	
Cash collateral payables on derivative instruments	41,582	41,345		41,345		4,393	
Customer deposits	792,029	792,276					792,276
Debt issued measured at amortized cost	237,817	236,102					236,102
Other financial liabilities measured at amortized cost	20,851	20,675					20,674
Total financial liabilities measured at amortized cost	1,177,633	1,175,826		55,738		12,712	1,120,086
Financial liabilities at fair value held for trading	34,159	33,757				33,757	
Derivative financial instruments	192,181	192,375	1,250	191,098		190,162	26[10]
Brokerage payables designated at fair value	42,522	42,522		29,180			13,342
Debt issued designated at fair value	128,289	128,303				119,201	9,102
Other financial liabilities designated at fair value	29,484	13,492	1,199	7,718		11,613	671
Total financial liabilities measured at fair value through profit or loss	426,635	410,449	2,449	227,995		354,732	23,140
Provisions	12,250	11,709	642		871		10,196
Other non-financial liabilities	14,089	14,110	694				13,416
Total liabilities	1,630,607	1,612,095	3,785	283,733	871	367,444	1,166,839

1 Includes non-counterparty-related risk, equity investments in funds subject to a look-through approach, a mandate-based approach, a fallback approach and equity positions in the banking book subject to the simple risk-weight method of USD 33,464m, which are excluded from the credit risk tables CR1, CR2, CR3 and CRB in section 5 of this report, resulting in IFRS Accounting Standards carrying values reflected in the credit risk section of USD 1,074,765m. However, credit risk tables CR4 and CR5 include non-counterparty-related risk, and credit risk table CR10 includes equity positions in the banking book subject to the simple risk-weight method. 2 Includes settlement risk, which is not included in section 5 of this report. 3 This column only consists of securitization positions in the banking book. Trading book securitizations are included in the "Subject to market risk framework" column. 4 Consists of margin loans, which are subject to counterparty credit risk. 5 Includes trading portfolio assets in the banking book and traded loans. 6 Consists of default fund contributions and assets pledged as collateral (posted), which are both subject to counterparty credit risk. 7 Funded collar trades without rehypothecation rights are treated as non-credit-bearing exposures and are excluded from the "Subject to credit risk framework" column. 8 Includes securities financing transactions (SFTs), as well as other exposures subject to the counterparty credit risk framework. 9 Net of deferred tax liabilities, which are offset against prudential filters (e.g., goodwill and intangibles, as well as cash flow hedges) in the regulatory capital calculation. 10 Relates to the carrying values of derivative loan commitments and forward starting SFTs that are measured at fair value. The replacement values are not representative for our capital calculations.

Regulatory exposures

Annual | The LI2 table below illustrates the key differences between regulatory exposure amounts and accounting carrying amounts under the regulatory scope of consolidation. In addition to the accounting carrying amounts, the regulatory exposure amounts include:
- off-balance sheet amounts not related to derivatives and securities financing transactions (row 4);
- potential future exposure for derivatives, offset by eligible financial collateral deductions (row 6);
- effects from the model calculation of effective expected positive exposure applied to derivatives (row 6);
- any collateral mitigation through the application of the close-out period approach or the comprehensive measurement approach (row 7); and
- effects of collateral mitigation in the banking book (row 8).

The regulatory exposure amount excludes prudential filters (row 5), consisting of items subject to deduction from capital, which are not risk weighted.

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (under the regulatory scope of consolidation)

31.12.23		Total	Items subject to:			
USD m			Credit risk framework	Counterparty credit risk framework[1]	Securitization framework	Market risk framework[1]
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	1,698,760	1,108,228	443,945	38,049	382,550
2	Liabilities carrying value amount under scope of regulatory consolidation	445,256	3,785	283,734	871	367,443
3	**Total net amount under regulatory scope of consolidation**	1,253,504	1,104,443	160,211	37,178	15,106
4	Off-balance sheet amounts (post-CCF; e.g., guarantees, commitments)	175,692	153,348		22,344	
5	Differences due to prudential filters	(11,336)				
6	Derivatives: PFE and collateral mitigation (including off-balance sheet exposures)	155,506		155,506		
7	SFTs: Collateral mitigation (including off-balance sheet exposures)	(96,212)		(96,212)		
8	Other differences including collateral mitigation in the banking book	64,980[2]	8,138	(47)	(2,844)	
9	**Exposure amounts considered for regulatory purposes**	1,542,135	1,266,030	219,425[3]	56,678	[4]

1 The "Counterparty credit risk framework" column and the "Market risk framework" column take into account the impact of collateral pledges received in SFTs. 2 Mainly includes exposures subject to more than one risk framework in LI1, purchase price allocation adjustments related to acquisition of the Credit Suisse Group in June 2023 and net balances under market risk framework. 3 Counterparty credit risk includes client cleared exposures, whereas such agency exposures are not reported in the financial statements. 4 Exposure amounts considered for regulatory purposes are generally not applicable under the market risk framework, with the exception of securitization exposures in the trading book.

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Credit risk

Introduction

Semi-annual | The parameters applied under the advanced internal ratings-based (A-IRB) approach are generally based on the same methodologies, data and systems we use for internal credit risk quantification, except where certain treatments are specified by regulatory requirements. These include, for example, the application of regulatory prescribed floors and multipliers, and differences with respect to eligibility criteria and exposure definitions. The exposure information presented in this section may thus differ from our internal management view disclosed in the "Risk management and control" sections of the quarterly and annual reports. Similarly, the regulatory capital prescribed measure of credit risk exposure also differs from how it is defined under IFRS Accounting Standards.

Credit risk exposure categories

The definitions of the Pillar 3 credit risk exposure categories "Loans" and "Debt securities" below as specified by the Swiss Financial Market Supervisory Authority (FINMA), which are referred to in the "CR1: Credit quality of assets" and "CR3: Credit risk mitigation techniques – overview" tables in this section, provide a link to the IFRS Accounting Standards balance sheet structure.

The Pillar 3 category "Loans" consists of financial instruments held with the intent to collect the contractual payments and includes the following IFRS Accounting Standards balances to the extent that they are subject to the credit risk framework:
- *Balances at central banks*;
- *Loans and advances to banks*;
- *Loans and advances to customers*;
- *Other financial assets measured at amortized cost*, excluding money market instruments, checks and bills, and other debt instruments;
- traded loans in the banking book that are included within *Financial assets at fair value held for trading*;
- *Brokerage receivables;*
- loans including structured loans that are included within *Financial assets at fair value not held for trading*; and
- *Other non-financial assets.*

The Pillar 3 category "Debt securities" includes the following IFRS Accounting Standards balances to the extent that they are subject to the credit risk framework:
- money market instruments, checks and bills, and other debt instruments that are included within *Other financial assets measured at amortized cost*;
- *Financial assets at fair value held for trading*, excluding traded loans;
- *Financial assets at fair value not held for trading*, excluding loans; and
- *Financial assets measured at fair value through other comprehensive income*. ▲

General information about credit risk

Annual | The table below presents an overview of Pillar 3 disclosures that are provided separately in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

CRA: Credit risk management

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Translation of the business model into the components of the bank's credit risk profile	Risk management and control	– Key risks by business division and Group Items – Risk categories – Main sources of credit risk – Credit risk profile of the Group	98 99–100 110 111–112
	Consolidated financial statements	– Note 20d Maximum exposure to credit risk	359–360
Criteria and approach used for defining credit risk management policy and for setting credit risk limits	Risk management and control	– Risk governance – Risk appetite framework – Risk measurement – Credit risk – Overview of measurement, monitoring and management techniques	101–103 103–106 107–109 111
Structure and organization of the credit risk management and control function	Risk management and control	– Risk governance	101–103
Interaction between the credit risk management, risk control, compliance, and internal audit functions	Risk management and control	– Risk governance – Risk appetite framework	101–103 103–106
Scope and content of the reporting on credit risk exposure to executive management and to the Board of Directors	Risk management and control	– Risk governance – Risk appetite framework – Internal risk reporting – Credit risk profile of the Group	101–103 103–106 106 111–112

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Semi-annual | The CR1 table below provides a breakdown of defaulted and non-defaulted loans, debt securities and off-balance sheet exposures. The table includes a split of expected credit loss (ECL) accounting provisions based on the standardized approach and the internal ratings-based approach.

Increases in net carrying values of loans and decreases in net carrying values of debt securities, when compared with 30 June 2023, are explained in the CR3 table in this report. The net carrying value of off-balance sheet exposures decreased by USD 10.2bn to USD 117.7bn, primarily driven by a reduction in loan commitments and guarantees across businesses.

- **Refer to the "CR3: Credit risk mitigation techniques – overview" table in this section for more information about the net value movements related to Loans and Debt securities shown in the table below**
- **Refer to "Credit risk" in the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information about the definitions of default and credit impairment and to "Credit risk exposure categories" in this section for more information about the classification of loans and debt securities**

CR1: Credit quality of assets

		Gross carrying amounts of:			*Of which: ECL accounting provisions for credit losses on SA exposures*			
USD m		Defaulted exposures[1]	Non-defaulted exposures	Allowances / impairments[2]	*Allocated in regulatory category of Specific[3]*	*Allocated in regulatory category of General[3]*	*Of which: ECL accounting provisions for credit losses on IRB exposures*	Net values
31.12.23								
1	Loans[4]	5,836	982,846	(1,758)	*(76)*	*(69)*	*(1,613)*	986,924
2	Debt securities	56	87,789	(4)		*(4)*		87,841
3	Off-balance sheet exposures[5]	565	117,410	(253)	*(1)*	*(3)*	*(249)*	117,722
4	**Total**	6,457	1,188,045	(2,015)	*(78)*	*(76)*	*(1,862)*	1,192,487
30.6.23								
1	Loans[4]	5,276	935,659	(1,367)	*(80)*	*(80)*	*(1,207)*	939,568
2	Debt securities	68	90,095	(4)		*(4)*		90,160
3	Off-balance sheet exposures[5]	614	127,570	(252)	*(1)*	*(6)*	*(245)*	127,931
4	**Total**	**5,958**	**1,153,323**	**(1,622)**	***(81)***	***(89)***	***(1,452)***	**1,157,659**
31.12.22								
1	Loans[4]	2,222	584,393	(881)	*(72)*	*(44)*	*(764)*	585,734
2	Debt securities		79,964	(3)		*(3)*		79,961
3	Off-balance sheet exposures[5]	233	59,339	(159)	*(1)*	*(3)*	*(155)*	59,413
4	**Total**	**2,455**	**723,695**	**(1,043)**	***(73)***	***(50)***	***(919)***	**725,107**

1 Defaulted exposures include stage 3 and defaulted purchased credit-impaired (PCI) assets under IFRS 9. Refer to "Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information about IFRS 9. 2 Expected credit loss (ECL) allowances and provisions amount to USD 2,261m as of 31 December 2023, as disclosed in "Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors. This Pillar 3 table excludes ECL on securitization on- and off- balance sheet exposures (31 December 2023: USD 143m; 30 June 2023: USD 165m), ECL on revocable off-balance sheet exposures (31 December 2023: USD 95m; 30 June 2023: USD 74m), ECL on exposures subject to counterparty credit risk (31 December 2023: USD 5m; 30 June 2023: USD 5m) and ECL on irrevocable committed prolongation of loans that do not give rise to additional credit exposures (31 December 2023: USD 4m; 30 June 2023: USD 3m). 3 Specific provisions include stage 3 ECL allowances and additional ECL allowances on defaulted PCI assets. General provisions include stage 1 and 2 ECL allowances and additional ECL allowances on non-defaulted PCI assets. 4 Loan exposure is reported in line with the Pillar 3 definition. Refer to "Credit risk exposure categories" in this section for more information about the classification of loans and debt securities. 5 Off-balance sheet exposures include unutilized credit facilities, guarantees provided and forward starting loan commitments but exclude prolongations of loans that do not increase the initially committed loan amount. Unutilized credit facilities exclude unconditionally revocable as well as uncommitted credit facilities, even if they attract RWA.

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Semi-annual | The CR2 table below presents changes in stock of defaulted loans, debt securities and off-balance sheet exposures for the second half of 2023. The total amount of defaulted loans and debt securities was USD 6.5bn as of 31 December 2023, an increase of USD 0.5bn compared with 30 June 2023.

CR2: Changes in stock of defaulted loans, debt securities and off-balance sheet exposures

USD m		For the half year ended 31.12.23[1]	For the half year ended 30.6.23[1]
1	**Defaulted loans, debt securities and off-balance sheet exposures as of the beginning of the half year**	5,958	2,455
2	Loans and debt securities that have defaulted since the last reporting period	2,305	596
3	Returned to non-defaulted status	(152)	(186)
4	Amounts written off	(55)	(38)
5	Other changes	(1,601)	3,131
5a	*of which: acquisition of the Credit Suisse Group*	*0*	*3,298*
5b	*of which: other[2]*	*(1,601)*	*(167)*
6	**Defaulted loans, debt securities and off-balance sheet exposures as of the end of the half year**	6,457	5,958

1 Off-balance sheet exposures include unutilized credit facilities, guarantees provided and forward starting loan commitments, but exclude prolongations of loans that do not increase the initially committed loan amount. Unutilized credit facilities exclude unconditionally revocable and uncommitted credit facilities, even if they attract RWA. 2 Includes primarily partial or full repayments, as well as currency effects.

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Annual | Amounts shown in the tables below relate to on-balance sheet IFRS Accounting Standards carrying amounts, as well as off-balance sheet items according to the regulatory scope of consolidation that give rise to credit risk exposure under the Basel III framework.

CRB: Breakdown of exposures by industry[1]

31.12.23

USD m	Central banks	Banks	Construc-tion	Electricity, gas, water supply	Financial services	Hotels and restaurants	Manufac-turing[4]	Mining	Private households	Public authorities	Real estate and rentals	Retail and wholesale[5]	Services	Other[6]	Total carrying amount of assets
Loans[2]	313,331	21,877	5,255	3,339	105,214	3,884	14,735	1,487	389,422	5,473	45,909	15,974	32,381	28,643	986,924
Debt securities	14,096	19,813		1,420	18,773		63			29,539	41		3,372	725	87,841
Off-balance sheet exposures[3]		5,065	2,693	5,890	32,044	493	18,394	2,634	4,834	3,785	2,526	15,031	8,386	15,947	117,722
Total	327,427	46,754	7,948	10,649	156,031	4,378	33,192	4,121	394,256	38,797	48,475	31,006	44,139	45,315	1,192,487
31.12.22															
Loans[2]	168,913	15,200	3,176	1,427	72,709	2,368	4,295	698	242,061	4,226	24,472	9,357	31,508	5,323	585,734
Debt securities	18,402	16,476		659	15,001		1			26,045			3,376		79,961
Off-balance sheet exposures[3]		4,373	1,526	1,388	15,092	231	9,533	922	4,163	2,371	1,804	7,747	8,560	1,702	59,413
Total	**187,315**	**36,049**	**4,702**	**3,474**	**102,802**	**2,599**	**13,830**	**1,620**	**246,225**	**32,642**	**26,276**	**17,104**	**43,443**	**7,026**	**725,107**

1 The classification of each industry is based on the Global Industry Classification (GIC) standard. 2 Loan exposure is reported in line with the Pillar 3 definition. Refer to "Credit risk exposure categories" in this section for more information about the classification of Loans and Debt securities. 3 Off-balance sheet exposures include unutilized credit facilities, guarantees provided and forward starting loan commitments, but exclude prolongations of loans that do not increase the initially committed loan amount. Unutilized credit facilities exclude unconditionally revocable and uncommitted credit facilities, even if they attract RWA. 4 Includes the chemicals industry. 5 Includes the food and beverages industry. 6 Consists of transport, storage, communications and other.

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Annual | The table below provides a breakdown of our credit risk exposures by geographical area. The geographical distribution is based on the legal domicile of the counterparty or issuer.

CRB: Breakdown of exposures by geographical area

31.12.23

USD m	Switzerland	Americas	Asia Pacific	EMEA	Total carrying value of assets
Loans[1]	513,171	249,221	63,209	161,323	986,924
Debt securities	14,501	39,592	14,690	19,058	87,841
Off-balance sheet exposures[2]	40,436	42,899	7,365	27,022	117,722
Total[3]	568,108	331,712	85,265	207,403	1,192,487
31.12.22					
Loans[1]	292,134	185,809	40,767	67,024	585,734
Debt securities	18,021	34,119	11,002	16,818	79,961
Off-balance sheet exposures[2]	22,808	21,499	3,002	12,103	59,413
Total[3]	**332,964**	**241,427**	**54,771**	**95,946**	**725,107**

1 Loan exposure is reported in line with the Pillar 3 definition. Refer to "Credit risk exposure categories" in this section for more information about the classification of Loans and Debt securities. 2 Off-balance sheet exposures include unutilized credit facilities, guarantees provided and forward starting loan commitments, but exclude prolongations of loans that do not increase the initially committed loan amount. Unutilized credit facilities exclude unconditionally revocable and uncommitted credit facilities, even if they attract RWA. 3 The breakdown of exposures by geographical area has been updated starting in the fourth quarter of 2023 to combine Latin America and North America under Americas, and Middle East and Africa along with the rest of Europe under EMEA. The comparative period has been adjusted accordingly.

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Annual | The following table provides a breakdown of our credit risk exposure by residual contractual maturity as of the reporting date. The residual contractual maturity of assets includes the effect of callable features.

CRB: Breakdown of exposures by residual maturity

USD m	Due in 1 year or less	Due between 1 year and 5 years	Due over 5 years	Total carrying amount of assets
31.12.23				
Loans[1]	559,732	319,829	107,363	986,924
Debt securities	26,862	38,832	22,147	87,841
Off-balance sheet exposures[2]	49,853	58,729	9,141	117,722
Total	636,447	417,390	138,650	1,192,487
31.12.22				
Loans[1]	369,378	139,825	76,531	585,734
Debt securities	32,783	27,071	20,106	79,961
Off-balance sheet exposures[2]	25,059	30,630	3,723	59,413
Total[3]	**427,221**	**197,527**	**100,359**	**725,107**

1 Loan exposure is reported in line with the Pillar 3 definition. Refer to "Credit risk exposure categories" in this section for more information about the classification of Loans and Debt securities. 2 Off-balance sheet exposures include unutilized credit facilities, guarantees provided and forward starting loan commitments but exclude prolongations of loans that do not increase the initially committed loan amount. Unutilized credit facilities exclude unconditionally revocable and uncommitted credit facilities, even if they attract RWA. 3 From 31 December 2023 onward, we have refined the classification of loan exposures by residual maturity. The prior period was adjusted accordingly.

Annual |

CRB: Policies for past due, non-performing and credit-impaired claims

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Policies for past due, non-performing and credit-impaired claims	Risk management and control	– Credit risk: Non-performing – Credit risk: Default and credit-impaired	124 124

Annual | The following tables provide a breakdown of impaired exposures by geographical region and industry. The amounts shown are IFRS Accounting Standards carrying amounts. The geographical distribution is based on the legal domicile of the counterparty or issuer.

CRB: Credit-impaired exposures by industry[1]

USD m	Credit-impaired exposures, gross	Allowances for credit-impaired exposures	Credit-impaired exposures net of allowances	Write-offs for the year ended
31.12.23				
Central banks	0	0	0	0
Banks	96	0	96	0
Construction	135	(16)	119	(1)
Electricity, gas, water supply	65	0	65	0
Financial services	1,053	(194)	859	(34)
Hotels and restaurants	496	(12)	484	0
Manufacturing[2]	705	(128)	577	(5)
Mining	80	(5)	75	0
Private households	1,379	(150)	1,228	(23)
Public authorities	37	(4)	34	0
Real estate and rentals	1,008	(195)	814	(1)
Retail and wholesale[3]	453	(189)	264	(11)
Services	333	(65)	268	(4)
Transport, storage, communications and other	616	(177)	439	(12)
Total	6,457	(1,135)	5,323	(93)
31.12.22				
Central Banks				
Banks				
Construction	174	(17)	157	(2)
Electricity, gas, water supply	4		4	
Financial services	378	(96)	282	(41)
Hotels and restaurants	56	(1)	55	(3)
Manufacturing[2]	190	(107)	82	(3)
Mining	7	(3)	4	(1)
Private households	975	(104)	871	(11)
Public authorities	9	(4)	5	
Real estate and rentals	57	(17)	39	(1)
Retail and wholesale[3]	302	(149)	152	(17)
Services	266	(33)	233	(5)
Transport, storage, communications and other	38	(30)	8	(12)
Total	**2,455**	**(562)**	**1,892**	**(95)**

1 The classification of each industry is based on the Global Industry Classification (GIC) standard. 2 Includes the chemicals industry. 3 Includes the food and beverages industry.

Annual | The following table provides a breakdown of our credit risk exposures by geographical region. The geographical distribution is based on the legal domicile of the counterparty or issuer.

CRB: Credit-impaired exposures by geographical area

31.12.23				
USD m	Credit-impaired exposures, gross	Allowances for credit-impaired exposures	Credit-impaired exposures net of allowances	Write-offs for the year ended
Switzerland	2,396	(452)	1,945	(53)
Americas	1,193	(270)	923	(34)
Asia Pacific	1,437	(180)	1,257	(1)
EMEA	1,431	(233)	1,199	(5)
Total[1]	6,457	(1,135)	5,323	(93)
31.12.22				
Switzerland	1,336	(308)	1,028	(37)
Americas	454	(83)	371	(45)
Asia Pacific	269	(53)	216	0
EMEA	396	(118)	278	(13)
Total[1]	**2,455**	**(562)**	**1,892**	**(95)**

1 The breakdown of exposures by geographical area has been updated starting with the fourth quarter of 2023 to combine Latin America and North America under Americas, and Middle East and Africa along with the Rest of Europe under EMEA. The comparative period has been adjusted accordingly.

Annual | The table below provides a breakdown of total loan balances where payments have been missed. The past due amounts increased to USD 3.4bn, compared with USD 1.7bn in 2022, driven by the acquisition of the Credit Suisse Group.

CRB: Past due exposures[1]

USD m	31.12.23	31.12.22
1–30 days	1,048	310
31–60 days	300	97
61–90 days	253	65
>90 days	1,759	1,225
Total	3,360	1,698

1 For Credit Suisse, US GAAP gross loans held at amortized cost were used instead of IFRS Accounting Standards amounts. Purchase price allocation (PPA) adjustments were applied.

Annual |

CRB: Restructured exposures

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Restructured exposures	Risk management and control	– Credit risk: Forbearance (credit restructuring)	124

Annual | The table below provides more information about restructured exposures as of 31 December 2023. The increase to USD 2.9bn, compared with USD 1.0bn in 2022, is driven by the acquisition of the Credit Suisse Group.

CRB: Breakdown of restructured exposures between credit-impaired and non-credit-impaired

	Credit-impaired		Non-credit-impaired		Total	
USD m	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Restructured exposures	2,711	971	221	17	2,933	989

Credit risk mitigation

Annual | The table below presents an overview of Pillar 3 disclosures provided separately in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

CRC: Credit risk mitigation

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 pages number
Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting	Risk management and control	– Traded products	116–117
	Consolidated financial statements	– Note 11 Derivative instruments – Note 22 Offsetting financial assets and financial liabilities – Note 1a item 2i Offsetting	334–336 380–381 310
Core features of policies and processes for collateral evaluation and management	Risk management and control	– Credit risk mitigation	118–119
Information about market or credit risk concentrations under the credit risk mitigation instruments used	Risk management and control	– Risk concentrations – Credit risk mitigation	109 118–119
	Consolidated financial statements	– Note 11 Derivative instruments – Note 20d Maximum exposure to credit risk – Note 21h Maximum exposure to credit risk for financial instruments measured at fair value – Note 22 Offsetting financial assets and financial liabilities	334–336 359–360 378 380–381

Additional information about counterparty credit risk mitigation is provided in the "Counterparty credit risk" section of this report.

Semi-annual | The CR3 table below provides a breakdown of loans and debt securities into unsecured and partially or fully secured exposures, with additional information about the security type.

Compared with 30 June 2023, the carrying amount of unsecured loans increased by USD 42.2bn to USD 398.3bn, mainly due to higher balances at central banks driven by inflows from customer deposits, lending assets and net new issuances of long-term debt. Unsecured debt securities decreased by USD 2.3bn to USD 87.6bn, mainly due to movements in high-quality liquid assets (HQLA).

The carrying amount of partially or fully secured loans increased by USD 5.1bn to USD 588.6bn, mainly as a result of currency effects in Personal & Corporate Banking.

CR3: Credit risk mitigation techniques – overview[1]

USD m		Exposures fully unsecured: carrying amount	Exposures partially or fully secured: carrying amount	Total: carrying amount	Secured portion of exposures partially or fully secured: Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
31.12.23							
1	Loans[2]	398,277	588,647	986,924	533,136	10,766	46
1a	*of which: cash and balances at central banks*	*312,971*		*312,971*			
2	Debt securities	87,635	206	87,841	201		
3	**Total**	485,912	588,853	1,074,765	533,337	10,766	46
4	*of which: defaulted[3]*	*1,189*	*3,643*	*4,832*	*2,445*	*287*	*0*
30.6.23							
1	Loans[2]	356,056	583,512	939,568	524,676	7,181	34
1a	*of which: cash and balances at central banks*	*260,557*		*260,557*			
2	Debt securities	89,951	208	90,160	202		
3	**Total**	**446,007**	**583,720**	**1,029,728**	**524,879**	**7,181**	**34**
4	*of which: defaulted[3]*	*831*	*3,925*	*4,757*	*2,630*	*360*	
31.12.22							
1	Loans[2]	207,732	378,002	585,734	358,946	3,047	21
1a	*of which: cash and balances at central banks*	*168,826*		*168,826*			
2	Debt securities	79,961		79,961			
3	**Total**	**287,693**	**378,002**	**665,695**	**358,946**	**3,047**	**21**
4	*of which: defaulted*	*180*	*1,506*	*1,686*	*1,034*	*93*	

1 Exposures in this table represent carrying amounts in accordance with the regulatory scope of consolidation. 2 Loan exposure is reported in line with the Pillar 3 definition. Refer to "Credit risk exposure categories" in this section, for more information. 3 Includes purchased credit-impaired (PCI) positions when defaulted.

Credit risk under the standardized approach

Introduction

Annual | The standardized approach is generally applied where using the A-IRB approach is not feasible. Under the standardized approach we use, where possible, credit ratings from external credit assessment institutions (ECAIs) to determine the risk weightings applied to rated counterparties. We use three FINMA-recognized ECAIs to determine the risk weights for certain counterparties according to the BCBS-defined asset classes: S&P, Moody's Investors Service and Fitch Ratings.

The mapping of external ratings to the standardized approach risk weights is determined by FINMA and published on its website. There were no changes in the ECAIs used compared with 31 December 2022.

Debt instruments are risk-weighted in accordance with the specific issue ratings available. If there is no specific issue rating published by an ECAI, the issuer rating is applied to the senior unsecured claims of that issuer subject to the conditions prescribed by FINMA. For the Retail, Equity and Other assets asset classes, we apply the regulatory prescribed risk weights independent of an external credit rating.

CRD: Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk

		31.12.23		
		External ratings used		
	Asset classes	Moody's	S&P	Fitch
1	Central governments and central banks	●	●	●
2	Banks and securities dealers	●	●	●
3	Public-sector entities and multi-lateral development banks	●	●	●
4	Corporates	●	●	●

Credit risk exposure and credit risk mitigation effects

Semi-annual | The CR4 table below illustrates the credit risk exposure and effect of credit risk mitigation (CRM) on the calculation of capital requirements under the standardized approach.

Compared with 30 June 2023, exposures before credit conversion factors (CCF) and CRM in the Central governments and central banks asset class increased by USD 19.8bn to USD 88.5bn, driven by increased balances at central banks.

Exposures post-CCF and post-CRM in the Banks and securities dealers asset class decreased by USD 1.9bn to USD 17.2bn. RWA decreased by USD 0.6bn to USD 4.1bn, mainly driven by decreases in nostro accounts and high-quality liquid assets (HQLA).

Exposures before CCF and CRM in the Corporates asset class increased by USD 1.4bn to USD 68.6bn and exposures post-CCF and post-CRM increased by USD 1.7bn to USD 51.6bn, driven by increases in loans in Global Wealth Management and HQLA in Group Items.

CR4: Standardized approach – credit risk exposure and credit risk mitigation (CRM) effects[1]

		Exposures before CCF and CRM			Exposures post-CCF and post-CRM			RWA and RWA density	
	USD m, except where indicated	On-balance sheet amount	Off-balance sheet amount	Total	On-balance sheet amount	Off-balance sheet amount	Total	RWA	RWA density in %
	31.12.23								
	Asset classes								
1	Central governments and central banks	88,175	306	88,481	87,539	10	87,549	686	0.8
2	Banks and securities dealers	16,061	2,461	18,522	15,968	1,199	17,167	4,062	23.7
3	Public-sector entities and multi-lateral development banks	4,297	4,168	8,465	3,613	1,194	4,807	1,382	28.7
4	Corporates	45,415	23,223	68,638	44,805	6,788	51,593	36,370	70.5
5	Retail	10,332	3,377	13,709	9,824	185	10,009	7,917	79.1
6	Equity								
7	Other assets	20,923	254	21,176	20,923	254	21,176	19,309	91.2
7a	*of which: non-counterparty related assets*	*18,906*	*250*	*19,156*	*18,906*	*250*	*19,155*	*17,979*	*93.9*
7b	*of which: others*	*2,017*	*4*	*2,021*	*2,017*	*4*	*2,021*	*1,330*	*65.8*
8	**Total**	**185,203**	**33,789**	**218,992**	**182,671**	**9,630**	**192,301**	**69,725**	**36.3**
	30.6.23								
	Asset classes								
1	Central governments and central banks	68,617	20	68,637	68,019		68,019	550	0.8
2	Banks and securities dealers	17,955	2,462	20,417	17,853	1,188	19,041	4,681	24.6
3	Public-sector entities and multi-lateral development banks	3,347	4,158	7,505	3,342	1,261	4,603	1,294	28.1
4	Corporates	44,969	22,239	67,208	43,855	6,007	49,862	36,826	73.9
5	Retail	10,052	3,297	13,349	9,818	237	10,055	7,864	78.2
6	Equity								
7	Other assets	20,776	1,406	22,182	20,502	1,325	21,827	19,627	89.9
7a	*of which: non-counterparty related assets*	*19,674*	*246*	*19,920*	*19,674*	*246*	*19,920*	*18,730*	*94.0*
7b	*of which: others*	*1,102*	*1,160*	*2,263*	*828*	*1,080*	*1,907*	*896*	*47.0*
8	**Total**	**165,716**	**33,581**	**199,298**	**163,388**	**10,018**	**173,406**	**70,842**	**40.9**
	31.12.22								
	Asset classes								
1	Central governments and central banks	4,767	0	4,767	4,771	1	4,772	276	5.8
2	Banks and securities dealers	13,540	1,212	14,752	13,518	529	14,047	3,001	21.4
3	Public-sector entities and multi-lateral development banks	3,158	1,757	4,915	3,158	781	3,938	1,021	25.9
4	Corporates	23,309	12,769	36,078	23,311	3,003	26,314	18,699	71.1
5	Retail	7,987	3,132	11,119	7,879	199	8,079	6,078	75.2
6	Equity								
7	Other assets	13,229	245	13,474	13,229	245	13,474	12,855	95.4
7a	*of which: non-counterparty related assets*	*13,229*	*245*	*13,474*	*13,229*	*245*	*13,474*	*12,855*	*95.4*
7b	*of which: others*								
8	**Total**	**65,990**	**19,115**	**85,105**	**65,866**	**4,758**	**70,624**	**41,930**	**59.4**

1 Exposures in this table represent carrying amounts in accordance with the regulatory scope of consolidation.

▲

Exposures by asset class and risk weight

Semi-annual | The CR5 table below shows credit risk exposures under the standardized approach by asset classes and risk weights applied.

CR5: Standardized approach – exposures by asset classes and risk weights

USD m

	Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post-CCF and post-CRM)
	31.12.23										
	Asset classes										
1	Central governments and central banks	86,731		139		77		563	38		87,549
2	Banks and securities dealers			15,766		1,006		390	4		17,167
3	Public-sector entities and multi-lateral development banks	396		3,087		1,121		201	2		4,807
4	Corporates			12,667	2,573	4,520	35	29,989	411	1,399[1]	51,593
5	Retail				2,568		2,298	4,883	260		10,009
6	Equity										
7	Other assets	1,956						19,213		8	21,176
7a	*of which: non-counterparty related assets*	*1,176*						*17,979*			*19,155*
7b	*of which: others*	*779*						*1,234*		*8*	*2,021*
8	**Total**	89,084		31,659	5,141	6,725	2,333	55,239	714	1,406	192,301
9	*of which: secured by real estate*[2]				*5,141*	*84*	*155*	*4,941*			*10,321*
10	*of which: past due*[3]							*553*	*375*		*928*
	30.6.23										
	Asset classes										
1	Central governments and central banks	67,360		139		31		451	37		68,019
2	Banks and securities dealers			16,734		1,970		331	6		19,041
3	Public-sector entities and multi-lateral development banks	426		2,996		974		205	2		4,603
4	Corporates			9,155	2,362	4,748	37	30,852	580	2,128[1]	49,862
5	Retail				2,635		2,405	4,769	246		10,055
6	Equity										
7	Other assets	2,309						19,508		9	21,827
7a	*of which: non-counterparty related assets*	*1,189*						*18,730*			*19,920*
7b	*of which: others*	*1,120*						*778*		*9*	*1,907*
8	**Total**	**70,095**		**29,024**	**4,997**	**7,724**	**2,442**	**56,116**	**871**	**2,138**	**173,406**
9	*of which: secured by real estate*[2]				*4,997*	*83*	*146*	*4,869*			*10,094*
10	*of which: past due*[3]							*468*	*98*		*565*
	31.12.22										
	Asset classes										
1	Central governments and central banks	4,454		51		1		266			4,772
2	Banks and securities dealers			13,436		594		16			14,047
3	Public-sector entities and multi-lateral development banks	12		3,255		603		68			3,938
4	Corporates			7,267	2,397	245	43	16,276	4	82[1]	26,314
5	Retail				2,731		1,018	4,270	58		8,079
6	Equity										
7	Other assets	619						12,855			13,474
7a	*of which: non-counterparty related assets*	*619*						*12,855*			*13,474*
7b	*of which: others*										
8	**Total**	**5,084**		**24,010**	**5,129**	**1,443**	**1,061**	**33,751**	**63**	**82**	**70,624**
9	*of which: secured by real estate*[2]				*5,129*	*81*	*99*	*3,690*			*8,998*
10	*of which: past due*[3]							*283*	*115*		*399*

1 Includes exposures secured by credit derivatives cleared through central counterparties risk-weighted at 2% or 4%. 2 Includes both residential mortgages and claims secured by other properties, such as commercial real estate. 3 Includes exposure to defaulted counterparties and purchased credit impaired (PCI) positions.

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Credit risk under the advanced internal ratings-based approach

Annual | Under the advanced internal ratings-based (A-IRB) approach, the required capital for credit risk is quantified through empirical models that we have developed to estimate the probability of default (PD), loss given default (LGD), exposure at default (EAD) and other parameters, subject to FINMA approval. The table below presents an overview of Pillar 3 disclosures that are provided separately in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors.*

CRE: Qualitative disclosure related to IRB models

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Internal model development, controls and changes	Risk management and control	– Risk measurement – Credit risk models – Key features of our main credit risk models – Risk governance – Model risk management	107–109 119–123 120 101–103 106–107
Relationships between risk management and internal audit and independent review of IRB models	Risk management and control	– Risk governance – Risk measurement	101–103 107–109
Scope and content of the reporting related to credit risk models	Risk management and control	– Risk measurement – Credit risk – Overview of measurement, monitoring and management techniques – Credit risk models	107–109 111 119–123
Supervisor approval of applied approaches	Risk management and control	– Risk measurement – Changes to models and model parameters during the period – Stress testing – Key features of our main credit risk models – Model risk management	107–109 123 107–108 120 106–107
Number of key models used by portfolio and the main differences between models	Risk management and control	– Credit risk models	119–123
Description of the main characteristics of approved models	Risk management and control	– Credit risk models	119–123

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Semi-annual | The CR6 table below provides information about credit risk exposures under the A-IRB approach, including a breakdown of the main parameters used in A-IRB models to calculate the capital requirements, presented by portfolio and PD range across FINMA-defined asset classes. EAD in the following comments represents exposure at default post credit conversion factors and credit risk mitigation.

Compared with 30 June 2023, EAD increased by USD 22.6bn to USD 1,057.8bn, and RWA decreased by USD 5.4bn to USD 206.9bn across various asset classes.

In the Central governments and central banks asset class, EAD increased by USD 28.1bn to USD 281.4bn, and RWA increased by USD 0.3bn to USD 4.7bn. EAD increased primarily driven by higher cash and balances with central banks.

In the Banks and securities dealers asset class, EAD decreased by USD 3.3bn to USD 16.5bn, and RWA decreased by USD 1bn to USD 6.9bn. EAD decreased primarily driven by a decrease in our Nostro balance.

In the Public-sector entities and multi-lateral development banks asset class, EAD decreased by USD 0.1bn to USD 8.5bn, and RWA slightly decreased to USD 0.8bn.

In the Corporates: specialized lending asset class, EAD increased by USD 1.7bn to USD 63.0bn, and RWA increased by USD 0.1bn to USD 27.4bn. EAD increased primarily due to currency effects in Personal & Corporate Banking.

In the Corporates: other lending asset class, EAD decreased by USD 11.0bn to USD 129.1bn, and RWA decreased by USD 8.6bn to USD 75.9bn. EAD decreased, primarily driven by a decrease in commercial loans in Non-core and Legacy.

In the Retail: residential mortgages asset class, EAD increased by USD 14.5bn to USD 311.6bn, and RWA increased by USD 4.5bn to USD 64.6bn. EAD and RWA increased, mainly reflecting currency effects and business growth in Personal & Corporate Banking and Global Wealth Management.

In the Retail: qualifying revolving retail exposures (QRRE) asset class, EAD increased by USD 1.8bn to USD 7.5bn, and RWA increased by USD 0.1bn to USD 1.4bn. EAD increased due to growth in the credit card business in Personal & Corporate Banking.

In the Retail: other retail asset class, EAD decreased by USD 9.1bn to USD 240.4bn, and RWA decreased by USD 0.8bn to USD 25.2bn, primarily driven by a decrease in Lombard loans in Global Wealth Management.

› **Refer to the "CR8: RWA flow statements of credit risk exposures under IRB" table in this section for further details about the movement of credit risk exposures under the A-IRB approach for the fourth quarter of 2023**

Credit risk exposures by portfolio and PD range

CR6: IRB – Credit risk exposures by portfolio and PD range

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Central governments and central banks as of 31.12.23													
0.00 to <0.15	278,625	681	279,306	52.5	280,410	0.0	<0.1	30.0	1.0	3,823	1.4	6	
0.15 to <0.25	462	0	462	0.0	462	0.2	<0.1	51.2	1.0	147	31.9	0	
0.25 to <0.50	202	0	202	10.1	189	0.4	<0.1	53.0	1.0	104	54.9	0	
0.50 to <0.75	44	0	44	13.1	4	0.6	<0.1	34.8	2.1	2	53.2	0	
0.75 to <2.50	112	5	117	46.8	9	1.3	<0.1	24.7	3.9	8	87.2	0	
2.50 to <10.00	429	174	603	37.9	70	4.5	<0.1	55.1	2.2	136	195.1	2	
10.00 to <100.00	289	104	394	35.0	95	28.1	<0.1	70.5	1.0	370	390.7	19	
100.00 (default)[3]	134	0	134	10.1	126	100.0	<0.1			133	106.0	6	
Subtotal	280,298	963	281,262	47.9	281,365	0.1	0.1	30.0	1.0	4,724	1.7	33	33
Central governments and central banks as of 30.6.23													
0.00 to <0.15	256,575	601	257,175	54.9	252,259	0.0	<0.1	30.0	1.1	3,492	1.4	8	
0.15 to <0.25	443	81	525	35.0	472	0.2	<0.1	50.2	1.2	158	33.4	0	
0.25 to <0.50	109	0	109	9.8	64	0.4	<0.1	53.5	1.8	44	68.7	0	
0.50 to <0.75	66	0	66	12.8	8	0.6	<0.1	44.6	1.7	5	64.8	0	
0.75 to <2.50	101	17	118	51.2	5	1.2	<0.1	17.2	3.8	4	81.5	0	
2.50 to <10.00	602	229	830	35.9	75	5.1	<0.1	50.9	2.9	140	187.9	2	
10.00 to <100.00	240	71	310	35.0	111	28.1	<0.1	62.0	1.0	380	343.7	19	
100.00 (default)[3]	426	0	426	9.8	227	100.0	<0.1			241	106.0	5	
Subtotal	258,561	999	259,560	47.4	253,222	0.1	0.2	30.1	1.1	4,463	1.8	35	17
Central governments and central banks as of 31.12.22													
0.00 to <0.15	214,433	2	214,435	40.3	216,920	0.0	<0.1	32.4	1.1	2,921	1.3	9	
0.15 to <0.25	810	0	810	0.0	729	0.2	<0.1	43.7	1.0	196	26.9	1	
0.25 to <0.50													
0.50 to <0.75	57	0	57	12.6	3	0.5	<0.1	17.0	3.3	1	32.0	0	
0.75 to <2.50	73	36	109	42.3	4	1.5	<0.1	34.9	3.6	5	130.5	0	
2.50 to <10.00	262	285	547	36.0	21	5.7	<0.1	46.8	2.0	36	166.8	1	
10.00 to <100.00	56	70	125	35.0	56	28.0	<0.1	75.0	1.0	232	415.8	12	
100.00 (default)	10	0	10	10.2	2	100.0	<0.1			2	106.0	5	
Subtotal	215,700	393	216,093	36.4	217,735	0.0	0.1	32.4	1.1	3,393	1.6	27	5

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Banks and securities dealers as of 31.12.23													
0.00 to <0.15	10,118	1,723	11,841	52.2	13,111	0.1	1.8	51.3	0.9	2,572	19.6	4	
0.15 to <0.25	720	527	1,247	39.6	947	0.2	0.3	59.7	1.5	549	57.9	1	
0.25 to <0.50	664	354	1,018	44.9	738	0.4	0.2	65.6	0.8	613	83.1	2	
0.50 to <0.75	103	198	301	44.2	191	0.6	0.1	48.0	1.3	166	86.9	1	
0.75 to <2.50	593	519	1,112	45.0	745	1.6	0.2	54.6	1.1	977	131.1	6	
2.50 to <10.00	977	436	1,413	42.8	645	6.3	0.2	72.8	1.0	1,861	288.6	30	
10.00 to <100.00	114	6	120	32.9	28	23.8	<0.1	49.4	0.7	83	291.2	3	
100.00 (default)[3]	95	0	95	0.0	95	100.0	<0.1			101	106.0		
Subtotal	13,384	3,764	17,148	47.2	16,500	1.0	2.9	53.4	1.0	6,921	41.9	48	3
Banks and securities dealers as of 30.6.23													
0.00 to <0.15	12,878	1,829	14,707	55.7	15,679	0.1	1.9	52.0	0.9	2,439	15.6	5	
0.15 to <0.25	679	469	1,148	38.3	872	0.2	0.3	60.0	1.6	538	61.7	1	
0.25 to <0.50	844	346	1,189	43.1	810	0.4	0.2	60.6	1.0	628	77.6	2	
0.50 to <0.75	64	225	289	44.5	162	0.6	0.1	48.9	1.1	140	86.7	0	
0.75 to <2.50	905	969	1,874	68.2	1,439	1.5	0.2	50.9	2.0	2,012	139.8	11	
2.50 to <10.00	1,175	552	1,726	42.9	765	5.5	0.2	68.4	1.0	1,960	256.2	30	
10.00 to <100.00	116	31	147	45.9	30	13.4	<0.1	67.8	1.0	108	359.0	3	
100.00 (default)[3]	51	0	51	0.0	51	100.0	<0.1			54	106.0		
Subtotal	16,710	4,421	21,131	53.3	19,807	0.7	3.1	53.3	1.0	7,879	39.8	51	5
Banks and securities dealers as of 31.12.22													
0.00 to <0.15	6,182	1,248	7,429	47.2	7,282	0.1	0.5	53.6	1.1	1,684	23.1	3	
0.15 to <0.25	712	380	1,092	37.3	920	0.2	0.4	56.2	1.6	514	55.9	2	
0.25 to <0.50	308	411	719	43.0	455	0.4	0.2	64.5	1.1	387	85.1	1	
0.50 to <0.75	113	121	235	51.1	167	0.6	0.1	52.1	1.1	157	93.9	1	
0.75 to <2.50	500	1,175	1,675	79.0	1,336	1.6	0.2	47.5	3.2	2,088	156.3	10	
2.50 to <10.00	797	580	1,378	43.2	655	4.6	0.2	64.7	1.0	1,533	234.1	20	
10.00 to <100.00	150	45	195	42.4	66	16.2	<0.1	68.2	2.1	263	398.4	7	
100.00 (default)													
Subtotal	8,761	3,961	12,722	54.7	10,881	0.7	1.6	54.3	1.4	6,626	60.9	44	13

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Public sector entities, multilateral developmental banks as of 31.12.23													
0.00 to <0.15	6,411	2,431	8,842	7.7	6,898	0.0	0.2	35.5	1.2	378	5.5	1	
0.15 to <0.25	373	970	1,343	19.3	568	0.2	0.2	28.8	2.2	131	23.1	0	
0.25 to <0.50	803	417	1,220	21.3	871	0.3	0.2	26.4	2.3	273	31.3	1	
0.50 to <0.75	3	7	10	43.2	6	0.7	<0.1	36.9	1.4	4	57.3	0	
0.75 to <2.50	14	2	16	27.0	15	1.0	<0.1	33.9	1.1	7	49.6	0	
2.50 to <10.00	67	110	177	45.0	118	5.2	<0.1	5.5	3.9	26	22.2	0	
10.00 to <100.00													
100.00 (default)[3]													
Subtotal	7,672	3,937	11,608	13.1	8,476	0.1	0.6	33.7	1.4	819	9.7	2	0
Public sector entities, multilateral developmental banks as of 30.6.23													
0.00 to <0.15	6,561	2,835	9,396	6.9	7,102	0.0	0.2	35.5	1.2	424	6.0	0	
0.15 to <0.25	340	848	1,188	12.1	449	0.2	0.2	27.2	2.5	107	23.7	0	
0.25 to <0.50	806	417	1,222	22.4	880	0.3	0.2	27.7	2.3	289	32.8	1	
0.50 to <0.75	6	4	10	46.5	8	0.7	<0.1	36.4	1.5	4	55.0	0	
0.75 to <2.50	1	1	3	5.9	1	1.2	<0.1	18.6	1.8	1	80.3	0	
2.50 to <10.00	75	111	187	45.0	128	5.2	<0.1	5.5	4.0	29	22.7	0	
10.00 to <100.00													
100.00 (default)[3]													
Subtotal	7,790	4,215	12,005	10.5	8,567	0.1	0.6	33.8	1.4	853	10.0	3	0
Public sector entities, multilateral developmental banks as of 31.12.22													
0.00 to <0.15	7,067	614	7,682	18.7	7,263	0.0	0.2	37.9	1.1	417	5.7	1	
0.15 to <0.25	405	565	970	25.2	553	0.2	0.2	25.6	2.2	118	21.4	0	
0.25 to <0.50	741	403	1,144	22.7	827	0.3	0.2	27.2	2.2	244	29.4	1	
0.50 to <0.75	3	1	3	16.0	2	0.6	<0.1	11.2	1.8	0	14.9	0	
0.75 to <2.50													
2.50 to <10.00													
10.00 to <100.00													
100.00 (default)													
Subtotal	8,217	1,583	9,800	22.0	8,646	0.1	0.6	36.1	1.2	779	9.0	2	0

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Corporates: specialized lending as of 31.12.23													
0.00 to <0.15	12,041	3,444	15,485	51.7	13,898	0.1	1.3	18.9	2.5	2,165	15.6	2	
0.15 to <0.25	5,813	1,951	7,764	48.1	6,584	0.2	0.7	22.5	2.5	1,820	27.6	3	
0.25 to <0.50	10,479	4,727	15,206	32.8	11,852	0.4	1.5	24.8	2.1	4,700	39.7	10	
0.50 to <0.75	7,470	5,392	12,862	32.0	9,117	0.6	0.9	22.1	1.7	3,597	39.5	12	
0.75 to <2.50	17,064	4,644	21,708	34.7	18,664	1.3	2.0	24.6	2.1	11,856	63.5	62	
2.50 to <10.00	2,381	435	2,816	51.3	2,604	3.4	0.4	30.8	1.5	2,956	113.5	26	
10.00 to <100.00	20	13	33	14.3	22	14.6	<0.1	30.7	1.6	38	173.8	1	
100.00 (default)[3]	285	12	297	52.9	215	100.0	<0.1			228	106.0	128	
Subtotal	55,554	20,618	76,172	38.0	62,956	1.1	6.9	23.1	2.1	27,362	43.5	244	140
Corporates: specialized lending as of 30.6.23													
0.00 to <0.15	11,318	3,888	15,207	53.9	13,936	0.1	1.4	18.8	2.3	2,394	17.2	2	
0.15 to <0.25	5,585	2,430	8,015	44.0	6,667	0.2	0.7	21.9	2.5	1,754	26.3	2	
0.25 to <0.50	8,672	4,905	13,577	31.6	10,333	0.3	1.5	23.1	2.2	4,130	40.0	8	
0.50 to <0.75	8,088	5,145	13,232	29.7	9,596	0.6	1.0	24.1	1.8	4,692	48.9	14	
0.75 to <2.50	15,959	4,969	20,927	34.0	17,861	1.3	2.1	24.3	2.1	11,223	62.8	59	
2.50 to <10.00	2,432	550	2,983	51.4	2,717	3.3	0.4	32.1	1.5	2,918	107.4	29	
10.00 to <100.00	10	0	10		10	17.5	<0.1	24.5	1.1	16	158.5	0	
100.00 (default)[3]	232	14	245	57.5	148	100.0	<0.1			157	106.0	118	
Subtotal	52,295	21,902	74,197	37.5	61,267	1.0	7.2	22.9	2.1	27,282	44.5	233	133
Corporates: specialized lending as of 31.12.22													
0.00 to <0.15	4,143	1,017	5,160	68.1	4,835	0.1	0.5	13.6	2.0	330	6.8	0	
0.15 to <0.25	2,597	986	3,583	50.3	2,916	0.2	0.3	23.0	2.1	630	21.6	1	
0.25 to <0.50	4,361	2,534	6,895	33.0	5,178	0.4	0.6	27.4	1.9	2,043	39.5	5	
0.50 to <0.75	3,712	2,299	6,011	35.4	4,464	0.6	0.5	26.0	1.8	2,036	45.6	7	
0.75 to <2.50	8,550	3,017	11,567	28.6	9,360	1.3	1.3	27.6	1.8	5,875	62.8	35	
2.50 to <10.00	1,810	423	2,233	55.4	2,046	3.3	0.3	35.0	1.6	2,177	106.4	23	
10.00 to <100.00	1	0	1	0.0	1	11.0	<0.1	36.0	2.5	1	169.2	0	
100.00 (default)	151	2	153	70.9	50	100.0	<0.1			53	106.0	104	
Subtotal	25,324	10,278	35,602	38.3	28,850	1.0	3.6	25.0	1.9	13,145	45.6	176	119

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Corporates: other lending as of 31.12.23													
0.00 to <0.15	22,521	63,917	86,438	25.8	41,055	0.1	11.2	38.6	2.0	8,492	20.7	9	
0.15 to <0.25	10,935	24,194	35,129	29.4	18,419	0.2	3.9	41.2	2.1	7,739	42.0	17	
0.25 to <0.50	10,269	14,260	24,529	35.0	15,320	0.4	5.0	41.1	2.2	9,538	62.3	23	
0.50 to <0.75	6,293	8,342	14,635	36.9	9,564	0.6	4.3	33.1	2.2	5,544	58.0	20	
0.75 to <2.50	18,439	13,837	32,276	38.8	23,286	1.4	11.5	33.8	2.2	17,947	77.1	112	
2.50 to <10.00	10,464	17,641	28,104	45.3	16,964	5.0	6.1	33.4	2.3	21,600	127.3	285	
10.00 to <100.00	753	855	1,609	53.9	1,240	17.2	0.3	20.7	2.9	1,600	129.1	52	
100.00 (default)[3]	2,564	807	3,371	47.6	3,231	100.0	1.4			3,423	106.0	713	
Subtotal	82,238	143,854	226,092	31.9	129,079	3.7	43.6	37.1	2.2	75,884	58.8	1,231	1,380
Corporates: other lending as of 30.6.23													
0.00 to <0.15	28,324	70,388	98,712	26.4	48,019	0.1	12.5	39.8	2.0	10,311	21.5	11	
0.15 to <0.25	11,440	25,620	37,059	30.6	18,978	0.2	4.3	43.6	2.2	8,726	46.0	18	
0.25 to <0.50	11,035	15,284	26,319	34.4	15,881	0.4	5.3	39.2	2.2	9,279	58.4	22	
0.50 to <0.75	7,482	8,965	16,446	37.9	10,559	0.6	4.7	35.5	2.2	7,306	69.2	24	
0.75 to <2.50	20,213	15,684	35,897	39.7	24,805	1.5	13.0	34.2	2.3	20,245	81.6	123	
2.50 to <10.00	12,306	17,986	30,291	46.3	17,816	5.1	6.8	34.1	2.5	23,901	134.2	312	
10.00 to <100.00	972	717	1,688	56.7	1,165	17.6	0.4	22.9	2.6	1,699	145.8	51	
100.00 (default)[3]	3,331	745	4,077	46.3	2,855	100.0	1.8			3,026	106.0	334	
Subtotal	95,100	155,389	250,490	32.4	140,078	3.2	48.7	38.0	2.2	84,494	60.3	895	1,066
Corporates: other lending as of 31.12.22													
0.00 to <0.15	12,395	19,869	32,264	37.5	19,348	0.1	7.3	34.7	1.8	4,308	22.3	4	
0.15 to <0.25	4,102	6,856	10,958	35.6	6,566	0.2	2.3	40.3	2.1	2,896	44.1	6	
0.25 to <0.50	5,956	6,183	12,138	35.2	7,854	0.4	3.0	36.0	2.3	4,564	58.1	10	
0.50 to <0.75	4,809	3,558	8,367	38.7	6,088	0.6	3.0	29.8	2.1	3,747	61.5	12	
0.75 to <2.50	9,866	8,132	17,998	39.9	12,159	1.4	10.7	29.0	2.1	8,305	68.3	50	
2.50 to <10.00	5,679	9,191	14,870	41.7	8,421	4.4	5.0	33.0	2.4	12,546	149.0	123	
10.00 to <100.00	327	442	770	57.8	462	15.0	0.2	23.9	1.9	869	187.9	17	
100.00 (default)	1,023	250	1,272	39.6	726	100.0	0.8			769	106.0	325	
Subtotal	44,157	54,480	98,637	38.3	61,625	2.3	32.4	33.5	2.1	38,003	61.7	546	575

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Retail: residential mortgages as of 31.12.23													
0.00 to <0.15	119,466	2,509	121,975	48.4	123,015	0.1	183.6	18.2		6,704	5.5	20	
0.15 to <0.25	51,586	1,356	52,942	54.0	53,999	0.2	56.2	19.1		6,415	11.9	19	
0.25 to <0.50	64,885	1,813	66,698	52.7	67,761	0.3	72.6	20.5		13,059	19.3	47	
0.50 to <0.75	20,641	683	21,324	70.9	21,211	0.6	18.0	28.7		6,319	29.8	38	
0.75 to <2.50	30,775	2,735	33,510	58.3	32,492	1.3	31.4	32.1		17,467	53.8	141	
2.50 to <10.00	10,459	397	10,856	67.1	10,742	4.4	10.1	32.5		11,218	104.4	152	
10.00 to <100.00	1,196	35	1,231	90.3	1,229	14.7	1.1	32.6		2,193	178.4	59	
100.00 (default)[3]	953	21	974	74.0	1,136	100.0	1.1			1,204	106.0	30	
Subtotal	299,960	9,549	309,509	55.4	311,584	0.9	373.9	21.6		64,580	20.7	506	261
Retail: residential mortgages as of 30.6.23													
0.00 to <0.15	114,036	2,575	116,612	49.8	117,265	0.1	185.0	17.8		6,305	5.4	18	
0.15 to <0.25	50,067	1,398	51,465	56.1	52,408	0.2	57.6	18.9		6,202	11.8	18	
0.25 to <0.50	62,771	1,909	64,680	54.9	65,630	0.3	74.9	20.3		12,682	19.3	45	
0.50 to <0.75	19,209	607	19,815	73.7	19,747	0.6	18.3	28.7		5,923	30.0	35	
0.75 to <2.50	28,775	2,742	31,517	59.7	30,533	1.3	31.2	31.5		16,162	52.9	129	
2.50 to <10.00	9,048	373	9,421	78.1	9,355	4.4	9.4	32.5		9,769	104.4	132	
10.00 to <100.00	1,124	24	1,148	94.5	1,152	15.2	1.0	31.1		1,970	171.1	54	
100.00 (default)[3]	892	13	905	68.3	964	100.0	1.2			1,021	106.0	27	
Subtotal	285,923	9,640	295,562	57.3	297,054	0.8	378.5	21.2		60,034	20.2	459	225
Retail: residential mortgages as of 31.12.22													
0.00 to <0.15	76,314	1,358	77,672	53.1	77,043	0.1	139.0	18.9		3,230	4.2	13	
0.15 to <0.25	20,092	271	20,363	75.3	20,291	0.2	22.9	25.5		2,076	10.2	10	
0.25 to <0.50	26,641	489	27,130	76.6	26,994	0.4	29.3	27.5		4,770	17.7	26	
0.50 to <0.75	16,731	351	17,081	82.5	17,021	0.6	14.6	30.5		5,054	29.7	33	
0.75 to <2.50	23,178	1,390	24,568	78.9	24,273	1.3	26.2	33.8		12,966	53.4	109	
2.50 to <10.00	7,506	333	7,838	82.7	7,784	4.4	8.4	33.6		8,217	105.6	113	
10.00 to <100.00	916	20	936	97.1	936	15.1	0.9	31.4		1,598	170.8	44	
100.00 (default)	503	1	504	77.4	478	100.0	0.7			506	106.0	26	
Subtotal	171,880	4,212	176,092	70.7	174,820	0.9	242.0	24.9		38,417	22.0	374	186

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Retail: qualifying revolving retail exposures (QRRE) as of 31.12.23[5]													
0.00 to <0.15	265	4,116	4,381	51.8	2,395	0.0	465.8	37.5		51	2.1	0	
0.15 to <0.25	147	2,700	2,847	38.6	1,188	0.2	326.3	36.7		68	5.7	1	
0.25 to <0.50	241	2,431	2,672	28.0	936	0.4	290.1	33.6		82	8.7	1	
0.50 to <0.75	253	1,421	1,674	30.7	697	0.6	178.0	33.2		93	13.3	1	
0.75 to <2.50	654	1,831	2,485	42.9	1,487	1.4	305.0	35.2		401	27.0	7	
2.50 to <10.00	550	504	1,053	21.7	607	4.4	134.2	40.8		434	71.5	11	
10.00 to <100.00	99	22	121	51.1	111	18.2	24.0	46.6		216	194.5	10	
100.00 (default)[3]	62	2	64	27.4	38	100.0	28.6			41	106.0	24	
Subtotal	2,271	13,027	15,298	39.9	7,459	1.6	1,751.9	36.4		1,385	18.6	56	39
Retail: qualifying revolving retail exposures (QRRE) as of 30.6.23													
0.00 to <0.15	264	3,739	4,003	53.1	2,249	0.0	457.4	37.5		48	2.1	0	
0.15 to <0.25	140	1,417	1,557	49.4	840	0.2	203.4	41.8		56	6.7	1	
0.25 to <0.50	175	629	804	50.9	495	0.4	97.4	45.5		65	13.1	1	
0.50 to <0.75	151	352	503	49.7	326	0.6	69.7	46.8		70	21.5	1	
0.75 to <2.50	836	750	1,586	56.0	1,279	1.3	700.5	49.3		470	36.7	8	
2.50 to <10.00	382	236	618	21.0	391	4.2	85.0	49.8		358	91.7	8	
10.00 to <100.00	69	10	79	56.0	74	19.3	16.0	56.3		183	246.9	8	
100.00 (default)[3]	52	0	52	0.0	31	100.0	26.5			33	106.0	21	
Subtotal	2,069	7,133	9,202	51.2	5,685	1.5	1,655.9	43.1		1,284	22.6	48	34
Retail: qualifying revolving retail exposures (QRRE) as of 31.12.22													
0.00 to <0.15	245	3,628	3,873	53.0	2,169	0.0	457.1	37.4		46	2.1	0	
0.15 to <0.25	131	1,368	1,499	49.3	805	0.2	201.6	41.9		55	6.8	1	
0.25 to <0.50	163	595	758	51.1	467	0.4	95.6	45.6		62	13.3	1	
0.50 to <0.75	144	342	486	49.9	315	0.6	70.2	46.8		69	21.8	1	
0.75 to <2.50	362	706	1,069	58.0	720	1.4	143.7	49.1		295	41.0	5	
2.50 to <10.00	297	258	555	18.3	291	4.6	81.7	52.0		312	107.3	7	
10.00 to <100.00	61	10	70	56.0	66	19.3	14.7	56.2		164	249.0	7	
100.00 (default)	47	0	47	0.0	28	100.0	25.9			30	106.0	19	
Subtotal	1,450	6,907	8,357	51.2	4,861	1.4	1,090.5	42.4		1,033	21.3	40	32

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

USD m, except where indicated	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Total exposures pre-CCF	Average CCF in %	EAD post-CCF and post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[4]	Average maturity in years[4]	RWA	RWA density in %	EL	Provisions[2]
Retail: other retail as of 31.12.23													
0.00 to <0.15	134,559	428,417	562,976	15.5	200,541	0.0	503.5	34.9		10,876	5.4	28	
0.15 to <0.25	7,335	11,897	19,233	18.1	9,481	0.2	30.7	34.5		1,456	15.4	6	
0.25 to <0.50	7,531	13,790	21,322	19.0	10,146	0.4	30.8	27.4		2,058	20.3	10	
0.50 to <0.75	5,241	12,075	17,317	19.8	8,106	0.6	39.9	28.1		2,309	28.5	14	
0.75 to <2.50	6,593	8,245	14,838	21.4	8,362	1.2	88.5	42.2		4,711	56.3	44	
2.50 to <10.00	2,680	1,213	3,893	18.5	2,757	4.3	39.2	55.6		2,601	94.3	66	
10.00 to <100.00	497	109	607	16.8	514	23.7	16.9	52.9		683	133.1	65	
100.00 (default)[3]	542	44	586	65.0	497	100.0	5.6			527	106.0	48	
Subtotal	164,981	475,791	640,772	15.9	240,403	0.4	755.1	34.8		25,220	10.5	281	32
Retail: other retail as of 30.6.23													
0.00 to <0.15	142,154	417,291	559,447	15.4	206,676	0.0	512.1	35.5		11,234	5.4	29	
0.15 to <0.25	7,399	11,685	19,084	17.8	9,510	0.2	13.0	33.6		1,430	15.0	5	
0.25 to <0.50	7,833	13,741	21,574	18.2	10,339	0.4	15.7	28.5		2,198	21.3	11	
0.50 to <0.75	6,201	12,199	18,401	20.1	8,658	0.6	16.3	26.3		2,390	27.6	14	
0.75 to <2.50	7,477	10,958	18,435	21.6	9,852	1.4	113.1	37.7		5,087	51.6	50	
2.50 to <10.00	3,780	1,038	4,819	24.4	4,035	5.1	90.6	47.0		3,218	79.8	96	
10.00 to <100.00	120	76	196	25.1	139	17.6	1.0	30.9		117	84.0	8	
100.00 (default)[3]	299	8	306	6.9	299	100.0	5.3			317	106.0	15	
Subtotal	175,263	466,997	642,260	15.8	249,508	0.3	767.1	35.1		25,993	10.4	230	34
Retail: other retail as of 31.12.22													
0.00 to <0.15	112,246	293,242	405,488	18.2	165,459	0.0	476.9	29.2		8,095	4.9	20	
0.15 to <0.25	4,477	8,336	12,814	20.9	6,215	0.2	11.4	27.7		808	13.0	3	
0.25 to <0.50	7,096	11,982	19,078	19.1	9,379	0.4	14.4	28.1		1,982	21.1	9	
0.50 to <0.75	6,982	13,524	20,506	20.5	9,752	0.6	18.8	23.8		2,424	24.9	15	
0.75 to <2.50	6,607	8,983	15,590	22.3	8,608	1.1	34.4	39.7		4,692	54.5	37	
2.50 to <10.00	1,029	891	1,920	17.0	1,179	4.5	3.2	63.4		1,413	119.9	38	
10.00 to <100.00	62	43	105	28.4	74	19.9	1.0	27.5		59	79.2	4	
100.00 (default)	92	1	93	71.0	82	100.0	<0.1			87	106.0	10	
Subtotal	138,592	337,003	475,595	18.5	200,748	0.2	560.2	29.5		19,561	9.7	137	27
Total 31.12.23	906,357	671,503	1,577,860	21.2	1,057,823	0.9	2,935.1	29.5	1.5	206,895	19.6	2,400	1,889
Total 30.6.23	893,712	670,695	1,564,408	21.6	1,035,187	0.9	2,861.2	29.9	1.5	212,282	20.5	1,953	1,514
Total 31.12.22	614,082	418,816	1,032,899	23.0	708,165	0.6	1,930.9	30.0	1.3	120,958	17.1	1,345	957

1 Numbers of obligors represent an aggregation of the client relationships in the UBS Group excluding Credit Suisse along with the client relationships in Credit Suisse. RWA calculations are based on the applicable rules and models approved by FINMA for the respective legal entities. Refer to the "Introduction and basis for preparation" section of this report for more information about the approach applied for regulatory calculations and disclosures. 2 In line with BCBS Pillar 3 disclosure requirements, provisions are only provided for the sub-totals by asset class. Provisions reflect IFRS Accounting Standards Expected Credit Losses (ECL) accounting provisions for credit losses on A-IRB exposures. 3 Includes defaulted purchased credit-impaired (PCI) positions. 4 Defaulted exposures disclosed in the table are excluded from average loss given default (LGD) and average maturity information as not relevant for risk weighting. Prior periods have been adjusted accordingly. Further, Retail asset classes are excluded from the average maturity, as maturity is not relevant for risk weighting. 5 From October 2023 onward, QRRE include unutilized limits for clients of Swisscard AECS GmbH.

Credit derivatives used as CRM techniques

Semi-annual | Where credit derivatives are used as credit risk mitigation, the PD of the obligor is in general substituted with the PD of the hedge provider. In addition, default correlation between the obligor and the hedge provider is taken into account through the double default approach. The impact of credit derivatives used as CRM techniques on advanced internal ratings-based (A-IRB) credit risk has been immaterial for past reporting periods and continued to be immaterial for this reporting period. Therefore, we have discontinued the disclosure of the "CR7: IRB – effect on RWA of credit derivatives used as CRM techniques" table, in line with FINMA Circular 2016/1, General principles of disclosure. ▲

› **Refer to the "CCR6: Credit derivatives exposures" table in the "Counterparty credit risk" section of this report for notional and fair value information about credit derivatives used as CRM**

The table below provides definitions applied in the CR8 table below.

Definitions of credit risk and counterparty credit risk RWA movement table components for CR8 and CCR7

The references in the table below refer to the line numbers provided in the CR8 and CCR7 movement tables below.

Reference	Description	Definition
2	**Asset size**	Movements arising in the ordinary course of business, such as new transactions, sales and write-offs.
3	**Asset quality / Credit quality of counterparties**	Movements resulting from changes in the underlying credit quality of counterparties. These are caused by changes to risk parameters, e.g., counterparty ratings, LGD estimates or credit hedges.
4	**Model updates**	Movements arising from the implementation of new models and from parameter changes to existing models. The RWA effect of model updates is estimated based on the portfolio at the time of the implementation of the change.
5	**Methodology and policy**	Movements due to methodological changes in calculations driven by regulatory policy changes, including revisions to existing regulations, new regulations and add-ons mandated by the regulator. The effect of methodology and policy changes on RWA is estimated based on the portfolio at the time of the implementation of the change.
6	**Acquisitions and disposals**	Movements as a result of disposal or acquisition of business operations, quantified based on the credit risk exposures as of the end of the quarter preceding a disposal or following an acquisition. Purchases and sales of exposures in the ordinary course of business are reflected under *Asset size*.
7	**Foreign exchange movements**	Movements as a result of exchange rate changes of transaction currencies against the US dollar.
8	**Other**	Movements due to changes that cannot be attributed to any other category.

RWA flow statements of credit risk exposures under the A-IRB approach

Quarterly | Credit risk RWA under the A-IRB approach increased by USD 0.2bn to USD 210.0bn during the fourth quarter of 2023. This balance includes credit risk under the A-IRB approach, as well as credit risk under the supervisory slotting approach.

Currency effects, driven by the weakening of the US dollar against other major currencies, resulted in an RWA increase of USD 11.0bn.

Movements in asset quality, including changes in risk density across the overall portfolio, decreased RWA by USD 9.7bn, mainly due to an improvement across the lending portfolios in the Global Wealth Management and Personal & Corporate Banking, driven by the active reduction of higher risk density exposures, as well as due to actions to actively unwind the Non-core and Legacy portfolio.

Movements in asset size increased RWA by USD 0.3bn, mainly due to an increase in mortgage loans, primarily in Global Wealth Management, as well as higher balances with central banks. This was partly offset by a reduction in loans and loan commitments to corporates in Non-core and Legacy.

Model updates decreased RWA by USD 1.4bn, primarily driven by RWA decreases of USD 1.7bn related to the recalibration of certain multipliers as a result of improvements to models.

CR8: RWA flow statements of credit risk exposures under IRB

	USD m	For the quarter ended 31.12.23	For the quarter ended 30.9.23	For the quarter ended 30.6.23	For the quarter ended 31.3.23
1	RWA as of the beginning of the quarter	209,775	215,714	121,417	120,958
2	Asset size	262	(3,229)	2,042	(4,920)
3	Asset quality	(9,651)	489	(2,320)	3,339
4	Model updates	(1,369)	974	933	1,346
5	Methodology and policy				
5a	*of which: regulatory add-ons*				
6	Acquisitions and disposals			92,486	
6a	*of which: acquisition of the Credit Suisse Group*			*92,486*	
6b	*of which: other*				
7	Foreign exchange movements	10,981	(3,640)	1,156	694
8	Other		(532)		
9	RWA as of the end of the quarter	209,998	209,775	215,714	121,417

Backtesting

Annual | The following tables provide backtesting data to validate the reliability of PD calculations for all Pillar 1 PD models that are approved by FINMA for UBS Group. Separate tables are provided for UBS Group excluding Credit Suisse and for Credit Suisse. Refer to the "Key features of our main credit risk models" table under "Credit risk models" in the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information. The estimated PDs are forward-looking average PDs at the beginning of the respective twelve-month period. These are compared with the simple average of historical default rates. More information about backtesting of credit models is provided under "Backtesting" in the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

CR9: IRB – Backtesting of probability of default (PD) per portfolio

	UBS Group excluding Credit Suisse[1]									
	External rating equivalent	External rating equivalent	External rating equivalent	Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors (in thousands)		Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
PD range	Moody's	S&P	Fitch			End of the previous year	End of the year			
Central governments and central banks as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	< 0.1	< 0.1	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	< 0.1	< 0.1	0	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.3	0.4	< 0.1	< 0.1	0	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.5	0.7	< 0.1	< 0.1	0	*0*	0.0
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.5	1.4	< 0.1	< 0.1	0	*0*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	5.7	3.7	< 0.1	< 0.1	0	*0*	0.0
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	16.2	13.0	< 0.1	< 0.1	0	*0*	0.0
Subtotal				0.0	1.3	0.1	0.1	0	*0*	0.0
Central governments and central banks as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	< 0.1	< 0.1	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	< 0.1	< 0.1	0	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.3	0.3	< 0.1	< 0.1	0	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.7	< 0.1	< 0.1	0	*0*	0.0
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.5	1.3	< 0.1	< 0.1	0	*0*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	5.2	3.8	< 0.1	< 0.1	0	*0*	0.0
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	12.9	13.0	< 0.1	< 0.1	0	*0*	0.0
Subtotal				0.0	1.2	< 0.1	0.1	0	*0*	0.0

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	UBS Group excluding Credit Suisse[1]									
PD range	External rating equivalent Moody's	External rating equivalent S&P	External rating equivalent Fitch	Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors (in thousands) End of the previous year	Number of obligors (in thousands) End of the year	Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
Banks and securities dealers as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.0	0.5	0.5	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.3	0.2	1	*1*	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	0.2	0.2	0	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	< 0.1	0.1	0	*0*	0.1
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.8	1.4	0.1	0.1	0	*0*	0.1
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.5	3.3	0.2	0.1	0	*0*	0.2
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	13.7	16.2	< 0.1	< 0.1	0	*0*	0.8
Subtotal				0.6	0.7	1.5	1.2	1	*1*	0.1
Banks and securities dealers as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.0	0.5	0.5	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.3	0.3	0	*0*	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	0.2	0.2	0	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	< 0.1	< 0.1	0	*0*	0.1
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.7	1.3	0.2	0.1	0	*0*	0.1
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.1	3.2	0.2	0.2	0	*0*	0.2
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	11.9	16.0	< 0.1	< 0.1	0	*0*	0.9
Subtotal				0.5	0.6	1.4	1.5	0	*0*	0.1

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	UBS Group excluding Credit Suisse[1]									
	External rating equivalent	External rating equivalent	External rating equivalent	Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors (in thousands)				
PD range	Moody's	S&P	Fitch			End of the previous year	End of the year	Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
Public-sector entities, multi-lateral development banks as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	0.2	0.2	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.2	0.2	0	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.3	0.3	0.2	0.2	0	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	< 0.1	< 0.1	0	*0*	0.4
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.4	1.4	< 0.1	< 0.1	0	*0*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–			0.0	0.0	0	*0*	0.0
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C			0.0	0.0	0	*0*	6.3
Subtotal				0.2	0.2	0.6	0.6	0	*0*	0.0
Public-sector entities, multi-lateral development banks as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	0.2	0.2	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.1	0.2	0	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.3	0.2	0.2	0	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	< 0.1	< 0.1	0	*0*	0.5
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	0.9	1.4	< 0.1	< 0.1	0	*0*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	3.0	2.7	< 0.1	0.0	0	*0*	0.0
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C			0.0	0.0	0	*0*	6.7
Subtotal				0.5	0.2	0.6	0.6	0	*0*	0.0

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	UBS Group excluding Credit Suisse[1]									
	External rating equivalent	External rating equivalent	External rating equivalent			Number of obligors (in thousands)				
PD range	Moody's	S&P	Fitch	Weighted average PD in %	Arithmetic average PD by obligors in %	End of the previous year	End of the year	Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
Corporates: specialized lending as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	0.5	0.5	0	*0*	0.1
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.3	0.3	0	*0*	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	0.6	0.6	1	*0*	0.1
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	0.5	0.5	0	*0*	0.1
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.3	1.4	1.3	1.3	3	*0*	0.4
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	3.3	3.3	0.3	0.3	4	*0*	1.2
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	11.0	11.0	< 0.1	< 0.1	1	*0*	5.9
Subtotal				1.0	1.0	3.5	3.5	9	*0*	0.3
Corporates: specialized lending as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	0.5	0.5	0	*0*	0.1
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.3	0.3	0	*0*	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	0.6	0.6	0	*0*	0.1
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	0.5	0.5	0	*0*	0.2
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.3	1.4	1.3	1.3	1	*0*	0.4
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	3.3	3.4	0.4	0.3	3	*0*	1.2
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	11.0	11.0	< 0.1	< 0.1	0	*0*	4.9
Subtotal				1.2	1.1	3.6	3.5	4	*0*	0.3

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	UBS Group excluding Credit Suisse[1]									
	External rating equivalent	External rating equivalent	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors (in thousands)				
PD range	Moody's	S&P	Fitch	in %	in %	End of the previous year	End of the year	Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
Corporates: other lending as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	6.9	6.7	7	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	2.3	2.1	2	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	3.0	2.8	5	*1*	0.2
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	2.9	2.8	4	*0*	0.3
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.4	1.5	10.5	9.2	41	*0*	0.7
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.4	3.9	5.0	4.5	207	*37*	2.3
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	15.0	17.3	0.2	0.2	31	*9*	12.3
Subtotal				2.6	1.4	30.8	28.3	297	*47*	0.3
Corporates: other lending as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	7.0	6.9	19	*2*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	2.3	2.3	9	*1*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	3.0	3.0	8	*1*	0.2
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	2.8	2.9	8	*1*	0.3
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.5	1.5	10.8	10.5	116	*48*	0.7
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.3	4.1	5.5	5.0	150	*17*	2.1
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	13.4	16.8	0.3	0.2	49	*3*	12.3
Subtotal				2.7	1.5	31.6	30.8	359	*73*	0.3

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	UBS Group excluding Credit Suisse[1]									
	External rating equivalent	External rating equivalent	External rating equivalent			Number of obligors (in thousands)				
PD range	Moody's	S&P	Fitch	Weighted average PD in %	Arithmetic average PD by obligors in %	End of the previous year	End of the year	Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
Retail: residential mortgages as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	139.0	138.5	83	*1*	0.1
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	22.9	22.5	33	*1*	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	29.3	28.8	30	*0*	0.1
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	14.6	14.5	121	*83*	0.4
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.3	1.3	26.2	27.7	65	*3*	0.4
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.4	4.2	8.4	9.6	107	*9*	1.2
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	15.1	15.5	0.9	1.1	44	*4*	3.5
Subtotal				0.9	0.5	241.4	242.5	483	*101*	0.2
Retail: residential mortgages as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	138.0	139.0	81	*7*	0.1
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	22.5	22.9	18	*1*	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	28.9	29.3	30	*5*	0.1
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	14.3	14.6	22	*2*	0.3
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.3	1.3	26.0	26.2	70	*11*	0.4
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.3	4.4	7.9	8.4	80	*19*	1.2
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	15.4	15.7	0.8	0.9	33	*5*	3.5
Subtotal				1.0	0.5	238.2	241.4	334	*50*	0.2

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	UBS Group excluding Credit Suisse[1]									
	External rating equivalent	External rating equivalent	External rating equivalent		Arithmetic average PD	Number of obligors (in thousands)				
PD range	Moody's	S&P	Fitch	Weighted average PD in %	by obligors in %	End of the previous year	End of the year	Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
Retail: qualifying revolving retail exposure as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	457.1	460.7	138	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	201.6	208.1	175	*0*	0.2
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	95.6	94.3	228	*6*	0.3
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	70.2	70.4	270	*8*	0.4
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.4	1.3	143.7	140.8	1,072	*71*	1.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.6	4.1	81.7	84.1	2,377	*96*	3.4
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	19.3	19.4	14.7	16.3	4,377	*1,195*	25.0
Subtotal				1.4	0.9	1,064.6	1,074.7	8,637	*1,376*	0.7
Retail: qualifying revolving retail exposure as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	458.1	457.1	180	*1*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	208.5	201.6	215	*0*	0.2
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.3	97.3	95.6	207	*13*	0.3
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	70.2	70.2	332	*25*	0.4
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.4	1.3	138.9	143.7	1,209	*148*	1.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.2	4.1	77.7	81.7	2,510	*162*	3.5
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	19.1	19.3	13.3	14.7	3,742	*696*	24.9
Subtotal				1.3	0.8	1,064.0	1,064.6	8,395	*1,045*	0.7

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	UBS Group excluding Credit Suisse[1]									
	External rating equivalent	External rating equivalent	External rating equivalent	Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors (in thousands)		Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
PD range	Moody's	S&P	Fitch			End of the previous year	End of the year			
Retail: other retail as of 31.12.23										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	476.9	462.2	34	*3*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	11.4	10.3	2	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	14.4	12.8	6	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	18.8	14.4	10	*0*	0.0
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.1	1.1	34.4	35.6	18	*1*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.5	3.6	3.2	4.8	14	*0*	0.1
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	19.9	20.7	1.0	1.0	24	*3*	0.5
Subtotal				0.2	0.2	560.2	541.1	108	*7*	0.0
Retail: other retail as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	499.1	476.9	89	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	9.3	11.4	5	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.3	10.5	14.4	18	*1*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	11.3	18.8	26	*2*	0.0
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.2	1.1	45.3	34.4	56	*4*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.4	3.6	3.5	3.2	31	*0*	0.1
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	20.7	20.7	1.0	1.0	56	*2*	0.4
Subtotal				0.1	0.2	579.9	560.2	281	*9*	0.0

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	Credit Suisse[2]									
	External rating equivalent	External rating equivalent	External rating equivalent			Number of obligors (in thousands)				
PD range	Moody's	S&P	Fitch	Weighted average PD in %	Arithmetic average PD by obligors in %	End of the previous year	End of the year	Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
Central governments and central banks as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	<0.1	<0.1	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	<0.1	<0.1	0	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	<0.1	<0.1	1	*0*	0.5
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	<0.1	<0.1	0	*0*	0.0
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.1	1.0	<0.1	<0.1	0	*0*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	6.0	6.2	<0.1	<0.1	1	*0*	1.2
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	28.2	28.2	<0.1	<0.1	0	*0*	13.2
Subtotal				0.1	3.2	0.1	0.1	2	*0*	0.6
Banks and securities dealers as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	1.6	1.5	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.1	0.1	0	*0*	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	0.1	0.1	5	*0*	0.5
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	<0.1	<0.1	2	*0*	0.4
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.6	1.5	0.1	0.1	3	*0*	0.3
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.8	5.0	0.2	0.2	2	*0*	0.6
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	18.0	20.4	<0.1	<0.1	0	*0*	2.1
Subtotal				0.3	0.6	2.1	1.9	12	*0*	0.2
Public-sector entities, multi-lateral development banks as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	<0.1	<0.1	0	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	<0.1	<0.1	0	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	<0.1	<0.1	0	*0*	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.7	0.7	<0.1	<0.1	0	*0*	0.1
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.1	1.1	<0.1	0.0	0	*0*	0.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.7	5.5	<0.1	<0.1	0	*0*	0.0
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C			0.0	<0.1	0	*0*	
Subtotal				1.7	0.6	0.1	0.1	0	*0*	0.0

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	Credit Suisse[2]									
	External rating equivalent	External rating equivalent	External rating equivalent	Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors (in thousands)		Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
PD range	Moody's	S&P	Fitch			End of the previous year	End of the year			
Corporates: specialized lending as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	0.8	0.8	0	0	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	0.7	0.7	0	0	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	0.4	0.5	0	0	0.0
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	0.3	0.3	1	0	0.2
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.4	1.3	0.6	0.6	1	0	0.4
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	3.7	3.7	0.1	0.1	1	0	4.3
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	14.7	14.7	<0.1	0.0	0	0	18.2
Subtotal				0.8	0.6	3.0	2.8	3	0	0.4
Corporates: other lending as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	2.7	2.8	0	0	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	1.2	1.3	1	1	0.1
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	1.5	1.5	2	0	0.1
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.7	0.7	0.8	2	0	0.2
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.5	1.4	1.8	1.7	11	0	0.8
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	6.0	5.6	1.6	1.7	33	1	2.0
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	18.0	18.5	0.1	0.1	14	1	13.7
Subtotal				1.6	1.6	9.7	9.8	63	3	0.7
Retail: residential mortgages as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.1	0.1	43.7	44.2	7	0	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	38.1	37.7	6	0	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.3	0.3	51.1	48.2	15	0	0.1
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.6	6.0	5.2	18	0	0.2
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.3	1.3	6.0	5.0	25	0	0.3
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	4.5	4.4	0.7	0.6	19	0	3.8
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	18.2	17.1	<0.1	<0.1	2	0	18.2
Subtotal				0.3	0.3	145.8	140.8	92	0	0.2

CR9: IRB – Backtesting of probability of default (PD) per portfolio (continued)

	Credit Suisse[2]									
	External rating equivalent	External rating equivalent	External rating equivalent	Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors (in thousands)		Defaulted obligors in the year	*of which: new defaulted obligors in the year*	Average historical annual default rate in %
PD range	Moody's	S&P	Fitch			End of the previous year	End of the year			
Retail: qualifying revolving retail exposure as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–			0.0	0.0	0	*0*	
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB			0.0	0.0	0	*0*	
0.25 to <0.50	Baa3	BBB–	BBB–			0.0	0.0	0	*0*	
0.50 to <0.75	Ba1	BB+	BB+			0.0	0.0	0	*0*	
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.3	1.3	745.9	563.3	3,907	*0*	1.0
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–			0.0	0.0	0	*0*	1.1
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C			0.0	0.0	0	*0*	
Subtotal				1.3	1.3	745.9	563.3	3,907	*0*	0.9
Retail: other retail as of 31.12.22										
0.00 to <0.15	Aaa to A3	AAA to A–	AAA to AA–	0.0	0.0	50.5	47.8	13	*0*	0.0
0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	0.2	0.2	3.9	3.9	0	*0*	0.0
0.25 to <0.50	Baa3	BBB–	BBB–	0.4	0.4	3.5	3.4	3	*0*	0.1
0.50 to <0.75	Ba1	BB+	BB+	0.6	0.7	1.3	1.3	0	*0*	0.1
0.75 to <2.50	Ba2 to Ba3	BB to BB–	BB to BB–	1.6	1.8	96.0	95.3	964	*123*	1.1
2.50 to <10.00	B1 to B3	B+ to B–	B+ to B–	5.5	5.5	81.8	86.2	2,755	*289*	3.7
10.00 to <100.00	Caa1 to C	CCC to C	CCC to C	17.9	19.2	0.2	0.3	0	*0*	0.1
Subtotal				0.4	2.7	237.3	238.3	3,735	*412*	2.2

1 The estimated PDs are forward-looking average PDs at the beginning of the twelve-month period, which started at the end of December 2022 (2021). Averages of historical default rates cover a period starting at the earliest in 2008 and ending at the end of 2023 (2022). Numbers in brackets relate to views labeled "as of 31.12.22". 2 The estimated PDs are forward-looking average PDs at the beginning of the twelve-month period, which started at the end of December 2021. Averages of historical default rates cover a period starting at the earliest in 2001 and ending at the end of 2022. The number "of which: new defaulted obligors in the year" is not available for all portfolios. This mainly affects the asset class "Retail: qualifying revolving retail exposure". For some sub-portfolios prudential asset class information is not captured in the underlying risk data, requiring approximations.

Semi-annual | The table below provides information about specialized lending exposures, subject to the supervisory slotting approach. Exposures related to specialized lending for the UBS Group excluding Credit Suisse are included in the "CR6: IRB – Credit risk exposures by portfolio and PD range" table in this section.

CR10: Specialized lending

USD m, except where indicated		On-balance sheet amount	Off-balance sheet amount	Risk weight in %	Exposure amount[1]	RWA	EL
31.12.23							
Other than high-volatility commercial real estate							
Regulatory categories and remaining maturity							
Strong	Less than 2.5 years	292	139	50	368	195	
	Equal to or more than 2.5 years	152	248	70	288	214	1
Good	Less than 2.5 years	1,703	190	70	1,807	1,341	7
	Equal to or more than 2.5 years	349	104	90	396	378	3
Satisfactory		405	34	115[2]	423	516	12
Weak		139	62	250	173	459	14
Default		32			32		16
Total		3,073	776		3,488	3,103	53
High-volatility commercial real estate							
Regulatory categories and remaining maturity							
Default							
Total							
30.6.23							
Other than high-volatility commercial real estate							
Regulatory categories and remaining maturity							
Strong	Less than 2.5 years	719	63	50	749	397	0
	Equal to or more than 2.5 years	298	555	70	574	426	2
Good	Less than 2.5 years	1,296	214	70	1,387	1,029	6
	Equal to or more than 2.5 years	591	136	90	640	610	5
Satisfactory		731	139	115[2]	753	918	21
Weak		7	27	250	20	52	2
Default		165	0		165	0	83
Total		3,806	1,134		4,287	3,432	118
High-volatility commercial real estate							
Regulatory categories and remaining maturity							
Default			2		1		1
Total			2		1		1

1 Exposure amounts in connection with income-producing real estate. 2 For a portion of the exposure, a risk weight of 120% is applied.

Equity exposures

Semi-annual | The table below provides information about our equity exposures under the simple risk-weight method. Compared with 30 June 2023, RWA from equity positions under the simple risk-weight approach decreased by USD 2.0bn to USD 5.5bn, primarily due to a reclassification of investments in associates from the simple risk-weight approach to exposures subject to thresholds for deduction as well as reductions in exposures.

CR10: IRB (equities under the simple risk-weight method)

USD m, except where indicated	On-balance sheet amount	Off-balance sheet amount	Risk weight in %[1]	Exposure amount[2]	RWA[1]
31.12.23					
Exchange-traded equity exposures	33		300	33	105
Other equity exposures	1,262		400	1,262	5,350
Total	**1,295**			**1,295**	**5,454**
30.6.23					
Exchange-traded equity exposures	33		300	33	106
Other equity exposures	1,739		400	1,739	7,371
Total	**1,772**			**1,772**	**7,477**
31.12.22					
Exchange-traded equity exposures	10		300	10	33
Other equity exposures	881		400	881	3,735
Total	**891**			**891**	**3,768**

1 RWA are calculated post-application of the A-IRB multiplier of 6%, therefore the respective risk weight is higher than 300% and 400%. 2 The exposure amount for equities in the banking book is based on the net position.

▲

Counterparty credit risk

Introduction

Semi-annual I This section provides information about the exposures subject to the Basel III counterparty credit risk (CCR) framework. CCR arises from over-the-counter (OTC) derivatives and exchange-traded derivatives (ETDs), securities financing transactions (SFTs), and long settlement transactions. We determine the regulatory credit exposure on the majority of our derivatives portfolio by applying the internal model method (EEPE). For the rest of the derivatives portfolio we apply the standardized approach for counterparty credit risk (SA-CCR). For the majority of SFTs we determine the regulatory credit exposure using the value-at-risk (VaR) approach. For the rest of the SFTs portfolio we apply the comprehensive approach for credit risk mitigation (CRM). ▲

Counterparty credit risk management

Annual I The table below presents an overview of Pillar 3 disclosures that are provided separately in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

CCRA: Counterparty credit risk management

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Risk management objectives and policies related to counterparty credit risk	Risk management and control	– Traded products – Credit hedging – Mitigation of settlement risk	116–117 119 119
	Consolidated financial statements	– Note 1a item 2j Hedge accounting – Note 11 Derivative instruments	310–311 334–336
The method used to assign the operating limits defined in terms of internal capacity for counterparty credit exposures and for CCP exposures	Risk management and control	– Risk governance – Portfolio and position limits – Credit risk – Overview of measurement, monitoring and management techniques – Credit hedging – Credit risk models	101–103 109 111 119 119–123
Policies relating to guarantees and other risk mitigants, and counterparty risk assessment	Risk management and control	– Credit risk mitigation	118–119
	Consolidated financial statements	– Note 11 Derivative instruments – Note 22 Offsetting financial assets and financial liabilities	334–336 380–381
Policies with respect to wrong-way risk exposures	Risk management and control	– Exposure at default	121
The effect on the firm of a credit rating downgrade (i.e., amount of collateral that the firm would be required to provide) and the disclosure on rating actions	Capital, liquidity and funding, and balance sheet	– Credit ratings	171–172

▲

Counterparty credit risk exposure

Semi-annual | The CCR1 table below presents the methods used to calculate CCR exposure. Compared with 30 June 2023, derivative exposures subject to the internal model method decreased by USD 7.7bn, mainly driven by a methodology change resulting in the increased use of the standardized approach for counterparty credit risk in the Non-core and Legacy portfolio along with market-driven movements, mainly in the Investment Bank. SFT exposures under the comprehensive approach decreased by USD 4.7bn, primarily due to lower levels of client activity in the Investment Bank, as well as the increased use of the repo VaR model.

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

	USD m, except where indicated	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
	31.12.23						
1	SA-CCR (for derivatives)	6,441	7,475		1.4	19,482	8,525
2	Internal model method (for derivatives)			30,579	1.6[1]	48,891	16,460
3	Simple approach for credit risk mitigation (for SFTs)						
4	Comprehensive approach for credit risk mitigation (for SFTs)					14,148	3,355
5	VaR (for SFTs)					42,916	10,884
6	**Total**					125,437	39,224
	30.6.23						
1	SA-CCR (for derivatives)	4,274	8,250		1.4	17,533	7,495
2	Internal model method (for derivatives)			35,432	1.6[1]	56,609	19,761
3	Simple approach for credit risk mitigation (for SFTs)						
4	Comprehensive approach for credit risk mitigation (for SFTs)					18,859	4,463
5	VaR (for SFTs)					41,840	8,314
6	**Total**					**134,841**	**40,033**
	31.12.22						
1	SA-CCR (for derivatives)	3,843	5,073		1.4	12,483	5,326
2	Internal model method (for derivatives)			27,400	1.6[1]	43,840	16,066
3	Simple approach for credit risk mitigation (for SFTs)						
4	Comprehensive approach for credit risk mitigation (for SFTs)					14,311	3,959
5	VaR (for SFTs)					37,754	9,273
6	**Total**					**108,387**	**34,624**

1 A conservative treatment for the purpose of calculating exposure profiles is applied to material trades with wrong-way risk features, along with alpha factor of 1.0.

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Semi-annual | The CCR2 table below presents the credit valuation adjustment (CVA) capital charge with a breakdown by standardized and advanced approaches. In addition to the default risk capital requirements for CCR on derivatives, we add a CVA capital charge to cover the risk of mark-to-market losses associated with the deterioration of counterparty credit quality. The advanced CVA VaR approach has been used to calculate the CVA capital charge for the majority of derivatives. Where this is not feasible, the standardized CVA approach has been used.

Compared with 30 June 2023, CVA risk-weighted assets (RWA) decreased by USD 0.5bn to USD 8.8bn. In the fourth quarter of 2023, USD 4.9bn of exposure at default (EAD) on derivatives subject to the standardized approach for counterparty credit risk and USD 1.3bn of RWA were reclassified from advanced CVA to standardized CVA, better aligning the CVA capital treatment across the Group. The RWA impact will be phased in over the fourth quarter of 2023 and the first quarter of 2024.

CCR2: Credit valuation adjustment (CVA) capital charge

		31.12.23		30.6.23		31.12.22	
	USD m	EAD post-CRM	RWA	EAD post-CRM	RWA	EAD post-CRM	RWA
	Total portfolios subject to the advanced CVA capital charge	49,216	4,904	58,493	6,246	42,687	1,526
1	(i) VaR component (including the 3× multiplier)		630		1,254		208
2	(ii) Stressed VaR component (including the 3× multiplier)		4,274		4,992		1,317
3	All portfolios subject to the standardized CVA capital charge	17,700	3,904	13,694	3,089	12,176	2,784
4	**Total subject to the CVA capital charge**	66,916	8,808	72,187	9,335	54,863	4,310

▲

Semi-annual | We have discontinued the disclosure of the "CCR3: Standardized approach – CCR exposures by regulatory portfolio and risk weights" table, starting with the 31 December 2022 Pillar 3 Report, on the grounds of materiality. The majority of our CCR exposures are subject to advanced internal ratings-based (A-IRB) risk weights or disclosed separately when related to central counterparties. Our CCR exposures subject to standardized risk weights amounted to USD 8.1bn.

› **Refer to the "CCR4: IRB – CCR exposures by portfolio and PD scale" and the "CCR8: Exposures to central counterparties" tables in this section for more information about counterparty credit risk exposures subject to A-IRB risk weights and central counterparties, respectively**

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Semi-annual | The CCR4 table below provides a breakdown of the key parameters used for the calculation of capital requirements under the A-IRB approach across Swiss Financial Market Supervisory Authority (FINMA)-defined asset classes. EAD in this section represents exposure at default post credit risk mitigation.

Compared with 30 June 2023, EAD decreased by USD 7.1bn to USD 117.3bn across the various asset classes, and RWA remained unchanged at USD 36.2bn.

In the Central governments and central banks asset class, EAD increased by USD 3.0bn to USD 12.8bn, mainly as a result of increased exposures in SFTs in Group Items, predominantly reflecting net new excess cash reinvestment trades. RWA slightly decreased to USD 0.7bn.

In the Banks and securities dealers asset class, EAD decreased by USD 0.9bn to USD 31.2bn, and RWA decreased by USD 0.1bn to USD 8.7bn, primarily driven by lower derivative exposures in Group Items.

In the Public-sector entities and multi-lateral development banks asset class, EAD increased by USD 0.4bn to USD 1.0bn, mainly due to an increase in derivative exposures in the Investment Bank. RWA remained unchanged at USD 0.1bn.

In the Corporates: including specialized lending asset class, EAD decreased by USD 8.7bn to USD 64.2bn, primarily due to exposure decreases in SFTs and foreign exchange derivatives in the Investment Bank. RWA increased by USD 0.1bn to USD 25.7bn.

In the Retail: other retail asset class, EAD decreased by USD 0.8bn to USD 8.1bn, and RWA decreased by USD 0.1bn to USD 0.9bn, mainly due to a decrease in derivative exposures in Personal & Corporate Banking.

› **Refer to the "CCR7: RWA flow statements of CCR exposures under internal model method (IMM) and value-at-risk (VaR)" table in this section for more information about RWA, including details of movements in CCR RWA**

CCR4: IRB – CCR exposures by portfolio and PD scale

USD m, except where indicated	EAD post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[2]	Average maturity in years[2]	RWA	RWA density in %
Central governments and central banks as of 31.12.23							
0.00 to <0.15	12,373	0.0	0.1	47.3	0.5	514	4.2
0.15 to <0.25	207	0.2	< 0.1	54.1	0.6	58	27.8
0.25 to <0.50	210	0.4	< 0.1	75.4	1.0	157	74.9
0.50 to <0.75	1	0.7	< 0.1	60.0	2.5	1	113.1
0.75 to <2.50	3	1.6	< 0.1	55.0	1.0	3	115.2
2.50 to <10.00							
10.00 to <100.00							
100.00 (default)							
Subtotal	12,793	0.0	0.2	47.9	0.5	733	5.7
Central governments and central banks as of 30.6.23							
0.00 to <0.15	9,036	0.0	0.2	43.6	0.7	390	4.3
0.15 to <0.25	408	0.2	< 0.1	48.0	0.4	96	23.5
0.25 to <0.50	316	0.3	< 0.1	84.6	1.0	267	84.7
0.50 to <0.75	0	0.7	< 0.1	60.0	2.5	0	113.1
0.75 to <2.50	2	1.6	< 0.1	65.0	1.0	3	136.2
2.50 to <10.00	2	2.6	< 0.1	70.5	1.0	3	179.1
10.00 to <100.00							
100.00 (default)							
Subtotal	9,764	0.0	0.2	45.1	0.7	759	7.8
Central governments and central banks as of 31.12.22							
0.00 to <0.15	13,058	0.0	0.1	46.2	0.6	572	4.4
0.15 to <0.25	248	0.2	< 0.1	52.2	0.4	63	25.4
0.25 to <0.50	482	0.3	< 0.1	93.3	0.6	434	90.0
0.50 to <0.75							
0.75 to <2.50	15	1.1	< 0.1	95.0	0.2	21	142.1
2.50 to <10.00							
10.00 to <100.00							
100.00 (default)							
Subtotal	13,802	0.0	0.1	48.0	0.6	1,089	7.9

CCR4: IRB – CCR exposures by portfolio and PD scale (continued)

USD m, except where indicated	EAD post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[2]	Average maturity in years[2]	RWA	RWA density in %
Banks and securities dealers as of 31.12.23							
0.00 to <0.15	25,342	0.1	0.5	52.5	0.8	5,036	19.9
0.15 to <0.25	2,874	0.2	0.2	49.4	0.8	1,160	40.4
0.25 to <0.50	1,640	0.4	0.1	53.7	1.2	1,067	65.1
0.50 to <0.75	330	0.7	< 0.1	52.8	1.3	287	86.9
0.75 to <2.50	897	1.4	0.1	52.3	0.7	988	110.1
2.50 to <10.00	156	3.1	< 0.1	21.8	1.1	131	84.1
10.00 to <100.00	0	13.0	< 0.1	50.0	0.0	0	250.5
100.00 (default)							
Subtotal	31,239	0.1	1.1	52.0	0.8	8,670	27.8
Banks and securities dealers as of 30.6.23							
0.00 to <0.15	25,860	0.1	0.6	52.4	0.8	5,033	19.5
0.15 to <0.25	3,297	0.2	0.2	49.9	0.9	1,321	40.1
0.25 to <0.50	1,563	0.4	0.1	53.5	1.0	960	61.4
0.50 to <0.75	462	0.6	< 0.1	53.7	1.1	412	89.2
0.75 to <2.50	728	1.3	0.1	55.8	0.7	846	116.3
2.50 to <10.00	271	4.0	< 0.1	15.2	1.6	193	71.3
10.00 to <100.00	1	14.3	< 0.1	50.0	0.5	2	265.1
100.00 (default)							
Subtotal	32,180	0.2	1.2	52.0	0.8	8,767	27.2
Banks and securities dealers as of 31.12.22							
0.00 to <0.15	16,205	0.1	0.3	49.9	0.7	2,960	18.3
0.15 to <0.25	3,876	0.2	0.2	48.4	0.7	1,390	35.9
0.25 to <0.50	1,713	0.4	0.1	53.0	0.6	802	46.8
0.50 to <0.75	431	0.6	< 0.1	56.3	0.7	286	66.3
0.75 to <2.50	553	1.2	< 0.1	59.5	0.7	660	119.4
2.50 to <10.00	95	4.2	< 0.1	85.5	0.3	78	82.5
10.00 to <100.00							
100.00 (default)							
Subtotal	22,872	0.2	0.9	50.4	0.7	6,176	27.0
Public-sector entities and multi-lateral development banks as of 31.12.23							
0.00 to <0.15	930	0.0	< 0.1	51.2	2.2	113	12.1
0.15 to <0.25	109	0.2	< 0.1	40.9	1.2	24	21.5
0.25 to <0.50	2	0.4	< 0.1	97.2	1.3	2	84.6
0.50 to <0.75							
0.75 to <2.50	0	1.0	< 0.1	27.6	1.0	0	47.4
2.50 to <10.00							
10.00 to <100.00							
100.00 (default)							
Subtotal	1,042	0.0	< 0.1	50.2	2.1	138	13.3
Public-sector entities and multi-lateral development banks as of 30.6.23							
0.00 to <0.15	603	0.0	< 0.1	48.5	1.3	69	11.5
0.15 to <0.25	84	0.2	< 0.1	33.0	1.3	15	17.9
0.25 to <0.50	1	0.4	< 0.1	100.0	1.3	1	87.6
0.50 to <0.75	0	0.6	< 0.1	100.0	1.0	0	112.5
0.75 to <2.50	0	1.9	< 0.1	5.0	1.0	0	8.9
2.50 to <10.00							
10.00 to <100.00							
100.00 (default)							
Subtotal	688	0.1	< 0.1	46.6	1.3	85	12.4
Public-sector entities and multi-lateral development banks as of 31.12.22							
0.00 to <0.15	438	0.0	< 0.1	51.5	0.9	45	10.2
0.15 to <0.25	97	0.2	< 0.1	37.6	1.3	20	20.6
0.25 to <0.50	1	0.4	< 0.1	88.3	1.5	1	82.0
0.50 to <0.75	0	0.6	< 0.1	35.0	1.0	0	39.4
0.75 to <2.50	0	1.9	< 0.1	5.0	1.0	0	8.9
2.50 to <10.00							
10.00 to <100.00							
100.00 (default)							
Subtotal	536	0.1	< 0.1	49.1	1.0	66	12.2

CCR4: IRB – CCR exposures by portfolio and PD scale (continued)

USD m, except where indicated	EAD post-CRM	Average PD in %	Number of obligors (in thousands)[1]	Average LGD in %[2]	Average maturity in years[2]	RWA	RWA density in %
Corporates: including specialized lending as of 31.12.23[3]							
0.00 to <0.15	41,868	0.0	12.6	34.8	0.6	4,086	9.8
0.15 to <0.25	6,415	0.2	2.5	49.5	0.7	2,355	36.7
0.25 to <0.50	4,500	0.4	0.8	72.0	0.8	4,537	100.8
0.50 to <0.75	4,875	0.6	0.9	72.2	0.5	7,744	158.8
0.75 to <2.50	3,629	1.3	1.4	46.2	0.6	4,422	121.9
2.50 to <10.00	2,827	4.7	0.4	19.7	0.8	2,515	89.0
10.00 to <100.00	1	18.8	< 0.1	23.1	1.0	1	128.5
100.00 (default)	38	100.0	< 0.1			40	106.0
Subtotal	64,152	0.5	18.5	41.7	0.6	25,699	40.1
Corporates: including specialized lending as of 30.6.23[3]							
0.00 to <0.15	50,828	0.0	13.8	36.0	0.5	6,168	12.1
0.15 to <0.25	8,271	0.2	2.4	47.0	0.7	3,762	45.5
0.25 to <0.50	4,303	0.4	0.8	82.0	0.6	5,283	122.8
0.50 to <0.75	2,290	0.6	0.8	59.5	0.8	3,239	141.5
0.75 to <2.50	4,433	1.3	1.3	32.4	0.5	4,239	95.6
2.50 to <10.00	2,749	4.2	0.3	21.9	0.8	2,825	102.8
10.00 to <100.00	15	16.4	< 0.1	36.9	1.0	28	183.8
100.00 (default)	5	100.0	< 0.1			6	106.0
Subtotal	72,896	0.3	19.5	39.9	0.6	25,550	35.0
Corporates: including specialized lending as of 31.12.22[3]							
0.00 to <0.15	43,162	0.0	11.5	34.3	0.5	5,820	13.5
0.15 to <0.25	7,559	0.2	2.1	53.0	0.6	4,154	54.9
0.25 to <0.50	3,206	0.4	0.6	91.7	0.7	4,828	150.6
0.50 to <0.75	1,857	0.6	0.6	79.0	0.7	3,478	187.3
0.75 to <2.50	4,933	1.2	1.0	35.0	0.4	4,454	90.3
2.50 to <10.00	1,938	3.8	0.1	17.8	1.3	1,675	86.4
10.00 to <100.00							
100.00 (default)	6	100.0	< 0.1			6	106.0
Subtotal	62,660	0.3	15.8	40.4	0.5	24,416	39.0
Retail: other retail as of 31.12.23							
0.00 to <0.15	6,338	0.0	16.4	40.6		349	5.5
0.15 to <0.25	237	0.2	0.5	33.2		34	14.4
0.25 to <0.50	349	0.4	0.5	27.8		68	19.5
0.50 to <0.75	331	0.6	0.3	26.8		92	27.9
0.75 to <2.50	657	1.1	1.2	35.7		295	44.9
2.50 to <10.00	175	3.3	0.2	28.8		82	46.7
10.00 to <100.00	9	20.3	< 0.1	53.3		14	154.8
100.00 (default)	1	100.0	< 0.1			1	106.0
Subtotal	8,096	0.3	19.1	38.6		934	11.5
Retail: other retail as of 30.6.23							
0.00 to <0.15	7,028	0.0	17.9	38.8		377	5.4
0.15 to <0.25	269	0.2	0.4	31.6		40	14.8
0.25 to <0.50	441	0.3	0.4	33.4		111	25.1
0.50 to <0.75	320	0.6	0.3	29.4		104	32.5
0.75 to <2.50	664	1.1	1.2	35.7		332	49.9
2.50 to <10.00	135	3.8	0.1	24.9		63	46.7
10.00 to <100.00	21	20.8	< 0.1	21.7		13	62.1
100.00 (default)							
Subtotal	8,879	0.3	20.4	37.5		1,040	11.7
Retail: other retail as of 31.12.22							
0.00 to <0.15	4,680	0.0	16.0	29.4		214	4.6
0.15 to <0.25	148	0.2	1.0	30.2		21	14.0
0.25 to <0.50	260	0.3	1.2	28.0		58	22.3
0.50 to <0.75	295	0.6	1.9	27.6		89	30.2
0.75 to <2.50	686	1.1	1.3	35.7		315	45.9
2.50 to <10.00	99	3.4	0.2	30.4		57	57.3
10.00 to <100.00	21	15.3	0.1	41.9		37	175.9
100.00 (default)							
Subtotal	6,189	0.3	21.8	30.0		791	12.8
Total 31.12.23	117,322	0.3	39.0	45.0	0.7	36,174	30.8
Total 30.6.23	**124,407**	**0.3**	**41.4**	**43.3**	**0.7**	**36,200**	**29.1**
Total 31.12.22	**106,060**	**0.2**	**38.7**	**43.0**	**0.6**	**32,538**	**30.7**

1 Numbers of obligors represent an aggregation of the client relationships in the UBS Group excluding Credit Suisse along with the client relationships in Credit Suisse. RWA calculations are based on the applicable rules and models approved by FINMA for the respective legal entities. 2 Defaulted exposures disclosed in the table are excluded from average loss given default (LGD) and average maturity information as not relevant for risk weighting. Prior periods have been adjusted accordingly. Further, Retail asset classes are excluded from the average maturity, as they are not subject to maturity treatment. 3 Includes exposures to managed funds.

Semi-annual | The CCR5 table below presents a breakdown of collateral posted or received relating to CCR exposures from derivative transactions and SFTs.

Compared with 30 June 2023, the fair value of collateral received for SFTs increased by USD 4.8bn to USD 700.8bn, mainly related to increases in sovereign and other debt securities, predominantly reflecting net new excess cash reinvestment trades, partly offset by decreases in cash and equity securities, mainly reflecting lower levels of client activity in the Investment Bank. The fair values of collateral received and posted for derivative transactions were broadly in line with the balances as of 30 June 2023.

CCR5: Composition of collateral for CCR exposure[1]

	Collateral used in derivative transactions						Collateral used in SFTs	
	Fair value of collateral received			Fair value of posted collateral			Fair value of collateral received	Fair value of posted collateral
USD m	Segregated	Unsegregated	Total	Segregated	Unsegregated	Total		
31.12.23								
Cash – domestic currency	1,610	30,376	31,987	1,512	20,019	21,531	33,309	85,716
Cash – other currencies	0	25,300	25,300	2,707	25,564	28,270	19,032	72,818
Sovereign debt	14,285	14,837	29,122	16,185	13,898	30,083	307,453	160,086
Other debt securities	2,801	13,554	16,354	1,281	2,412	3,692	75,580	53,096
Equity securities	6,237	11,457	17,695	2,961	9,797	12,758	239,839	182,784
Other collateral[2]	948	5,047	5,995	0	132	132	25,622	10,119
Total	25,882	100,572	126,454	24,646	71,821	96,467	700,835	564,619
30.6.23								
Cash – domestic currency	1,282	31,074	32,356	2,009	21,879	23,888	43,268	99,218
Cash – other currencies	0	27,913	27,913	5,292	26,270	31,563	24,792	55,218
Sovereign debt	11,955	15,273	27,228	12,614	12,845	25,459	286,534	175,448
Other debt securities	2,074	13,492	15,567	2,779	1,274	4,053	69,461	50,695
Equity securities	5,498	12,645	18,143	2,509	9,854	12,363	243,118	174,188
Other collateral[2]	1,115	3,763	4,878	0	32	32	28,895	10,561
Total	**21,924**	**104,160**	**126,084**	**25,203**	**72,155**	**97,358**	**696,068**	**565,328**
31.12.22								
Cash – domestic currency	1,904	28,136	30,040	1,719	11,627	13,346	33,378	56,422
Cash – other currencies	0	20,408	20,408	4,895	16,856	21,750	13,950	32,551
Sovereign debt	9,446	9,500	18,947	5,243	9,294	14,537	219,698	153,964
Other debt securities	1,443	2,866	4,308	235	1,600	1,835	53,981	32,922
Equity securities	3,650	271	3,921	1,659	6,122	7,781	210,316	147,128
Other collateral[2]	653	1	654	0	287	287	28,449	8,502
Total	**17,096**	**61,181**	**78,277**	**13,751**	**45,786**	**59,537**	**559,773**	**431,488**

1 This table includes collateral received and posted with and without the right of rehypothecation, but excludes securities placed with central banks related to undrawn credit lines and for payment, clearing and settlement purposes for which there were no associated liabilities or contingent liabilities. 2 Includes fund investments, asset-backed securities, and mortgage-backed securities.

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Semi-annual | The CCR6 table below presents an overview of credit risk protection bought or sold through credit derivatives.

Compared with 30 June 2023, notionals for credit derivatives decreased by USD 50.5bn to USD 150.8bn for protection bought and by USD 56.7bn to USD 132.8bn for protection sold, primarily driven by single-name credit default swaps and index credit default swaps, mainly reflecting a reduction in hedging requirements due to unwinding of the Credit Suisse business.

CCR6: Credit derivatives exposures

	31.12.23		30.6.23		31.12.22	
USD m	Protection bought	Protection sold	Protection bought	Protection sold	Protection bought	Protection sold
Notionals[1]						
Single-name credit default swaps	60,366	57,615	86,437	86,737	20,257	22,545
Index credit default swaps	86,207	74,168	108,264	100,605	22,824	18,687
Total return swaps	2,609	1,053	3,165	1,597	794	413
Credit options	1,573	0	3,355	558	1,693	0
Total notionals	150,756	132,836	201,221	189,498	45,567	41,645
Fair values						
Positive fair value (asset)	*2,038*	*1,931*	*2,784*	*2,612*	*568*	*482*
Negative fair value (liability)	*3,251*	*1,488*	*3,400*	*2,846*	*577*	*632*

1 Includes notional amounts for client-cleared transactions.

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Counterparty credit risk risk-weighted assets

Quarterly | The CCR7 table below presents a flow statement explaining changes in CCR RWA determined under the internal model method (the IMM) for derivatives and the VaR approach for SFTs.

CCR RWA on derivatives under the IMM decreased by USD 2.0bn to USD 17.3bn during the fourth quarter of 2023. Methodology and policy updates resulted in a decrease of USD 1.4bn, mainly due to a change in the treatment of a derivatives portfolio from the internal model-based approach to the standardized approach. Asset quality movements contributed to an RWA decrease of USD 0.9bn, mainly due to an improvement in the risk density of clients in the Investment Bank. Model updates resulted in a decrease of USD 0.7bn, primarily related to the recalibration of certain multipliers as a result of improvements to models. These decreases were partly offset by increases of USD 0.5bn due to foreign exchange movements and USD 0.4bn from asset size movements.

CCR RWA on SFTs under the VaR approach increased by USD 2.2bn to USD 11.0bn during the fourth quarter of 2023. The RWA increase of USD 2.1bn from asset quality movements was primarily due to an increase in the risk density of clients in the Investment Bank. An update to the VaR model resulted in an increase of USD 1.4bn. These increases were partly offset by a decrease of USD 1.5bn from asset size movements, primarily due to lower client activity levels in the Investment Bank.

› **Refer to "Definitions of credit risk and counterparty credit risk RWA movement table components for CR8 and CCR7" in the "Credit risk" section of this report for definitions of CCR RWA movement table components**

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

		For the quarter ended 31.12.23			For the quarter ended 30.9.23			For the quarter ended 30.6.23			For the quarter ended 31.3.23		
	USD m	Derivatives	SFTs	Total	Derivatives	SFTs	Total	Derivatives	SFTs	Total	Derivatives	SFTs	Total
		Subject to IMM	Subject to VaR		Subject to IMM	Subject to VaR		Subject to IMM	Subject to VaR		Subject to IMM	Subject to VaR	
1	RWA as of the beginning of the quarter	19,274	8,748	28,022	20,329	8,472	28,801	15,921	7,402	23,324	16,438	9,421	25,859
2	Asset size	385	(1,460)	(1,076)	1,914	(180)	1,733	2,856	(746)	2,109	(224)	(1,090)	(1,314)
3	Credit quality of counterparties	(868)	2,086	1,218	(2,007)	386	(1,622)	(1,515)	121	(1,394)	(213)	(1,039)	(1,251)
4	Model updates	(671)	1,431	760	(663)	182	(481)	(1,246)	62	(1,184)	(124)	91	(33)
5	Methodology and policy	(1,371)		(1,371)									
5a	*of which: regulatory add-ons*												
6	Acquisitions and disposals							4,321	1,631	5,952			
6a	*of which: acquisition of the Credit Suisse Group*							*4,321*	*1,631*	*5,952*			
6b	*of which: other*												
7	Foreign exchange movements	525	191	716	(298)	(111)	(409)	(8)	2	(6)	45	19	63
8	Other												
9	**RWA as of the end of the quarter**	**17,273**	**10,996**	**28,270**	**19,274**	**8,748**	**28,022**	**20,329**	**8,472**	**28,801**	**15,921**	**7,402**	**23,324**

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Semi-annual | The CCR8 table below presents a breakdown of exposures to central counterparties and related RWA. Compared with 30 June 2023, exposures to qualifying central counterparties increased by USD 17.2bn to USD 92.8bn, primarily due to market-driven movements on exchange-traded derivatives in the Investment Bank.

CCR8: Exposures to central counterparties

		31.12.23		30.6.23		31.12.22	
USD m		EAD (post-CRM)	RWA	EAD (post-CRM)	RWA	EAD (post-CRM)	RWA
1	**Exposures to QCCPs (total)**[1]	92,813	2,960	75,625	2,375	53,936	1,374
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	56,241	1,016	45,088	828	31,367	554
3	*(i) OTC derivatives*	*6,104*	*117*	*5,796*	*110*	*6,053*	*116*
4	*(ii) Exchange-traded derivatives*	*43,803*	*773*	*30,737*	*546*	*17,442*	*281*
5	*(iii) Securities financing transactions*	*6,335*	*127*	*8,555*	*171*	*7,872*	*157*
6	*(iv) Netting sets where cross-product netting has been approved*						
7	Segregated initial margin						
8	Non-segregated initial margin[2]	32,831	189	26,184	140	20,720	84
9	Pre-funded default fund contributions	3,741	1,754	4,353	1,408	1,849	737
10	Unfunded default fund contributions						
11	**Exposures to non-QCCPs (total)**	479	678	514	714	438	633
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	436	436	472	472	397	397
13	*(i) OTC derivatives*					*0*	*0*
14	*(ii) Exchange-traded derivatives*	*433*	*433*	*459*	*459*	*378*	*378*
15	*(iii) Securities financing transactions*	*2*	*2*	*13*	*13*	*19*	*19*
16	*(iv) Netting sets where cross-product netting has been approved*						
17	Segregated initial margin						
18	Non-segregated initial margin[2]	9	9	10	10	11	11
19	Pre-funded default fund contributions	20	49	18	51	16	49
20	Unfunded default fund contributions[3]	15	184	15	182	14	176

1 Qualifying central counterparties (QCCPs) are entities licensed by regulators to operate as CCPs and meet the requirements outlined in FINMA Circular 2017/7 "Credit risks – banks". 2 Exposures associated with initial margin, where the exposures are measured under the IMM or the VaR approach, have been included within the exposures for trades (refer to line 2 for QCCPs and line 12 for non-QCCPs). The exposures for non-segregated initial margin (refer to line 8 for QCCPs and line 18 for non-QCCPs), i.e., not bankruptcy-remote in accordance with FINMA Circular 2017/7, reflect the replacement costs under SA-CCR multiplied by an alpha factor of 1.4. The RWA reflect the exposure multiplied by the applied risk weight of derivatives. Under SA-CCR, collateral posted to a segregated, bankruptcy-remote account does not increase the value of replacement costs. 3 Excludes unfunded default fund contributions that are not subject to RWA calculations in line with regulatory guidance.

Comparison of A-IRB approach and standardized approach for credit risk

Background

Annual | In accordance with current prudential regulations, the Swiss Financial Market Supervisory Authority (FINMA) has approved our use of the internal model approach (also referred to as the advanced internal ratings-based (A-IRB) approach) for calculating the required capital for the majority of our credit risk and counterparty credit risk exposures, with the standardized approach used for only a relatively small proportion of credit exposures.

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG. Upon legal close, we have applied existing UBS prudent risk management practices and escalation protocols to material risks of Credit Suisse. UBS and Credit Suisse continue to rely on their respective established governance and risk control framework. RWA calculations are based on the applicable rules and models approved by FINMA for the respective legal entities. This section provides an overview of the differences between the approved internal models and the standardized approach.

The principal differences between the internal models and the standardized approach are based on the current standardized approach rules, without consideration of the material revisions announced by the Basel Committee on Banking Supervision (the BCBS) in December 2017 and expected to go live on 1 January 2025.

We believe the A-IRB approach adequately captures economic risks and is paramount for the appropriate representation of the capital requirements related to risk-taking activities. Within a strong risk control framework, in combination with robust stress-testing practices, strict risk limits, as well as leverage and liquidity requirements, the internal model approach promotes a proactive risk culture, setting the right incentives to prudently manage risks.

› **Refer to the "Acquisition and integration of Credit Suisse" and the "Risk management and control" sections of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information.**

Key methodological differences between internal model approach and standardized approach

Methodological differences primarily arise due to the measurement of exposure at default (EAD) and the risk weights applied. In both cases, the treatment of credit risk mitigation, such as collateral, can have a significant effect. In line with the BCBS objectives, the internal model approach aims to balance the maintaining of prudent levels of capital while encouraging, where appropriate, the use of advanced risk management techniques.

EAD measurement

The model-based approaches to derive estimates of EAD for derivatives and securities financing transactions (SFTs) reflect the detailed characteristics of individual transactions. They model the range of possible exposure outcomes across all transactions within the same legally enforceable netting set at various future time points. The modeling assesses the net amount that may be owed to UBS or that UBS may owe to others, taking into account the effect of correlated market moves over the potential time it may take to close out a position. The calculation considers current market conditions and is therefore sensitive to deteriorations in the market environment.

In contrast, EAD for derivatives under the regulatory-prescribed standardized approach for counterparty credit risk (SA-CCR) rules is based on market values at the balance sheet date plus conservative add-ons to account for potential market movements for derivatives. For SFTs, EAD under the standardized approach is based on the market values at balance sheet date less eligible financial collateral, subject to regulatory-prescribed haircuts. The standardized approach gives limited recognition to netting benefits and portfolio effects and is generally less risk-sensitive than the internal model-based approaches.

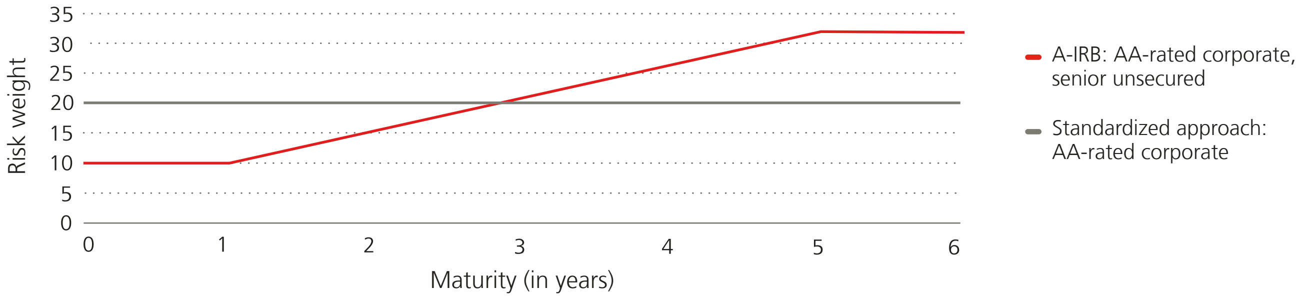
Off-balance sheet items are converted into credit exposure equivalents by use of credit conversion factors (CCFs). CCFs can be modeled or based on standardized approaches; modeled CCFs can be more tailored and differentiated.

Risk weights

Under the internal model approach, the maturity of a transaction, internal estimates of the probability of default (PD) and the loss given default (LGD) are used as inputs to the risk-weight formula for calculating RWA. Under the standardized approach, risk weights are less granular and are driven by ratings provided by external credit assessment institutions (ECAIs).

The following chart shows standardized approach risk weights and model-based (A-IRB) risk weights for loans of varying maturity. The graphs are plotted for an AA-rated corporate senior unsecured loan with an LGD of 45% (consistent with Foundation-IRB, F-IRB). The graphs show that standardized approach risk weights are not sensitive to maturity, whereas A-IRB risk weights are sensitive to maturity. In particular, under A-IRB, lower maturity loans receive lower risk weights, reflecting an increased likelihood of repayment for loans with a shorter maturity.

Risk weight by maturity



The following table provides a summary of the key conceptual differences between the internal model approach and the standardized approach.

Key differences between the standardized approach and the internal model approach

	Standardized approach	Internal model approach	Key impact
EAD for derivatives	SA-CCR is calculated as the replacement costs plus regulatory add-ons that take into account potential future market moves at predetermined fixed rates.	Internal Models Method (IMM) allows Monte-Carlo simulation to estimate exposure.	For large diversified derivatives portfolios, standardized EAD is higher than modeled EAD.
	Differentiates add-ons by five exposure types and three maturity buckets only.	Application of multiplier on IMM exposure estimate.	
	Limited ability to net.	Variability in holding period applied to collateralized transactions, reflecting liquidity risks.	
EAD for SFTs	The comprehensive approach considers the adjusted exposure after applicable supervisory haircuts on both the exposure and the collateral received to take account of possible future fluctuations in the value of either the exposure or the collateral.	The RepoVaR approach is a model based on Monte-Carlo and historical simulation to estimate exposure, computed as quantile exposure.	For large, diversified SFT portfolios, standardized EAD is higher than modeled EAD.
CCF	Credit exposure equivalents are determined by applying credit conversion factors (CCFs) to off-balance sheet items. The CCFs vary based on product type, maturity and the underlying contractual agreements.	A CCF is applied to model expected future drawdowns over the 12-month period, irrespective of the actual maturity of a particular transaction. The credit conversion factor includes downturn adjustments and is the result of analysis of internal data and expert opinion.	Modeled CCFs can be more tailored and differentiated.
Risk weighting	Reliance on ECAIs: where no rating is available, generally a 100% risk weight is applied (e.g., for most small and medium-size enterprises and funds).	Reliance on internal ratings where each counterparty / transaction receives a rating.	Model approach produces lower RWA for high-quality short-term transactions.
	Less granular risk weight differentiation with 4 key weights: 20%, 50%, 100%, 150% (and 0% for AAA sovereigns; 35%, 75% or 100% for mortgages; 75% or 100% for retail).	Granular risk-sensitive risk weights differentiation via individual PDs and LGDs.	Standardized approach produces lower RWA for non-investment grade and long-term transactions.
	No differentiation for transaction features.	LGD captures transaction quality features incl. collateralization.	Impact relevant across all asset classes.
		Application of a 1.06 scaling factor.	
Risk mitigation	Limited recognition of risk mitigation.	Risk mitigation recognized via risk sensitive LGD or EAD.	Standardized approach RWA higher than model approach RWA for most collaterals.
	Restricted list of eligible collateral.	Wider variety of collateral types eligible.	Impact particularly relevant for Lombard lending and SFTs.
	Conservative and crude regulatory haircuts with limited risk-sensitivity.	Repo VaR allows use of VaR models to estimate exposure and collateral for SFTs. Approach permits full diversification and netting across all collateral types.	
Maturity in risk weight	No differentiation for maturity of transactions, except for interbank exposures.	Regulatory RWA function considers maturity: the longer the maturity, the higher the risk weight (see chart “Risk weight by maturity”).	Model approach produces lower RWA for high-quality short-term transactions.

Comparison of the internal model approach EAD and leverage ratio denominator by asset class

The following table shows the internal model-based EAD, along with the average risk weight, compared with an estimate of the exposure measure used in the leverage ratio calculation. The LRD estimates exclude exposures subject to market risk, non-counterparty-related risk and standardized approach credit risk to provide a like-for-like comparison with the internal model-based EAD. As expected, the LRD estimates exceed internal model-based EAD for banks and corporates. The main methodological difference is that LRD estimates do not consider physical or financial collateral, guarantees or other credit risk mitigation techniques to reduce the credit risk. LRD estimates also do not fully reflect netting and portfolio diversification.

Comparison of A-IRB approach EAD and leverage ratio denominator by asset class

31.12.23	A-IRB, credit and counterparty credit risk			LRD
in USD bn, except where indicated	Net EAD	Average RW %	RWA	
Central governments and central banks	294	2	5	320
Multi-lateral development banks	5	1	0	5
Public-sector entities	5	21	1	5
Banks and securities dealers	48	33	16	161
Corporates	260	51	132	339
Retail	568	16	92	494
of which: Residential mortgages	*312*	*21*	*65*	*304*
of which: Lombard lending	*238*	*9*	*22*	*165*
Total	1,179	21	246	1,323

› **Refer to the "Introduction and basis for preparation" section of this report for information about FINMA-defined asset classes**

Comparison of the internal model approach, standardized approach and LRD by asset class

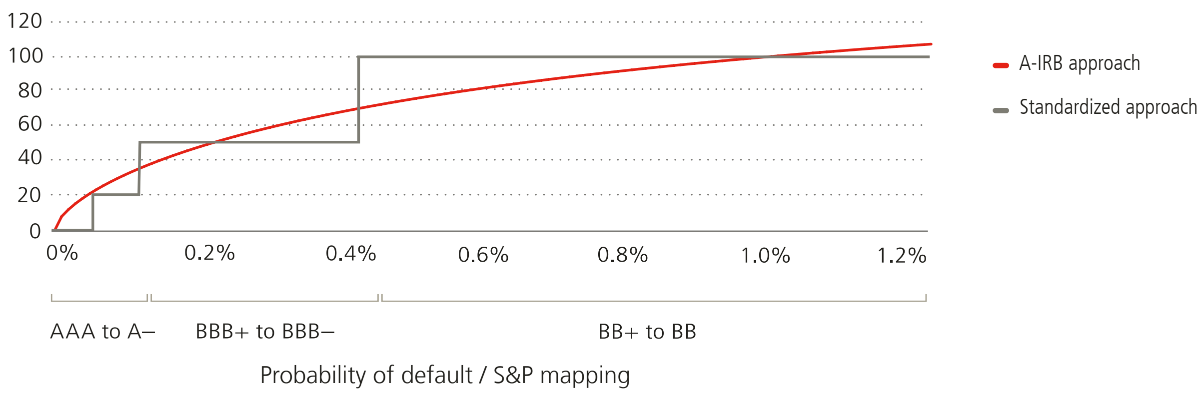
The key differences between the internal model approach, standardized approach and LRD per asset class are discussed below. For the IRB risk weight curve, an exemplary LGD value of 45% and an effective maturity of 2.5 years are applied in the graphs, as these are generic BCBS F-IRB parameters.

Central governments and central banks, Public-sector entities, and Multi-lateral development banks

The regulatory net EAD for central governments and central banks, public-sector entities, and multi-lateral development banks as of 31 December 2023 was USD 304bn under the A-IRB approach. Since the vast majority of our exposure is driven by exposures to banking products, the LRD is broadly in line with the A-IRB net EAD and we would expect a similar amount under the standardized approach.

The following graph shows the risk weights assigned to counterparties under the A-IRB approach and the standardized approach. The graph shows that counterparties in the AAA to A– range (based on external ratings) would attract lower risk weights (0% and 20%) under the standardized approach than under the A-IRB approach. This is applicable to the majority of the Group's exposures.

Comparison of risk weights – Central governments



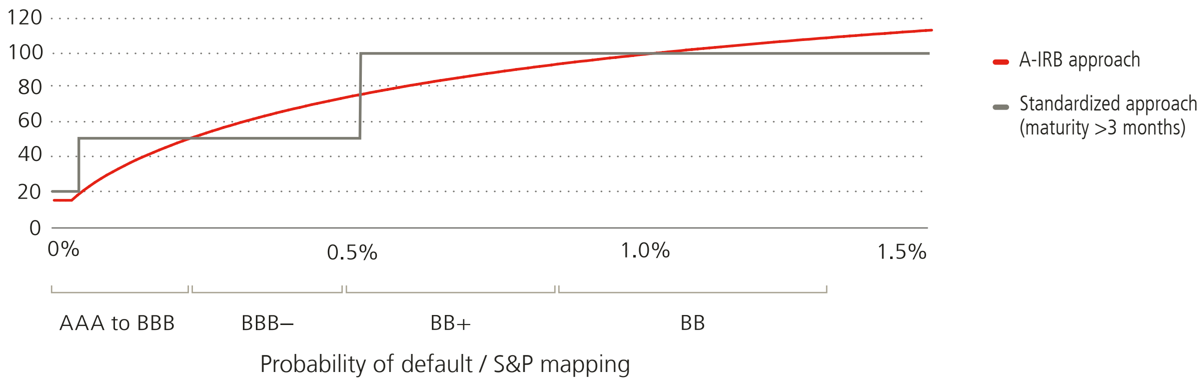
Furthermore, the Group's exposure weighted-average maturity of its central governments portfolio under the A-IRB approach is lower than the F-IRB value of 2.5 years applied in the graph, resulting in a lower actual model-based risk weight curve. In addition, the mapping of the external rating ranges (S&P) to the internal PD ranges as shown in the graph is consistent with the Group's PD masterscale.

Banks and securities dealers

The "Comparison of A-IRB approach EAD and leverage ratio denominator by asset class" table above shows that the EAD for banks and securities dealers under the internal model approach as of 31 December 2023 was USD 48bn. The exposures calculated under the leverage ratio are significantly higher than the EAD computed using internal models. This is because CRM, netting and portfolio diversification are not reflected in the leverage ratio exposure calculation. The EAD for banks and securities dealers calculated under the standardized approach is significantly higher than the model-based exposures, primarily driven by the EAD on derivatives and SFTs. This is because the standardized approach does not fully recognize the benefits of netting, portfolio diversification and collateral.

In addition to the effects of the exposure calculation, credit risk RWA under the standardized approach are higher, due to the higher applicable risk weights. The exposure weighted-average risk weight under the internal model approach is 33%. The following graph shows the risk weights assigned to counterparties under the A-IRB approach and the standardized approach. The graph shows that counterparties in the AAA to BBB+ range (based on external ratings) attract higher risk weights (20% and 50%) under the standardized approach than under the A-IRB approach. Approximately three-quarters of the Group's exposures fall in this range (based on internal ratings), leading to higher RWA under the standardized approach for these counterparties.

Comparison of risk weights – Banks and securities dealers

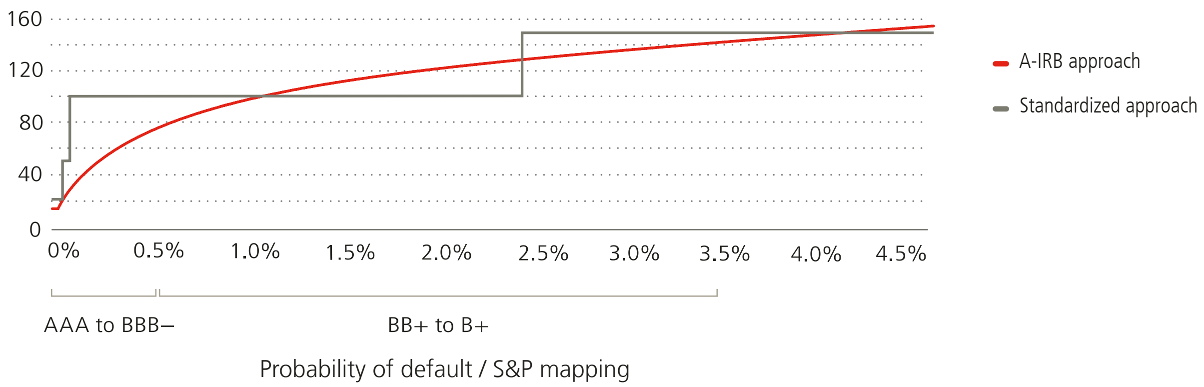


Corporates

The "Comparison of A-IRB approach EAD and leverage ratio denominator by asset class" table above shows that the EAD for corporates computed under the internal model approach as of 31 December 2023 was USD 260bn. The exposure calculated under the leverage ratio is higher than the EAD computed using internal models. This is because credit risk mitigation, netting and portfolio diversification are not reflected in the leverage ratio exposure calculation.
The EAD for corporates under the standardized approach is significantly higher than the model-based exposures, primarily due to derivatives and SFTs. For these products, exposures calculated under the standardized approach are higher, because the standardized approach does not fully recognize the benefits of netting, portfolio diversification and collateral.

In addition to the effects of the exposure calculation, credit risk RWA under the standardized approach are higher due to the higher applicable risk weights. The exposure weighted-average risk weight under the internal model approach is 51%. The following graph shows the risk weights assigned to counterparties under the A-IRB approach and the standardized approach. For counterparties in the AAA to BB+ range (based on external ratings), higher risk weights (20%, 50% and 100%) are assigned under the standardized approach than under the A-IRB approach. For the corporate asset class, approximately three-quarters of the Group's exposures are in this range (based on internal ratings), leading to higher RWA under the standardized approach.

Comparison of risk weights – Corporates



Retail

The retail portfolio consists of residential mortgage loans, Lombard lending and other retail exposures, and further analysis of the key portfolios is provided below. The EAD of the retail asset class under the internal model approach as of 31 December 2023 was USD 568bn, which is comparable with the EAD calculated under the LRD and the standardized approach. This is because the majority of retail exposure is on-balance sheet exposure. The exposure weighted-average risk weight for the retail asset class is 16% using the internal model approach. This is lower than the risk weights assigned to counterparties under the standardized approach. The maturity of the loan has no impact on the modeled risk weights in the retail asset class.

Residential mortgages
Under the standardized approach, fixed risk weights are applied to residential mortgage exposures, depending on the LTV, i.e., a risk weight of 100% for LTV > 80%, a risk weight of 75% for 80% > LTV > 67%, and a risk weight of 35% for LTV < 67%. The internal model-based approach considers borrowers' ability to service debt more accurately, including mortgage affordability and calibration based on historic data. The Group's residential mortgage portfolio is focused on the Swiss market and the Group has robust review processes concerning borrowers' ability to repay. This results in the Group's residential mortgage portfolio having a low average LTV and results in an average risk weight of 21% under the A-IRB approach.

Lombard
For Lombard lending, the average risk weight using internal models is 9%. The risk weight under the standardized approach would be higher for these exposures primarily due to the differences in the treatment of collateral.

Conclusion

Credit risk RWA computed under the internal model approach provides a more risk-sensitive picture of the credit risk capital requirements and is more reflective of the economic risk of the Group. The use of models produces a strong link between capital requirements and business drivers and promotes a proactive risk culture and strong capital requirements awareness within the firm. A rigorous monitoring and control framework also ensures compliance with internal and regulatory standards. ▲

Securitizations

SECA: Introduction

Annual | This section provides details of traditional and synthetic securitization exposures in the banking and trading book based on the Basel III securitization framework.

In a traditional securitization a pool of loans (or other debt obligations) is typically transferred to structured entities that have been established to own the pool and to issue tranched securities to third-party investors referencing this pool of loans. In a synthetic securitization legal ownership of securitized pools of assets is typically retained, but associated credit risk is transferred to structured entities, typically through guarantees, credit derivatives or credit-linked notes. In both traditional and synthetic securitizations risk is dependent on the seniority of the retained interest and the performance of the underlying asset pool.

SECA: Objectives, roles and involvement

Securitization in the banking book
UBS is active in various roles in relation to securitization activity, including originator, investor and sponsor, mainly via our Non-core and Legacy and Investment Banking business divisions. We plan to exit the exposures in Non-core and Legacy in near-to-mid term. Securitization exposures in the banking book are aimed at releasing capital and reducing or limiting risk by securitizing the underlying assets.

As originator, we create or purchase financial assets (e.g., commercial mortgages or corporate loans), and then securitize them in a traditional or synthetic transaction that achieves significant risk transfer to third party investors. As an investor, we have both securitization and re-securitization transactions in the banking book referencing different types of underlying assets, predominantly real estate loans (commercial and residential).

Securitization in the trading book
Securitizations held in the trading book are part of trading activities, including market-making and client facilitation. These holdings may also result from the retention of certain securitization positions held as an investor, including from securitizations we may have originated or sponsored. In the trading book, securitization and re-securitization positions are measured at fair value, reflecting market prices where available, or based on our internal pricing models.

Type of structured entities and affiliated entities involved in securitization transactions
For securitization transactions, the type of structured entities or special purpose vehicles employed is selected as appropriate based on the type of transaction undertaken. Examples include limited liability companies, common law trusts and depositor entities.

› **Refer to "Note 29 Interests in subsidiaries and other entities" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for further information about interests in structured entities.**

Managing and monitoring of the credit and market risk of securitization positions

Banking book securitization portfolio is subject to risk monitoring, which may include interest rate and credit spread sensitivity analysis, as well as inclusion in firm-wide stress test metrics.

Trading book securitization positions are subject to multiple risk limits, such as management value-at-risk (VaR) and stress limits, as well as market value limits. However, regulatory VaR excludes credit spread risks from the securitization portfolio, which are treated instead under the securitization approach for regulatory purposes.

› **Refer to the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information about management and monitoring of credit and market risk**

Accounting policies

Refer to "Consolidation and related policies" in "Note 1 Summary of material accounting policies" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for information about accounting policies that relate to securitization activities.

Regulatory capital treatment of securitization structures

For banking book securitizations, the regulatory capital requirements are calculated using the following hierarchy of approaches: the securitization internal ratings-based approach, the securitization external ratings-based approach or the securitization standardized approach. Otherwise, a 1,250% risk weight is applied as a fallback. External ratings used in regulatory capital calculations for securitization risk exposures in the banking book are obtained from Fitch, Moody's, S&P or DBRS.

For trading book securitizations, the regulatory capital requirements are calculated using a ratings-based approach, the supervisory formula approach or the weighted-average risk-weight approach. ▲

Securitization exposures in the banking and trading books

Semi-annual | The SEC1 and SEC2 tables show the balance sheet carrying values of securitization exposures in the banking and trading books as of 31 December 2023 and 30 June 2023, respectively. The securitization activity is further broken down by role (originator, sponsor or investor) and by securitization type (traditional or synthetic). For synthetic securitization transactions, the amounts disclosed reflect the securitization exposure retained by us. The SEC3 and SEC4 tables provide the regulatory capital requirements associated with the banking book securitization exposures differentiated by our role in the securitization.

Development of securitization exposures in the second half of 2023

Compared with 30 June 2023, securitization exposures in the banking book decreased by USD 7.3bn to USD 56.7bn, mainly driven by an accelerated roll-off arising from our actions to actively unwind the portfolio, in addition to natural roll-off, in Non-core and Legacy.

Compared with 30 June 2023, securitization exposures in the trading book decreased by USD 0.4bn to USD 0.2bn, with a corresponding RWA decrease of USD 0.6bn, mainly in Non-core and Legacy, in traditional wholesale exposures where the firm acts as an investor.

SEC1: Securitization exposures in the banking book

		Bank acts as originator			Bank acts as sponsor			Bank acts as investor			Total
USD m		Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	
31.12.23											
Asset classes											
1	Retail (total)	306	549	855	29		29	7,558		7,558	8,442
2	*of which: residential mortgage*		*501*	*501*				*1,887*		*1,887*	*2,388*
3	*of which: credit card receivables*				*29*		*29*	*808*		*808*	*837*
4	*of which: other retail exposures*[1]	*306*	*48*	*354*				*4,863*		*4,863*	*5,217*
5	Wholesale (total)	667	37,215	37,882	361		361	9,837		9,837	48,080
6	*of which: loans to corporates or SME*		*25,492*	*25,492*				*1,736*		*1,736*	*27,228*
7	*of which: commercial mortgage*		*11,565*	*11,565*				*1,056*		*1,056*	*12,621*
8	*of which: lease and receivables*							*2,921*		*2,921*	*2,921*
9	*of which: other wholesale*	*667*	*158*	*825*	*361*		*361*	*4,124*		*4,124*	*5,310*
10	Re-securitization	11		11				146		146	157
11	Total securitization / re-securitization (including retail and wholesale)	984	37,764	38,748	390		390	17,541		17,541	56,679
30.6.23											
Asset classes											
1	Retail (total)	384	498	882	539		539	9,431		9,431	10,851
2	*of which: residential mortgage*		*451*	*451*				*2,505*		*2,505*	*2,956*
3	*of which: credit card receivables*				*221*		*221*	*869*		*869*	*1,090*
4	*of which: other retail exposures*[1]	*384*	*46*	*430*	*318*		*318*	*6,056*		*6,056*	*6,805*
5	Wholesale (total)	721	40,094	40,815	1,649		1,649	10,477		10,477	52,942
6	*of which: loans to corporates or SME*		*28,758*	*28,758*	*148*		*148*	*3,287*		*3,287*	*32,193*
7	*of which: commercial mortgage*		*11,227*	*11,227*				*1,037*		*1,037*	*12,264*
8	*of which: lease and receivables*				*850*		*850*	*3,406*		*3,406*	*4,256*
9	*of which: other wholesale*	*721*	*109*	*830*	*651*		*651*	*2,748*		*2,748*	*4,229*
10	Re-securitization	9		9				133		133	142
11	Total securitization / re-securitization (including retail and wholesale)	1,114	40,592	41,706	2,189		2,189	20,041		20,041	63,935
31.12.22											
Asset classes											
1	Retail (total)							2		2	2
2	*of which: residential mortgage*							*2*		*2*	*2*
3	*of which: credit card receivables*										
4	*of which: other retail exposures*[1]										
5	Wholesale (total)							1,424		1,424	1,424
6	*of which: loans to corporates or SME*										
7	*of which: commercial mortgage*										
8	*of which: lease and receivables*										
9	*of which: other wholesale*							*1,424*		*1,424*	*1,424*
10	Re-securitization										
11	Total securitization / re-securitization (including retail and wholesale)							1,425		1,425	1,425

1 Includes unsecured consumer loans, solar leases and automobile loans.

SEC2: Securitization exposures in the trading book

		Bank acts as originator			Bank acts as sponsor			Bank acts as investor			Total
	USD m	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	
	31.12.23										
	Asset classes										
1	Retail (total)				6		6	27	16	43	50
2	*of which: residential mortgage*				*6*		*6*	*23*	*16*	*39*	*46*
4	*of which: other retail exposures*							*4*		*4*	*4*
5	Wholesale (total)	27	4	31				54	85	139	170
6	*of which: loans to corporates or SME*							*1*	*0*	*1*	*1*
7	*of which: commercial mortgage*	*27*		*27*				*53*	*85*	*138*	*165*
9	*of which: other wholesale*		*4*	*4*							*4*
10	Re-securitization		9	9				6		6	16
11	Total securitization / re-securitization (including retail and wholesale)	27	13	41	6		6	88	101	188	235
	30.6.23										
	Asset classes										
1	Retail (total)				2		2	117	15	132	135
2	*of which: residential mortgage*				*2*		*2*	*27*	*15*	*42*	*45*
4	*of which: other retail exposures*							*90*		*90*	*90*
5	Wholesale (total)	48	4	52	35	1	36	358	61	419	506
6	*of which: loans to corporates or SME*							*258*	*0*	*258*	*258*
7	*of which: commercial mortgage*	*48*		*48*	*35*	*1*	*36*	*100*	*61*	*161*	*244*
9	*of which: other wholesale*		*4*	*4*							*4*
10	Re-securitization		10	10				12		12	22
11	Total securitization / re-securitization (including retail and wholesale)	48	14	62	37	1	38	487	76	563	664
	31.12.22										
	Asset classes										
1	Retail (total)	1		1	3		3	8	1	9	12
2	*of which: residential mortgage*	*1*		*1*	*3*		*3*	*8*	*1*	*9*	*12*
4	*of which: other retail exposures*										
5	Wholesale (total)	103	4	107	41		41	330	43	373	520
6	*of which: loans to corporates or SME*										
7	*of which: commercial mortgage*	*103*		*103*	*41*		*41*	*330*	*43*	*373*	*516*
9	*of which: other wholesale*		*4*	*4*							*4*
10	Re-securitization		10	10							11
11	Total securitization / re-securitization (including retail and wholesale)	103	14	118	43		43	339	44	382	543

SEC3: Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

	USD m	Total exposure values	Exposure values (by RW bands)					Exposure values (by regulatory approach)				Total RWA	RWA (by regulatory approach)				Total capital charge after cap	Capital charge after cap			
	31.12.23		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%
	Asset classes																				
1	Total exposures	39,138	37,849	775	247	219	49	38,464	411	214	49	8,565	6,980	806	151	628	667	558	52	8	49
2	Traditional securitization	1,374	378	698	88	161	49	700	411	214	49	1,822	237	806	151	628	128	19	52	8	49
3	*of which: securitization*	*1,363*	*378*	*698*	*78*	*160*	*49*	*700*	*411*	*203*	*49*	*1,807*	*237*	*806*	*136*	*628*	*126*	*19*	*52*	*6*	*49*
4	*of which: retail underlying*	*335*	*141*	*66*	*45*	*33*	*49*		*83*	*203*	*49*	*954*		*190*	*136*	*628*	*58*		*3*	*6*	*49*
5	*of which: wholesale*	*1,028*	*237*	*632*	*33*	*127*		*700*	*328*			*853*	*237*	*616*	*0*		*68*	*19*	*49*		
6	*of which: re-securitization*	*11*			*10*	*1*				*11*		*15*			*15*		*2*			*2*	
7	*of which: senior*	*8*			*8*					*8*		*8*			*8*		*1*			*1*	
8	*of which: non-senior*	*3*			*2*	*1*				*3*		*7*			*7*		*1*			*1*	
9	Synthetic securitization	37,764	37,471	77	159	58		37,764				6,743	6,743				539	539			
10	*of which: securitization*	*37,764*	*37,471*	*77*	*159*	*58*		*37,764*				*6,743*	*6,743*				*539*	*539*			
11	*of which: retail underlying*	*549*	*548*			*1*		*549*				*103*	*103*				*8*	*8*			
12	*of which: wholesale*	*37,215*	*36,923*	*77*	*159*	*57*		*37,215*				*6,640*	*6,640*				*531*	*531*			
13	*of which: re-securitization*																				
14	*of which: senior*																				
15	*of which: non-senior*																				

	30.6.23	Total exposure values	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA	SEC-SA	1250%	Total RWA	SEC-IRBA	SEC-ERBA	SEC-SA	1250%	Total capital charge after cap	SEC-IRBA	SEC-ERBA	SEC-SA	1250%
	Asset classes																				
1	Total exposures	43,894	41,626	1,686	302	262	18	40,828	493	2,555	18	9,507	7,467	983	823	233	721	597	51	54	18
2	Traditional securitization	3,302	1,647	1,121	302	213	18	753	493	2,037	18	2,223	291	983	715	233	139	23	51	45	18
3	*of which: securitization*	*3,293*	*1,647*	*1,121*	*293*	*213*	*18*	*753*	*493*	*2,028*	*18*	*2,212*	*291*	*983*	*704*	*233*	*138*	*23*	*51*	*45*	*18*
4	*of which: retail underlying*	*923*	*579*	*237*	*3*	*85*	*18*	*0*	*176*	*728*	*18*	*895*		*421*	*240*	*233*	*40*	*0*	*7*	*15*	*18*
5	*of which: wholesale*	*2,370*	*1,068*	*885*	*289*	*128*		*753*	*317*	*1,300*		*1,317*	*291*	*562*	*463*		*98*	*23*	*45*	*29*	
6	*of which: re-securitization*	*9*			*9*					*9*		*11*			*11*		*1*			*1*	
7	*of which: senior*	*8*			*8*					*8*		*8*			*8*		*1*			*1*	
8	*of which: non-senior*	*1*			*1*					*1*		*3*			*3*						
9	Synthetic securitization	40,592	39,979	564		49		40,075		518		7,284	7,176		108		583	574		9	
10	*of which: securitization*	*40,592*	*39,979*	*564*		*49*		*40,075*		*518*		*7,284*	*7,176*		*108*		*583*	*574*		*9*	
11	*of which: retail underlying*	*498*	*497*	*0*		*1*		*498*				*95*	*95*				*8*	*8*			
12	*of which: wholesale*	*40,094*	*39,482*	*564*		*48*		*39,577*		*518*		*7,190*	*7,081*		*108*		*575*	*567*		*9*	
13	*of which: re-securitization*																				
14	*of which: senior*																				
15	*of which: non-senior*																				

SEC3: Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor (continued)

USD m	Total exposure values	Exposure values (by RW bands)					Exposure values (by regulatory approach)				Total RWA	RWA (by regulatory approach)				Total capital charge after cap	Capital charge after cap			
31.12.22		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%
Asset classes																				
1 Total exposures																				
2 Traditional securitization																				
3 of which: securitization																				
4 of which: retail underlying																				
5 of which: wholesale																				
6 of which: re-securitization																				
7 of which: senior																				
8 of which: non-senior																				
9 Synthetic securitization																				
10 of which: securitization																				
11 of which: retail underlying																				
12 of which: wholesale																				
13 of which: re-securitization																				
14 of which: senior																				
15 of which: non-senior																				

SEC4: Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as investor

USD m	Total exposure values	Exposure values (by RW bands)					Exposure values (by regulatory approach)				Total RWA	RWA (by regulatory approach)				Total capital charge after cap	Capital charge after cap			
31.12.23		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%
Asset classes																				
1 Total exposures	17,541	13,571	2,610	840	498	21	126	725	16,669	21	5,994	19	275	5,438	263	359	2	21	314	21
2 Traditional securitization	17,541	13,571	2,610	840	498	21	126	725	16,669	21	5,994	19	275	5,438	263	359	2	21	314	21
3 of which: securitization	*17,395*	*13,571*	*2,610*	*698*	*498*	*17*	*126*	*725*	*16,527*	*17*	*5,803*	*19*	*275*	*5,296*	*214*	*344*	*2*	*21*	*303*	*17*
4 of which: retail underlying	*7,557*	*5,483*	*1,734*	*269*	*71*			*82*	*7,475*		*1,808*		*52*	*1,756*		*133*		*4*	*129*	
5 of which: wholesale	*9,838*	*8,088*	*876*	*429*	*427*	*17*	*126*	*643*	*9,052*	*17*	*3,995*	*19*	*223*	*3,540*	*213*	*211*	*2*	*17*	*174*	*17*
6 of which: re-securitization	*146*			*142*		*4*			*142*	*4*	*191*			*142*	*49*	*15*			*11*	*4*
7 of which: senior	*146*			*142*		*4*			*142*	*4*	*191*			*142*	*49*	*15*			*11*	*4*
8 of which: non-senior																				
9 Synthetic securitization																				
10 of which: securitization																				
11 of which: retail underlying																				
12 of which: wholesale																				
13 of which: re-securitization																				
14 of which: senior																				
15 of which: non-senior																				

30.6.23	Total exposure values	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA	SEC-SA	1250%	Total RWA	SEC-IRBA	SEC-ERBA	SEC-SA	1250%	Total capital charge after cap	SEC-IRBA	SEC-ERBA	SEC-SA	1250%
Asset classes																				
1 Total exposures	20,041	15,330	3,352	903	440	16	943	628	18,454	16	6,002	141	243	5,408	209	375	11	19	327	16
2 Traditional securitization	20,041	15,330	3,352	903	440	16	943	628	18,454	16	6,002	141	243	5,408	209	375	11	19	327	16
3 of which: securitization	*19,908*	*15,330*	*3,352*	*772*	*440*	*15*	*943*	*628*	*18,323*	*15*	*5,849*	*141*	*243*	*5,277*	*187*	*363*	*11*	*19*	*317*	*15*
4 of which: retail underlying	*9,430*	*6,623*	*2,590*	*199*	*18*	*1*		*169*	*9,261*	*1*	*1,862*		*64*	*1,783*	*15*	*149*		*5*	*143*	*1*
5 of which: wholesale	*10,477*	*8,707*	*762*	*573*	*422*	*14*	*943*	*459*	*9,062*	*14*	*3,987*	*141*	*179*	*3,494*	*172*	*213*	*11*	*14*	*174*	*14*
6 of which: re-securitization	*133*			*131*		*2*			*131*	*2*	*153*			*131*	*21*	*12*			*10*	*2*
7 of which: senior	*133*			*131*		*2*			*131*	*2*	*153*			*131*	*21*	*12*			*10*	*2*
8 of which: non-senior																				
9 Synthetic securitization																				
10 of which: securitization																				
11 of which: retail underlying																				
12 of which: wholesale																				
13 of which: re-securitization																				
14 of which: senior																				
15 of which: non-senior																				

SEC4: Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as investor (continued)

USD m	Total exposure values	Exposure values (by RW bands)					Exposure values (by regulatory approach)				Total RWA	RWA (by regulatory approach)				Total capital charge after cap	Capital charge after cap			
31.12.22		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%		SEC-IRBA	SEC-ERBA	SEC-SA	1250%
Asset classes																				
1 Total exposures	1,425	1,345	77			3		80	1,342	3	271		28	201	42	22		2	16	3
2 Traditional securitization	1,425	1,345	77			3		80	1,342	3	271		28	201	42	22		2	16	3
3 of which: securitization	*1,425*	*1,345*	*77*			*3*		*80*	*1,342*	*3*	*271*		*28*	*201*	*42*	*22*		*2*	*16*	*3*
4 of which: retail underlying	*2*					*2*				*2*	*22*				*22*	*2*				*2*
5 of which: wholesale	*1,424*	*1,345*	*77*			*2*		*80*	*1,342*	*2*	*249*		*28*	*201*	*20*	*20*		*2*	*16*	*2*
6 of which: re-securitization																				
7 of which: senior																				
8 of which: non-senior																				
9 Synthetic securitization																				
10 of which: securitization																				
11 of which: retail underlying																				
12 of which: wholesale																				
13 of which: re-securitization																				
14 of which: senior																				
15 of which: non-senior																				

Market risk

Overview

Semi-annual | The amount of capital required to underpin market risk in the regulatory trading book is calculated using a variety of methods approved by the Swiss Financial Market Supervisory Authority (FINMA). The components contributing to market risk risk-weighted assets (RWA) are value-at-risk (VaR), stressed value-at-risk (SVaR), an add-on for risks that are potentially not fully modeled in VaR (risks not in VaR, or RniV), the incremental risk charge (the IRC) and the securitization framework for securitization positions in the trading book. ▲

Annual | The table below presents an overview of Pillar 3 disclosures separately provided in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

MRA: Market risk

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Strategies and processes of the bank for market risk	Risk management and control	– Risk appetite framework – Market risk – Overview of measurement, monitoring and management techniques – Market risk stress loss, Value-at-risk	103–106 126 126–131
	Consolidated financial statements	– Note 11 Derivative instruments	334–336
Structure and organization of the market risk management function	Risk management and control	– Key risks by business division and Group Items – Risk governance	98 101–103
Scope and nature of risk reporting and measurement systems	Risk management and control	– Internal risk reporting – Main sources of market risk, Overview of measurement, monitoring and management techniques	106 126

▲

Securitization positions in the trading book

Semi-annual | The MR1 table below shows the components of RWA under the standardized approach for market risk. In line with regulatory requirements, the standardized approach for market risk is used for the specific risk on securitization exposures.

Securitization exposures in the trading book is the only relevant disclosure component of market risk under the standardized approach. Compared with 30 June 2023, securitization exposures subject to market risk RWA decreased by USD 0.6bn to USD 0.5bn as of 31 December 2023, primarily due to reduction in traditional wholesale exposures to corporates or SMEs in Non-core and Legacy.

› **Refer to the "Securitizations" section of this report for more information about the securitization exposures in the trading book**

MR1: Market risk under standardized approach

		RWA		
USD m		31.12.23	30.6.23	31.12.22
	Outright products			
1	Interest rate risk (general and specific)			
2	Equity risk (general and specific)			
3	Foreign exchange risk			
4	Commodity risk			
	Options			
5	Simplified approach			
6	Delta-plus method			
7	Scenario approach			
8	**Securitization**	509	1,092	463
9	**Total**	**509**	**1,092**	**463**

▲

Market risk risk-weighted assets

In this section, regulatory VaR, stressed VaR and VaR backtesting are presented separately for UBS Group excluding Credit Suisse and Credit Suisse, as the VaR methodologies differ. Market risk RWA is disclosed in a combined manner for UBS Group AG.

Market risk RWA development in the fourth quarter of 2023

Quarterly | The three main components that contribute to market risk RWA are regulatory VaR, stressed VaR (SVaR) and the incremental risk charge (the IRC). The VaR and SVaR components include the RWA charge for risks not in VaR (RniV).

The MR2 table below provides a breakdown of the movement in market risk RWA in the fourth quarter of 2023 under an internal model approach across those components, pursuant to the movement categories defined by the BCBS. These categories are described below. ▲

Definitions of market risk RWA movement table components for MR2

References in the table below refer to the line numbers provided in the movement table below.

Reference	Description	Definition
1/8c	**RWA as of previous and current reporting period end (end of period)**	Quarter-end RWA.
1a/8b	**Regulatory adjustment**	Indicates the difference between rows 1 and 1b, and 8c and 8a, respectively.
1b/8a	**RWA at previous and current quarter-end (end of day)**	For a given component (e.g., VaR), this refers to the RWA that would be computed if that component's snapshot quarter-end figure was higher than the average measure over the 60 business days immediately preceding the period end.
	Movement of end-of-day RWA	
2	**Movement in risk levels**	Movements due to changes in positions and risk levels.
3	**Model updates / changes**	Movements due to routine updates to model parameters and model changes.
4	**Methodology and policy**	Movements due to methodological changes in calculations driven by regulatory policy changes, including revisions of existing regulations, new regulations and add-ons mandated by the regulator.
5	**Acquisitions and disposals**	Movements due to the disposal or acquisition of business operations, quantified based on the market risk exposures at the end of the quarter preceding a disposal or following an acquisition. Purchases and sales of exposures in the ordinary course of business are reflected in "Movement in risk levels."
6	**Foreign exchange movements**	Movements due to changes in exchange rates. Note that the effect of movements in exchange rates is captured in "Movement in risk levels," since exchange rate movements are part of the effects of market movements on risk levels.
7	**Other**	Movements due to changes that cannot be attributed to any other category.

RWA flow statements of market risk exposures

Quarterly | Market risk RWA decreased by USD 2.2bn to USD 20.9bn in the fourth quarter of 2023, driven by a decrease in asset size and other movements, partly offset by an increase related to ongoing parameter updates of the VaR models. FINMA approved the integration of time decay into regulatory VaR and stressed VaR, which went live on 12 January 2024.

The FINMA VaR multiplier derived from backtesting exceptions for market risk RWA was unchanged compared with the prior quarter, at 3.0, for both the UBS Group excluding Credit Suisse and Credit Suisse.

MR2: RWA flow statements of market risk exposures under an IMA[1,2]

	USD m	VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1	**RWA as of 31.12.22**	**3,633**	**7,251**	**2,132**			**13,015**
1a	*Regulatory adjustment*	*(1,298)*	*(3,960)*	*0*			*(5,257)*
1b	RWA at previous quarter-end (end of day)	2,335	3,291	2,132			7,758
2	*Movement in risk levels*	*663*	*872*	*185*			*1,721*
3	*Model updates / changes*	*(49)*	*(21)*	*0*			*(70)*
4	*Methodology and policy*	*0*	*0*	*0*			*0*
5	*Acquisitions and disposals*	*0*	*0*	*0*			*0*
6	*Foreign exchange movements*	*0*	*0*	*0*			*0*
7	*Other*	*(177)*	*(511)*	*0*			*(688)*
8a	RWA at the end of the reporting period (end of day)	2,773	3,632	2,317			8,722
8b	*Regulatory adjustment*	*966*	*4,835*	*208*			*6,009*
8c	**RWA as of 31.3.23**	**3,739**	**8,466**	**2,525**			**14,730**
1	**RWA as of 31.3.23**	**3,739**	**8,466**	**2,525**			**14,730**
1a	*Regulatory adjustment*	*(966)*	*(4,835)*	*(208)*			*(6,009)*
1b	RWA at previous quarter-end (end of day)	2,773	3,632	2,317			8,722
2	*Movement in risk levels*	*129*	*1,092*	*312*			*1,533*
3	*Model updates / changes*	*(21)*	*(58)*	*0*			*(79)*
4	*Methodology and policy*	*0*	*0*	*0*			*0*
5	*Acquisitions and disposals*	*2,924*	*4,646*	*1,285*			*8,856*
5a	*of which: acquisition of the Credit Suisse Group*	*2,924*	*4,646*	*1,285*			*8,856*
5b	*of which: other*	*0*	*0*	*0*			*0*
6	*Foreign exchange movements*	*0*	*0*	*0*			*0*
7	*Other*	*97*	*611*	*0*			*708*
8a	RWA at the end of the reporting period (end of day)	5,902	9,922	3,914			19,739
8b	*Regulatory adjustment*	*919*	*1,824*	*63*			*2,806*
8c	**RWA as of 30.6.23**	**6,821**	**11,746**	**3,978**			**22,545**
1	**RWA as of 30.6.23**	**6,821**	**11,747**	**3,978**			**22,545**
1a	*Regulatory adjustment*	*(2,286)*	*(3,967)*	*(69)*			*(6,321)*
1b	RWA at previous quarter-end (end of day)	4,535	7,780	3,909			16,224
2	*Movement in risk levels*	*(1,640)*	*(2,651)*	*155*			*(4,136)*
3	*Model updates / changes*	*(17)*	*(29)*	*0*			*(46)*
4	*Methodology and policy*	*0*	*0*	*0*			*0*
5	*Acquisitions and disposals*	*0*	*0*	*0*			*0*
6	*Foreign exchange movements*	*0*	*0*	*0*			*0*
7	*Other*	*(174)*	*(579)*	*0*			*(752)*
8a	RWA at the end of the reporting period (end of day)	2,704	4,522	4,064			11,289
8b	*Regulatory adjustment*	*4,592*	*7,134*	*72*			*11,798*
8c	**RWA as of 30.9.23**	**7,296**	**11,655**	**4,136**			**23,087**
1	**RWA as of 30.9.23**	7,296	11,655	4,136			23,087
1a	*Regulatory adjustment*	*(4,592)*	*(7,134)*	*(72)*			*(11,798)*
1b	RWA at previous quarter-end (end of day)	2,704	4,522	4,064			11,289
2	*Movement in risk levels*	*(371)*	*(82)*	*(473)*			*(926)*
3	*Model updates / changes*	*62*	*4*	*0*			*67*
4	*Methodology and policy*	*0*	*0*	*0*			*0*
5	*Acquisitions and disposals*	*0*	*0*	*0*			*0*
6	*Foreign exchange movements*	*0*	*0*	*0*			*0*
7	*Other*	*115*	*269*	*0*			*384*
8a	RWA at the end of the reporting period (end of day)	2,510	4,713	3,591			10,814
8b	*Regulatory adjustment*	*4,026*	*5,850*	*198*			*10,074*
8c	**RWA as of 31.12.23**	6,537	10,563	3,789			20,889

1 Components that describe movements in RWA are presented in italics. 2 The changes in RWA amounts over the reporting period for each of the key drivers are based on reasonable estimates of the relevant figures and the approach used might differ for UBS Group excluding Credit Suisse and Credit Suisse.

Annual | The table below presents an overview of Pillar 3 disclosures separately provided in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

MRB: Internal models approach

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Description of activities and risks covered by the VaR models and stressed VaR models	Risk management and control	– Value-at-risk – Main sources of market risk	127–131 126
VaR models applied by different entities within the Group	Risk management and control	– Main sources of market risk – Value-at-risk	126 127–131
General description of VaR and stressed VaR models	Risk management and control	– Value-at-risk	127–131
Main differences between the VaR and stressed VaR models used for management purposes and for regulatory purposes	Risk management and control	– Value-at-risk	127–131
Further information on VaR models	Risk management and control	– Value-at-risk – Market risk stress loss – Market risk – Overview of measurement, monitoring and management techniques	127–131 126–127 126
	Consolidated financial statements	– Note 21 Fair value measurement	366–379
Description of stress testing applied to modeling parameters	Consolidated financial statements	– Note 21 Fair value measurement	366–379
Description of backtesting approach	Risk management and control	– Backtesting of VaR – VaR model confirmation	129–130 130

Regulatory calculation of market risk

Semi-annual | The MR3 table below shows the minimum, maximum, average and period-end regulatory VaR, SVaR, incremental risk charge (IRC) and comprehensive risk capital charge. The comprehensive risk charge has not been applicable since 2019, which was the last time UBS had eligible correlation trading positions.

During the second half of 2023, for the UBS Group excluding Credit Suisse, regulatory VaR, SVaR and IRC were relatively stable on average.

For Credit Suisse, regulatory VaR and SVaR decreased on average, mainly driven by continued strategic migration of positions to UBS and de-risking within Non-core and Legacy.

MR3: IMA values for trading portfolios

		UBS Group excluding Credit Suisse			Credit Suisse		
		For the six-month period ended 31.12.23	For the six-month period ended 30.6.23	For the six-month period ended 31.12.22	For the six-month period ended 31.12.23	For the six-month period ended 30.6.23	For the six-month period ended 31.12.22
	USD m	a	a	a	a	a	a
	VaR (10-day 99%)						
1	Maximum value	126	137	134	44	114	145
2	Average value	88	83	63	34	55	113
3	Minimum value	0	24	13	23	37	79
4	Period end	30	84	53	24	39	85
	Stressed VaR (10-day 99%)						
5	Maximum value	162	193	186	64	150	162
6	Average value	118	119	94	48	79	113
7	Minimum value	62	61	35	35	55	81
8	Period end	72	148	78	48	63	151
	Incremental risk charge (99.9%)						
9	Maximum value	265	284	199	110	148	293
10	Average value	212	205	124	99	107	160
11	Minimum value	173	127	89	87	86	88
12	Period end	191	210	171	96	102	94

Value-at-risk

VaR definition

Annual | VaR is a statistical measure of market risk, quantifying the potential market risk losses over a set time horizon (holding period) at an established level of confidence. VaR assumes no change in the Group's trading positions over the set time horizon.

› **Refer to "Market risk" in the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information about VaR**

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Derivation of VaR- and SVaR-based RWA

Annual | VaR and SVaR are used to derive the VaR and SVaR components of the market risk Basel III RWA. This calculation takes the maximum of the respective period-end VaR measure and the product of the average VaR measure for the 60 business days immediately preceding the period end and a VaR multiplier set by FINMA. The VaR multiplier, which was 3.0 as of 31 December 2023 for both UBS Group excluding Credit Suisse and Credit Suisse, is dependent upon the number of VaR backtesting exceptions within a 250-business-day window. When the number of exceptions is greater than four, the multiplier increases gradually from 3.0 to a maximum of 4.0 if ten or more backtesting exceptions occur. This is then multiplied by a risk weight factor of 1,250% to determine RWA. This calculation is set out in the table below.

Figures shown below exclude the effects of the time decay add-on which is applied to the market risk RWA calculation for the UBS Group excluding Credit Suisse.

VaR- and SVaR-based RWA

As of 31.12.23	UBS Group excluding Credit Suisse					
USD m	Period-end VaR (A)	Average VaR (B)	VaR multiplier (C)	Max. (A, B x C) (D)	Risk weight factor (E)	Basel III RWA (D x E)
VaR (10-day 99%)	46	35	3.00	104	1,250%	1,305
Stressed VaR (10-day 99%)	96	78	3.00	233	1,250%	2,915

	Credit Suisse					
USD m	Period-end VaR (A)	Average VaR (B)	VaR multiplier (C)	Max. (A, B x C) (D)	Risk weight factor (E)	Basel III RWA (D x E)
VaR (10-day 99%)	24	29	3.00	87	1,250%	1,087
Stressed VaR (10-day 99%)	48	41	3.00	124	1,250%	1,549

	Basel III RWA
Total	6,856

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MR4: Comparison of VaR estimates with gains / losses

Semi-annual | VaR backtesting is a performance measurement process in which a 1-day VaR prediction is compared with the realized 1-day profit or loss. We compute backtesting VaR using a 99% confidence level and 1-day holding period. Since 99% VaR at UBS is defined as a risk measure that operates on the lower tail of the profit-or-loss distribution, 99% backtesting VaR is a negative number. Backtesting revenues exclude non-trading revenues, such as valuation reserves, fees and commissions, and revenues from intraday trading, to provide for a like-for-like comparison. A backtesting exception occurs when backtesting revenues are lower than the previous day's backtesting VaR.

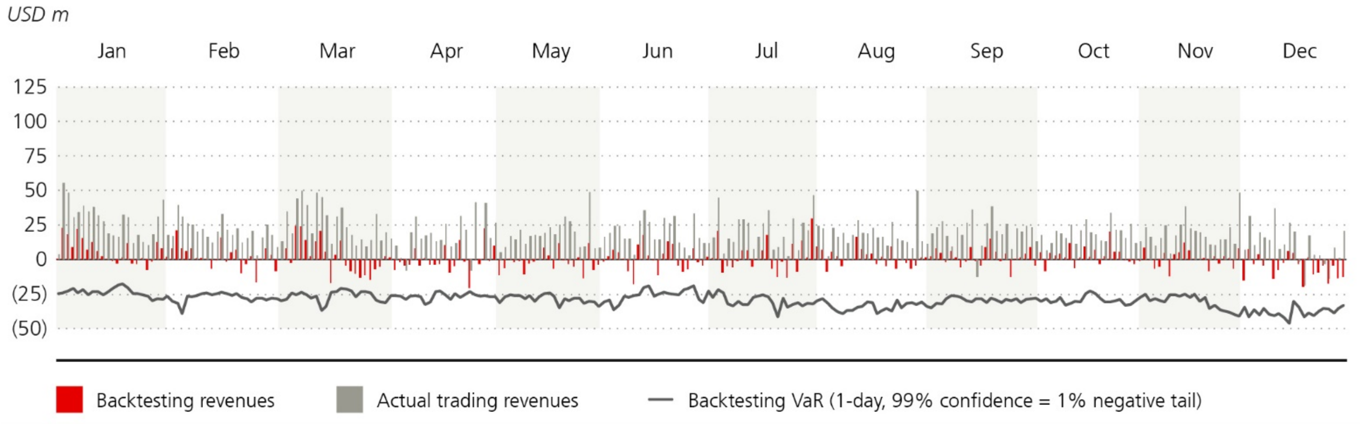
Statistically, given the 99% confidence level, two or three backtesting exceptions a year can be expected. More than four exceptions could indicate that the VaR model is not performing appropriately, as could too few exceptions over a long period. However, as noted under "VaR limitations" in the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, a sudden increase (or decrease) in market volatility relative to the lookback window could lead to a higher (or lower) number of exceptions. Therefore, backtesting exceptions are investigated, as are exceptionally positive backtesting revenues, with the results reported to senior business management, the Chief Risk Officer and the Chief Market Risk Officer. Internal and external auditors and relevant regulators are also informed of backtesting exceptions.

The "Development of regulatory backtesting revenues and actual trading revenues against backtesting VaR" charts below show the 12-month development of backtesting VaR against the backtesting revenues and actual trading revenues for 2023.

The actual trading revenues include backtesting and intraday revenues.

For the UBS Group excluding Credit Suisse, there were no new VaR negative backtesting exceptions in the second half of 2023, and the total number of negative backtesting exceptions within the most recent 250-business-day window decreased to zero from one. As these backtesting exceptions remained below five, the FINMA VaR multiplier used to compute regulatory and stressed VaR RWA was unchanged at 3.0 throughout the period.

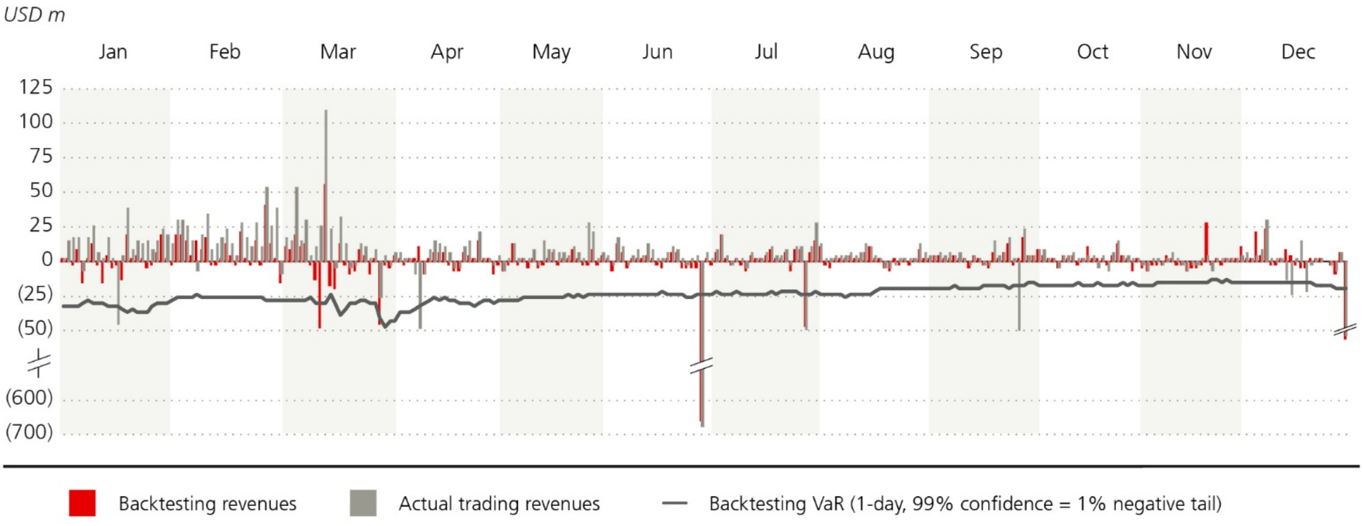
UBS Group excluding Credit Suisse: development of regulatory backtesting revenues[1] and actual trading revenues[2] against backtesting VaR[3] (1-day, 99% confidence)



1 Excludes non-trading revenues, such as valuation reserves, commissions and fees, and revenues from intraday trading. 2 Includes backtesting revenues and revenues from intraday trading. 3 Based on Basel III regulatory VaR, excludes CVA positions and their eligible hedges, which are subject to the standalone CVA charge.

For Credit Suisse, there was one new negative backtesting exception in the second half of 2023, and the total number of negative backtesting exceptions within the most recent 250-business-day window increased to three from one by the end of 2023. As these backtesting exceptions remained below five, the FINMA VaR multiplier used to compute regulatory and stressed VaR RWA was unchanged at 3.0 throughout the period.

Credit Suisse: development of regulatory backtesting revenues[1] and actual trading revenues[2] against backtesting VaR[3,4] (1-day, 99% confidence)



1 Excludes non-trading revenues, such as valuation reserves, commissions and fees, and revenues from intraday trading. 2 Includes backtesting revenues and revenues from intraday trading. 3 Based on Basel III regulatory VaR, excludes CVA positions and their eligible hedges, which are subject to the standalone CVA charge. 4 Two negative VaR backtesting exceptions were recorded for Credit Suisse AG consolidated in June and July, driven by fair value adjustments to certain positions in the trading inventory as a result of the acquisition of the Credit Suisse Group by UBS, reflecting purchase price allocation, which do not count against the total exceptions relevant for the capital multiplier.

Risks not in VaR

Risks not in VaR definition

Annual | We have a framework to identify and quantify potential risks that are not entirely captured by our VaR model. We refer to these as risks not in VaR (RniV). This framework is used to underpin these potential risks with additional regulatory capital.

A VaR model can be split into two components: the profit-or-loss representation and the risk factor model. This gives rise to two RniV categories: profit-or-loss representation RniV and risk factor RniV. Profit-or-loss representation RniV arise from approximations made by the VaR model to quantify the effect of risk factor changes on the profit and loss of positions and portfolios. Risk factor RniV originate from an inadequate modeling of the stochastic behavior of the risk factors.

Risks not in VaR quantification

We quantify RniV capital requirements on a monthly basis. For UBS Group excluding Credit Suisse, the RniV quantification is conducted on the basis of a quantitative approach that applies to both categories of RniV: profit-or-loss representation RniV and risk factor RniV. For Credit Suisse, specific RniV models have been developed to compute capital associated with individual risks not captured by the firm's VaR model.

Risks not in VaR mitigation

Material RniV items are monitored and controlled by means and measures other than VaR, such as position limits and stress limits. Additionally, there are ongoing initiatives to extend the VaR model to better capture these risks.

Derivation of RWA add-on for risks not in VaR

The RniV framework is used to derive the RniV-based component of the market risk Basel III RWA, using the aforementioned approach. RWA from RniV are add-ons, they do not reflect any diversification benefits across risks capitalized through VaR and SVaR.

For UBS Group excluding Credit Suisse, the RNIV regulatory capital is calculated as a multiple of VaR and SVaR capital. FINMA requires that RniV stressed VaR capital is floored at RniV VaR capital in this calculation. The RniV VaR and SVaR capital ratios applicable as of 31 December 2023 were 78% and 82%, respectively. The period-end RWA shown below does not include the time decay add-on.

RniV-based RWA

As of 31.12.23	UBS Group excluding Credit Suisse		
USD m	Period-end RWA (A)	RniV add-on (B)	RniV RWA (A x B)
Regulatory VaR	1,305	78%	1,019
Stressed VaR	2,915	82%	2,396
Total RniV RWA			3,415

	Credit Suisse
USD m	RniV RWA
Regulatory VaR	1,029
Stressed VaR	1,606
Total RniV RWA	2,635

	RniV RWA
Total RniV RWA	6,050

Incremental risk charge

IRC is the potential loss due to the defaulting or credit migration of issuers of non-securitized credit instruments in the trading book. IRC is calculated as the portfolio loss at the 99.9th percentile of the portfolio loss distribution over a one-year time horizon. It uses a multi-factor model applying the constant position assumption for all positions in the IRC portfolio. This means that all positions are kept unchanged over a one-year time period.

The portfolio loss distribution is estimated using a Monte-Carlo simulation approach. The simulation is performed in two steps: first, the distribution of credit ratings (including the defaulted state) at the one-year time horizon is estimated by a portfolio rating migration model; and, second, default and migration losses conditional on credit events generated by the migration model are calculated and aggregated.

The portfolio rating migration model is of the Merton type: migrations of credit ratings are considered to be functions of the underlying asset value of a firm. The correlation structure of asset values is based on the FIS APT factor model in the case of the UBS Group excluding Credit Suisse model, and an in-house latent factor technique is employed for the Credit Suisse model, with factor loadings and volatilities homogenized within region / industry / size buckets. For the government bucket, the Credit Suisse model uses the same asset correlation methodology calibrated to sovereign credit default swap (CDS) data, and the UBS Group excluding Credit Suisse model employs a conservative expert-based correlation value. The transition matrix approach is utilized to set migration and default thresholds. The transition matrix for sovereign obligors is calibrated to the history of S&P sovereign ratings. The migration probabilities for non-sovereigns are calibrated to the history of internal ratings for the UBS Group excluding Credit Suisse model and to the history of S&P ratings for the Credit Suisse model. The probability of default for non-sovereigns makes use of Masterscale PDs.

For each position related to a defaulted obligor, default losses are calculated based on a random recovery concept. To capture potential basis risk between instruments, the model accounts for different recovery values for different instruments even if they belong to the same issuer. To calculate rating migration losses, the UBS Group excluding Credit Suisse model employs a linear (delta) approximation, while for the Credit Suisse model a revaluation approach is used. A loss resulting from a migration event is calculated relative to the change in the average credit spread due to the rating change.

The validation of the IRC model relies heavily on sensitivity analyses embedded into the annual model reconfirmation.

Derivation of IRC-based RWA

IRC is calculated weekly and the results are used to derive the IRC-based component of the market risk Basel III RWA. The derivation is similar to that for VaR- and SVaR-based RWA, but without a VaR multiplier, and is shown below.

IRC-based RWA

As of 31.12.23	UBS Group excluding CS				
USD m	Period-end IRC (A)	Average IRC (B)	Max. (A, B) (C)	Risk weight factor (D)	Basel III RWA (C x D)
	191	205	205	1,250%	2,564

	Credit Suisse				
USD m	Period-end IRC (A)	Average IRC (B)	Max. (A, B) (C)	Risk weight factor (D)	Basel III RWA (C x D)
	96	98	98	1,250%	1,225

	Basel III RWA
Total	3,789

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Operational risk

Annual | The table below presents an overview of Pillar 3 disclosures separately provided in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

ORA: Operational risk

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Details of the approach for operational risk capital assessment for which the bank qualifies	Risk management and control	– Non-financial risk framework	154–155
Description of the advanced measurement approaches (AMA) for operational risk	Risk management and control	– Advanced measurement approach model	157

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Interest rate risk in the banking book

Annual | The table below presents an overview of Pillar 3 disclosures that are provided separately in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

IRRBBA: Interest rate risk in the banking book

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
The nature of interest rate risk in the banking book and key assumptions applied	Risk management and control	– Interest rate risk in the banking book	131–133
Sources of interest rate risk in the banking book	Risk management and control	– Interest rate risk in the banking book	131–133
Interest rate risk management and governance	Risk management and control	– Interest rate risk in the banking book	131–133

Economic value and net interest income sensitivity

The interest rate risk sensitivity figures presented in the IRRBB1 table below represent the effect of six interest rate scenarios defined by the Swiss Financial Market Supervisory Authority (FINMA) on the economic value of equity (EVE), which represents the present value of future cash flows related to the banking book irrespective of accounting treatment. EVE sensitivity excludes any modeled duration assigned to equity, goodwill, real estate and, as prescribed by FINMA, also excludes additional tier 1 (AT1) capital instruments that otherwise would be included under general Basel Committee on Banking Supervision (BCBS) guidance.

As of 31 December 2023, the "Parallel up" scenario was the most severe and would have resulted in a change in EVE of negative USD 5.7bn, or 6.1% of our tier 1 capital (31 December 2022: negative USD 4.6bn, or 7.9%), which is well below the 15% threshold as per the BCBS supervisory outlier test for higher levels of interest rate risk in the banking book. The immediate effect on our tier 1 capital in the "Parallel up" scenario as of 31 December 2023 would have been a decrease of USD 0.9bn, or 0.9% (31 December 2022: USD 0.4bn or 0.6%), reflecting the fact that the vast majority of our banking book is accrual accounted or subject to hedge accounting. The "Parallel up" scenario would subsequently have a positive effect on net interest income, assuming a constant balance sheet and a constant product mix.

UBS also applies granular internal interest rate shock scenarios to its banking book positions to monitor the banking book's specific risk profile.

The more adverse of the two parallel interest rate scenarios with regard to net interest income (NII) over the next 12 months was the "Parallel down" scenario, resulting in a potential change of negative USD 3.2bn.

IRRBB1: Quantitative information about IRRBB

As of 31.12.23	Delta EVE – Change of economic value of equity		Delta NII – Change of Net interest income[1,8]	
USD m	31.12.23	31.12.22	31.12.23	31.12.22
Parallel up[2]	(5,680)	(4,629)	2,770	2,671
Parallel down[2]	5,876	4,842	(3,207)	(1,877)
Steepener[3]	(1,401)	(1,409)		
Flattener[4]	105	344		
Short-term up[5]	(2,195)	(1,539)		
Short-term down[6]	2,332	1,683		
Maximum[7]	(5,680)	(4,629)	(3,207)	(1,877)

Period	31.12.23	31.12.22
Tier 1 capital	92,377	58,321

1 Disclosure of NII sensitivity is only required for the two parallel shock scenarios. The NII sensitivity estimates reflect the impact of immediate changes in interest rates, relative to constant rates, and assume no change to balance sheet size and structure, constant foreign exchange rates and no specific management action. 2 Rates across all tenors move by ±150 bps for Swiss franc, ±200 bps for euro and US dollar and ±250 bps for pound sterling. 3 Short-term rates decrease and long-term rates increase. 4 Short-term rates increase and long-term rates decrease. 5 Short-term rates increase more than long-term rates. 6 Short-term rates decrease more than long-term rates. 7 "Maximum" indicates the most adverse interest rate scenario as shown in the table. 8 Both current and previous year delta NII figures are reported as per new SNB guidance on interest rate risk report and include NII due to cash held at central banks. Comparative figures have been restated.

IRRBBA1: Quantitative disclosures relating to the position structure and interest rate reset of IRRBB risk

As of 31.12.23		Volume[1]				Average interest rate repricing period (in years)		Maximum interest rate repricing period (in years) for exposures with modeled interest rate repricing dates	
USD m, except where indicated		Total	*of which: CHF*	*of which: EUR*	*of which: USD*	Total	*of which: CHF*	Total	*of which: CHF*
Determined repricing period[2]	Loans and advances to banks	84,894	*16,536*	*17,503*	*45,168*	0.11	*0.23*		
	Loans and advances to customers	307,877	*67,502*	*41,197*	*167,628*	0.72	*1.40*		
	Money market mortgages	109,066	*105,884*	*423*	*163*	0.03	*0.03*		
	Fixed-rate mortgages	228,658	*216,635*	*420*	*8,872*	4.07	*3.99*		
	Financial investments	81,068	*15,928*	*13,142*	*42,295*	3.25	*1.45*		
	Other receivables	178,379	*21,647*	*30,165*	*100,667*	0.08	*0.04*		
	Receivables from interest rate derivatives[4]	2,508,896	*616,064*	*409,667*	*1,333,243*	1.27	*0.80*		
	Amounts due to banks	(98,884)	*(39,193)*	*(11,401)*	*(43,097)*	0.38	*0.14*		
	Customer deposits	(384,264)	*(61,634)*	*(41,532)*	*(231,719)*	0.22	*0.07*		
	Medium-term notes	(84)	*(84)*	*0*		1.85	*1.85*		
	Bonds and covered bonds	(232,765)	*(36,508)*	*(55,287)*	*(124,962)*	3.75	*6.29*		
	Other liabilities	(66,725)	*(2,984)*	*(20,226)*	*(28,808)*	0.07	*0.00*		
	Liabilities from interest rate derivatives[4]	(2,514,571)	*(783,726)*	*(365,936)*	*(1,212,462)*	0.96	*0.82*		
Undetermined repricing period[3]	Loans and advances to banks								
	Loans and advances to customers	12,122	*3,578*	*3,913*	*3,239*	0.48	*0.77*		
	Variable-rate mortgages	24,414	*1,863*		*20,692*	4.59	*0.04*		
	Other receivables on sight	2,059	*1,013*	*433*	*577*	0.22	*0.40*		
	Liabilities on sight in personal and current accounts	(306,508)	*(125,499)*	*(40,703)*	*(121,860)*	1.79	*2.20*		
	Other liabilities on sight	(12,620)	*(548)*	*(3,185)*	*(7,963)*	0.26	*0.04*		
	Liabilities from customer deposits, callable but not transferable	(145,656)	*(145,656)*			2.14	*2.14*		
	Total							10	*10*

1 The volume figures cover only banking book positions and are risk-based measures which differ from the accounting values on the IFRS Accounting Standards balance sheet. 2 Receivables and payables from securities financing transactions are reported on a gross basis, consistent with our interest rate risk management and monitoring process. Additional tier 1 capital instruments are excluded. 3 Swiss franc variable-rate mortgages and balances booked in UBS AG consolidated and associated with loans and advances to banks with a combined volume below USD 1bn are reported under Loans and advances to customers, consistent with our interest rate risk management and monitoring process. 4 For technical reasons, receivables and liabilities from interest rate derivatives are shown as gross figures.

IRRBBA1: Quantitative disclosures relating to the position structure and interest rate reset of IRRBB risk (continued)

As of 31.12.22		Volume[1]				Average interest rate repricing period (in years)		Maximum interest rate repricing period (in years) for exposures with modeled interest rate repricing dates	
USD m, except where indicated		Total	*of which: CHF*	*of which: EUR*	*of which: USD*	Total	*of which: CHF*	Total	*of which: CHF*
Determined repricing period [2]	Loans and advances to banks	35,823	*6,699*	*13,845*	*11,679*	0.25	*0.40*		
	Loans and advances to customers	168,791	*31,560*	*20,167*	*102,433*	0.70	*0.92*		
	Money market mortgages	52,658	*52,658*			0.04	*0.04*		
	Fixed-rate mortgages	113,540	*104,247*	*12*	*8,868*	4.27	*4.07*		
	Financial investments	78,274	*19,276*	*10,575*	*41,539*	3.04	*0.97*		
	Other receivables	140,072	*7,083*	*15,685*	*95,496*	0.30	*0.04*		
	Receivables from interest rate derivatives[4]	777,967	*144,946*	*89,388*	*498,395*	1.51	*0.68*		
	Amounts due to banks	(27,566)	*(6,712)*	*(3,365)*	*(16,943)*	1.31	*0.16*		
	Customer deposits	(150,568)	*(488)*	*(8,220)*	*(118,270)*	0.39	*0.42*		
	Medium-term notes	(44)	*(43)*	*0*		2.85	*2.84*		
	Bonds and covered bonds	(99,097)	*(11,523)*	*(25,582)*	*(50,041)*	2.94	*4.40*		
	Other liabilities	(32,422)	*(3,703)*	*(4,977)*	*(15,119)*	0.12	*0.04*		
	Liabilities from interest rate derivatives[4]	(769,414)	*(234,976)*	*(66,683)*	*(420,210)*	0.91	*0.49*		
Undetermined repricing period[3]	Loans and advances to banks								
	Loans and advances to customers	18,960	*2,877*	*4,394*	*10,162*	0.44	*0.99*		
	Variable-rate mortgages	25,985	*19*	*0*	*23,747*	3.54	*1.17*		
	Other receivables on sight	207	*207*			1.55	*1.55*		
	Liabilities on sight in personal and current accounts	(296,335)	*(77,496)*	*(50,774)*	*(147,706)*	1.68	*1.85*		
	Other liabilities on sight	(12,711)	*(240)*	*(1,838)*	*(9,572)*	0.26	*0.04*		
	Liabilities from customer deposits, callable but not transferable	(120,967)	*(120,967)*			1.93	*1.93*		
	Total							10	*10*

1 The volume figures cover only banking book positions and are risk-based measures which differ from the accounting values on the IFRS Accounting Standards balance sheet. 2 Receivables and payables from securities financing transactions are reported on a gross basis, consistent with our interest rate risk management and monitoring process. Additional tier 1 capital instruments are excluded. 3 Swiss franc variable-rate mortgages and balances booked in UBS AG consolidated and associated with loans and advances to banks with a combined volume below USD 1bn are reported under Loans and advances to customers, consistent with our interest rate risk management and monitoring process. 4 For technical reasons, receivables and liabilities from interest rate derivatives are shown as gross figures.

Going and gone concern requirements and eligible capital

Quarterly | The table below provides details of the Swiss systemically relevant bank (SRB) going and gone concern capital requirements as required by the Swiss Financial Market Supervisory Authority (FINMA).

› **Refer to the "Capital management" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information about capital management**

Swiss SRB going and gone concern requirements and information

As of 31.12.23[1]	RWA		LRD	
USD m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	14.92[2]	81,530	5.05[2]	85,570
Common equity tier 1 capital	10.62	58,031	3.55[3]	60,139
of which: minimum capital	*4.50*	*24,593*	*1.50*	*25,431*
of which: buffer capital	*5.50*	*30,058*	*2.00*	*33,908*
of which: countercyclical buffer	*0.47*	*2,580*		
Maximum additional tier 1 capital	4.30	23,500	1.50	25,431
of which: additional tier 1 capital	*3.50*	*19,128*	*1.50*	*25,431*
of which: additional tier 1 buffer capital	*0.80*	*4,372*		
Eligible going concern capital				
Total going concern capital	16.90	92,377	5.45	92,377
Common equity tier 1 capital	14.36	78,485	4.63	78,485
Total loss-absorbing additional tier 1 capital[4]	2.54	13,892	0.82	13,892
of which: high-trigger loss-absorbing additional tier 1 capital	*2.32*	*12,678*	*0.75*	*12,678*
of which: low-trigger loss-absorbing additional tier 1 capital	*0.22*	*1,214*	*0.07*	*1,214*
Required gone concern capital				
Total gone concern loss-absorbing capacity[5,6,7]	10.73	58,613	3.75	63,578
of which: base requirement including add-ons for market share and LRD	*10.73[8]*	*58,613*	*3.75[8]*	*63,578*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	19.60	107,106	6.32	107,106
Total tier 2 capital	0.10	538	0.03	538
of which: non-Basel III-compliant tier 2 capital	*0.10*	*538*	*0.03*	*538*
TLAC-eligible senior unsecured debt	19.50	106,567	6.29	106,567
Total loss-absorbing capacity				
Required total loss-absorbing capacity	25.64	140,143	8.80	149,148
Eligible total loss-absorbing capacity	36.50	199,483	11.77	199,483
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		546,505		
Leverage ratio denominator				1,695,403

1 Information as of 31 December 2023 has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information. 2 Includes applicable add-ons of 1.59% for risk-weighted assets (RWA) and 0.55% for leverage ratio denominator (LRD), of which 15 basis points for RWA and 5 basis points for LRD reflect the Swiss Financial Market Supervisory Authority (FINMA) Pillar 2 capital add-on of USD 800m related to the supply chain finance funds matter at Credit Suisse. 3 Our minimum CET1 leverage ratio requirement of 3.55% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement, a 0.25% market share add-on requirement based on our Swiss credit business and a 0.05% Pillar 2 capital add-on related to the supply chain finance funds matter at Credit Suisse. 4 Includes outstanding low-trigger loss-absorbing additional tier 1 capital instruments, which are available under the Swiss systemically relevant bank framework to meet the going concern requirements until their first call date. As of their first call date, these instruments are eligible to meet the gone concern requirements. 5 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. 6 From 1 January 2023, the resolvability discount on the gone concern capital requirements for systemically important banks (SIBs) has been replaced with reduced base gone concern capital requirements equivalent to 75% of the total going concern requirements (excluding countercyclical buffer requirements and the Pillar 2 add-on). 7 As of July 2024, FINMA will have the authority to impose a surcharge of up to 25% of the total going concern capital requirements should obstacles to an SIB's resolvability be identified in future resolvability assessments. 8 Includes applicable add-ons of 1.08% for RWA and 0.38% for LRD.

Semi-annual | The CCyB1 table below provides details of the risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer (CCyB) requirement applicable to UBS Group AG consolidated. In the second half of 2023, the CCyB for private-sector exposures in the UK was increased to 2% from 1%. This update increased our bank-specific CCyB requirement to 14 basis points as of 31 December 2023.

› **Refer to the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for further information about the methodology of geographical allocation used**

CCyB1 – Geographical distribution of credit exposures used in the countercyclical capital buffer

USD m, except where indicated	31.12.23			
Geographical breakdown	Countercyclical capital buffer rate, %	Risk-weighted assets used in the computation of the countercyclical capital buffer[1]	Bank-specific countercyclical capital buffer rate, %	Countercyclical amount
Hong Kong SAR	1.00	2,480		
Luxembourg	0.50	8,702		
United Kingdom	2.00	13,506		
Sweden	2.00	1,153		
Australia	1.00	3,072		
Germany	0.75	6,125		
France	0.50	3,862		
Netherlands	1.00	2,644		
Sum		41,545		
Total		341,501	0.14	774

1 Included private-sector exposures in the countries that are Basel Committee on Banking Supervision (BCBS)-member jurisdictions, under the following categories: "Credit risk," "Counterparty credit risk," "Equity positions in the banking book," "Settlement risk," "Securitization exposures in the banking book" and "Amounts below thresholds for deduction," as well as the corresponding trading book charges included under "Market Risk."

▲

Semi-annual | The CC2 table below provides a reconciliation of the balance sheet under IFRS Accounting Standards to the balance sheet according to the regulatory scope of consolidation as defined by the Basel Committee on Banking Supervision (the BCBS) and FINMA. Lines in the balance sheet under the regulatory scope of consolidation are expanded and referenced where relevant to display all components that are used in the "CC1: Composition of regulatory capital" table.

› **Refer to "LIA: Explanation of the differences between the IFRS Accounting Standards and regulatory scopes of consolidation" in the "Linkage between financial statements and regulatory exposures" section of this report for more information about the most significant entities consolidated under IFRS Accounting Standards but not included in the regulatory scope of consolidation**

CC2: Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation

As of 31.12.23	Balance sheet in accordance with IFRS Accounting Standards scope of consolidation	Effect of deconsolidated, proportionally consolidated or additional consolidated entities for regulatory consolidation	Balance sheet in accordance with regulatory scope of consolidation	References[1]
USD m				
Assets				
Cash and balances at central banks	314,148	0	314,148	
Amounts due from banks	21,161	(83)	21,079	
Receivables from securities financing transactions measured at amortized cost	99,039	(33)	99,006	
Cash collateral receivables on derivative instruments	50,082	(425)	49,657	
Loans and advances to customers	639,844	(538)	639,306	
Other financial assets measured at amortized cost	65,498	(679)	64,819	
Total financial assets measured at amortized cost	1,189,773	(1,757)	1,188,016	
Financial assets at fair value held for trading	169,633	(624)	169,010	
of which: assets pledged as collateral that may be sold or repledged by counterparties	*51,263*		*51,263*	
Derivative financial instruments	176,084	5	176,090	
Brokerage receivables	21,037		21,037	
Financial assets at fair value not held for trading	104,018	(15,930)	88,087	
Total financial assets measured at fair value through profit or loss	470,773	(16,548)	454,224	
Financial assets measured at fair value through other comprehensive income	2,233	(49)	2,184	
Investments in associates	2,373	30	2,403	
of which: goodwill	*29*		*29*	*4*
Property, equipment and software	17,849	(85)	17,764	
Goodwill and intangible assets	7,515	(67)	7,448	
of which: goodwill	*6,043*		*6,043*	*4*
of which: intangible assets	*1,473*	*(67)*	*1,406*	*5*
Deferred tax assets	10,682	(16)	10,665	
of which: deferred tax assets recognized for tax loss carry-forwards and unused tax credits carried forward	*3,086*	*(8)*	*3,078*	*6*
of which: deferred tax assets on temporary differences	*7,595*	*(8)*	*7,587*	*10*
Other non-financial assets	16,049	7	16,056	
of which: net defined benefit pension and other post-employment assets	*1,088*		*1,088*	*8*
Total assets	1,717,246	(18,486)	1,698,760	

CC2: Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation (continued)

As of 31.12.23	Balance sheet in accordance with IFRS Accounting Standards scope of consolidation	Effect of deconsolidated, proportionally consolidated or additional consolidated entities for regulatory consolidation	Balance sheet in accordance with regulatory scope of consolidation	References[1]
USD m				
Liabilities				
Amounts due to banks	70,962	72	71,033	
Payables from securities financing transactions measured at amortized cost	14,394		14,394	
Cash collateral payables on derivative instruments	41,582	(236)	41,345	
Customer deposits	792,029	248	792,276	
Debt issued measured at amortized cost	237,817	(1,715)	236,102	
of which: amount eligible for high-trigger loss-absorbing additional tier 1 capital	*10,744*		*10,744*	*9*
of which: amount eligible for low-trigger loss-absorbing additional tier 1 capital	*1,214*		*1,214*	*9*
of which: amount eligible for low-trigger loss-absorbing tier 2 capital				
Other financial liabilities measured at amortized cost	20,851	(175)	20,675	
Total financial liabilities measured at amortized cost	1,177,633	(1,808)	1,175,826	
Financial liabilities at fair value held for trading	34,159	(402)	33,757	
Derivative financial instruments	192,181	194	192,375	
Brokerage payables designated at fair value	42,522		42,522	
Debt issued designated at fair value	128,289	14	128,303	
Other financial liabilities designated at fair value	29,484	(15,992)	13,492	
Total financial liabilities measured at fair value through profit or loss	426,635	(16,187)	410,448	
Provisions and contingent liabilities	12,250	(541)	11,709	
Other non-financial liabilities	14,089	22	14,110	
of which: amount eligible for high-trigger loss-absorbing capital (Deferred Contingent Capital Plan (DCCP))[2]	*1,424*		*1,424*	*9*
of which: deferred tax liabilities related to goodwill	*312*		*312*	*4*
of which: deferred tax liabilities related to other intangible assets	*176*		*176*	*5*
Total liabilities	1,630,607	(18,513)	1,612,094	
Equity				
Share capital	346	0	347	1
Share premium	13,216	87	13,303	1
Treasury shares	(4,796)		(4,796)	3
Retained earnings	74,880	(153)	74,727	2
Other comprehensive income recognized directly in equity, net of tax	2,462	71	2,533	3
of which: unrealized gains / (losses) from cash flow hedges	*(3,109)*		*(3,109)*	*7*
Equity attributable to shareholders	86,108	5	86,113	
Equity attributable to non-controlling interests	531	22	553	
Total equity	86,639	27	86,666	
Total liabilities and equity	1,717,246	(18,486)	1,698,760	

1 References link the lines of this table to the respective reference numbers provided in the "References" column in the "CC1: Composition of regulatory capital" table in this section. 2 The IFRS Accounting Standards carrying amount of total DCCP liabilities was USD 1,709m as of 31 December 2023. Refer to the "Compensation" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information about the DCCP.

Semi-annual | The CC1 table below provides the composition of capital in the format prescribed by the BCBS and FINMA, and is based on BCBS Basel III rules, unless stated otherwise. Reference is made to items reconciling to the balance sheet under the regulatory scope of consolidation as disclosed in the "CC2: Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation" table in this section.

› **Refer to the documents titled "Capital and total loss-absorbing capacity instruments of UBS Group AG (consolidated), UBS AG and Credit Suisse AG (both consolidated and standalone) – key features" and "UBS Group AG consolidated capital instruments and TLAC-eligible senior unsecured debt," available under "Bondholder information" at *ubs.com/investors,* for an overview of the main features of our regulatory capital instruments, as well as the full terms and conditions**

CC1: Composition of regulatory capital

As of 31.12.23		Amounts	References[1]
USD m, except where indicated			
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	13,649	1
2	Retained earnings	74,727	2
3	Accumulated other comprehensive income (and other reserves)	(2,263)	3
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	**Common Equity Tier 1 capital before regulatory adjustments**	86,113	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudent valuation adjustments	(368)	
8	Goodwill (net of related tax liability)	(5,750)	4
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	(894)	5
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)[2]	(3,136)	6
11	Cash flow hedge reserve	3,109	7
12	Shortfall of provisions to expected losses	(713)	
13	Securitization gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	1,202	
15	Defined benefit pension fund net assets	(965)	8
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	(1,270)	9
17	Reciprocal cross-holdings in common equity		
17a	Qualified holdings where a significant influence is exercised with other owners (CET1 instruments)		
17b	Immaterial investments (CET1 items)		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		10
22	Amount exceeding the 15% threshold		
23	*Of which: significant investments in the common stock of financials*		
24	*Of which: mortgage servicing rights*		
25	*Of which: deferred tax assets arising from temporary differences*		
26	Expected losses on equity investment under the PD / LGD approach		
26a	Further adjustments to financial statements in accordance with a recognized international accounting standard		
26b	Other adjustments	1,158[3,4]	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	**Total regulatory adjustments to Common Equity Tier 1**	(7,628)	
29	**Common Equity Tier 1 capital (CET1)**	78,485	

CC1: Composition of regulatory capital (continued)

As of 31.12.23		Amounts	References[1]
USD m, except where indicated			
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	13,892	
31	*Of which: classified as equity under applicable accounting standards*		
32	*Of which: classified as liabilities under applicable accounting standards*	*13,892*	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
36	**Additional Tier 1 capital before regulatory adjustments**	13,892	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own additional Tier 1 instruments[5]		
38	Reciprocal cross-holdings in additional Tier 1 instruments		
38a	Qualified holdings where a significant influence is exercised with other owners (AT1 instruments)		
38b	Immaterial investments (AT1 instruments)		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation		
41	Other adjustments		
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions		
42a	Regulatory adjustments applied to CET1 capital due to insufficient additional Tier 1 to cover deductions		
43	**Total regulatory adjustments to additional Tier 1 capital**		
44	**Additional Tier 1 capital (AT1)**	13,892	9
45	**Tier 1 capital (T1 = CET1 + AT1)**	92,377	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1[6]	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
50	Provisions		
51	**Tier 2 capital before regulatory adjustments**	1	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments[5]		
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities		
53a	Qualified holdings where a significant influence is exercised with other owners (T2 instruments and other TLAC instruments)		
53b	Immaterial investments (T2 instruments and other TLAC instruments)		
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	Other adjustments		
56a	Excess of the adjustments, which are allocated to the AT1 capital		
57	**Total regulatory adjustments to Tier 2 capital**		
58	**Tier 2 capital (T2)**	1	
59	**Total regulatory capital (TC = T1 + T2)**	92,378	
60	**Total risk-weighted assets**	546,505	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.36	
62	Tier 1 (as a percentage of risk-weighted assets)	16.90	
63	Total capital (as a percentage of risk-weighted assets)	16.90	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)[7]	3.64	
65	*Of which: capital conservation buffer requirement*	*2.50*	
66	*Of which: bank-specific countercyclical buffer requirement*	*0.14*	
67	*Of which: higher loss absorbency requirement*	*1.00*	
68	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	8.90	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	3,871	
73	Significant investments in the common stock of financial entities	3,054	
74	Mortgage servicing rights (net of related tax liability)	307	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	6,591	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		
77	Cap on inclusion of provisions in Tier 2 under standardized approach		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		

1 References link the lines of this table to the respective reference numbers provided in the "References" column in the "CC2: Reconciliation of accounting balance sheet to balance sheet under the regulatory scope of consolidation" table in this section. 2 IFRS Accounting Standards netting for deferred tax assets and liabilities is reversed for items deducted from CET1 capital. 3 Includes USD 931m in compensation-related charge for regulatory capital purposes. 4 Includes USD 4,316m related to transitional CET1 purchase price allocation adjustments. Refer to the "Key metrics" section of this report for more information. 5 Under IFRS Accounting Standards, debt issued and subsequently repurchased is treated as extinguished. 6 Consists of 45% of the gross unrealized gains on debt instruments measured at fair value through other comprehensive income, which are measured at the lower of cost or market value for regulatory capital purposes. 7 BCBS requirements are exceeded by our Swiss SRB requirements. Refer to 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 Swiss SRB requirements.

Prudent valuation adjustments

Annual | The PV1 table below provides a breakdown of prudent valuation adjustments to common equity tier 1 capital. These adjustments are incremental to those made under IFRS Accounting Standards, which include adjustments for liquidity and model uncertainty, as well as credit, funding and debit valuation adjustments.

Instruments that are measured as part of a portfolio of combined long and short positions are valued at mid-market levels in an effort to ensure consistent valuation of the long and short component risks. A liquidity valuation adjustment is then made to the overall net long or short exposure to move the fair value to bid or offer, as appropriate, reflecting current market liquidity levels.

Uncertainties associated with the use of model-based valuations are incorporated into the measurement of fair value through the use of model reserves. These reserves reflect the amounts that the Group estimates should be deducted from valuations produced directly by models to incorporate uncertainties in the relevant modeling assumptions, in the model and market inputs used, or in the calibration of the model output to adjust for known model deficiencies.

In an effort to ensure compliance with the prudent valuation requirements, UBS has established systems, controls and governance around the valuation of positions measured at fair value.

As of 31 December 2023, the prudent valuation adjustment had increased by USD 167m to USD 368m compared with the prior year. This was primarily driven by the acquisition of the Credit Suisse Group, which resulted in an increase of USD 191m. Excluding that acquisition, the prudent valuation adjustment decreased by USD 23m, primarily driven by reduced exposure and tighter credit spreads.

› **Refer to "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information about the valuation adjustments in the financial accounts and related governance**

PV1: Prudent valuation adjustments (PVA)

As of 31.12.23									
USD m		Equity	Interest rates	FX	Credit	Commodities	Total	*Of which: In the trading book*	*Of which: In the banking book*
1	Closeout uncertainty, of which:	(33)	(159)	(3)	(84)	0	(279)	*(157)*	*(123)*
2	*Mid-market value*								
3	*Closeout cost*								
4	*Concentration*	*(33)*	*(159)*	*(3)*	*(84)*	*0*	*(279)*	*(157)*	*(123)*
5	Early termination								
6	Model risk								
7	Operational risk								
8	Investing and funding costs								
9	Unearned credit spreads	0	0	0	(89)	0	(89)	(89)	*0*
10	Future administrative costs								
11	Other								
12	**Total adjustment[1]**	(33)	(159)	(3)	(173)	0	(368)	*(245)*	*(123)*
As of 31.12.22									
1	Closeout uncertainty, of which:	(17)	(77)	0	(64)	0	(158)	*(34)*	*(123)*
2	*Mid-market value*								
3	*Closeout cost*								
4	*Concentration*	*(17)*	*(77)*	*0*	*(64)*	*0*	*(158)*	*(34)*	*(123)*
5	Early termination								
6	Model risk								
7	Operational risk								
8	Investing and funding costs								
9	Unearned credit spreads	0	0	0	(43)	0	(43)	(43)	*0*
10	Future administrative costs								
11	Other								
12	**Total adjustment[1]**	(17)	(77)	0	(107)	0	(201)	*(77)*	*(123)*

1 Valuation adjustments already recognized under the financial accounting standards are USD 2,915m as of 31 December 2023 (31 December 2022: USD 918m), of which valuation adjustments account for USD 2,051m (31 December 2022: USD 311m) for liquidity and USD 603m (31 December 2022: USD 529m) for model uncertainty. Further details are provided in "Note 21 Fair Value measurement" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors.

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Total loss-absorbing capacity

Resolution group – composition of total loss-absorbing capacity

Semi-annual | The TLAC1 table below is based on Basel Committee on Banking Supervision rules and only applicable to UBS Group AG as the ultimate parent entity of the defined UBS resolution group, to which, in case of resolution, resolution tools (e.g., a bail-in) are expected to be applied.

In the second half of 2023, our eligible additional tier 1 (AT1) instruments increased by USD 0.9bn, mainly driven by 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 USD 3.0bn equivalent of AT1 capital instruments that ceased to be eligible as going concern capital when we issued notice of redemption of the instruments in the second half of 2023.

Non-regulatory capital instruments increased by USD 4.4bn, mainly due to eight new issuances of USD 4.8bn equivalent of TLAC-eligible senior unsecured debt instruments, as well as positive impacts from interest rate risk hedge, foreign currency translation and other effects, partly offset by the redemption of USD 3.5bn equivalent of TLAC-eligible senior unsecured debt.

TLAC1: TLAC composition for G-SIBs (at resolution group level)

		31.12.23[1]	30.6.23[1]	31.12.22
USD m, except where indicated				
	Regulatory capital elements of TLAC and adjustments			
1	**Common Equity Tier 1 capital (CET1)**	78,485	79,080	45,457
2	Additional Tier 1 capital (AT1) before TLAC adjustments	13,892	13,030	12,864
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties			
4	Other adjustments			
5	**Total AT1 instruments eligible under the TLAC framework**	13,892	13,030	12,864
6	Tier 2 capital (T2) before TLAC adjustments	1	0	484
7	Amortized portion of T2 instruments where remaining maturity > 1 year			1,938
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties			
9	Other adjustments			
10	**Total T2 instruments eligible under the TLAC framework**	1	0	2,422
11	**TLAC arising from regulatory capital**	92,378	92,110	60,743
	Non-regulatory capital elements of TLAC			
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities			
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	106,567	102,214	44,033
14	*of which: amount eligible as TLAC after application of the caps*			
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022	538	539	536
16	Eligible ex ante commitments to recapitalize a G-SIB in resolution			
17	**TLAC arising from non-regulatory capital instruments before adjustments**	107,106	102,753	44,569
	Non-regulatory capital elements of TLAC: adjustments			
18	TLAC before deductions	199,484	194,863	105,312
19	Deductions of exposures between multiple-point-of-entry (MPE) resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)			
20	Deduction of investments in own other TLAC liabilities[2]			
21	Other adjustments to TLAC			
22	**TLAC after deductions**	199,484	194,863	105,312
	Risk-weighted assets and leverage exposure measure for TLAC purposes			
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	546,505	556,603	319,585
24	Leverage exposure measure	1,695,403	1,677,877	1,028,461
	TLAC ratios and buffers			
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	36.50	35.01	32.95
26	TLAC (as a percentage of leverage exposure)	11.77	11.61	10.24
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	8.90	8.55	9.72
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3.64	3.61	3.57
29	*of which: capital conservation buffer requirement*	*2.50*	*2.50*	*2.50*
30	*of which: bank-specific countercyclical buffer requirement*	*0.14*	*0.11*	*0.07*
31	*of which: higher loss absorbency requirement*	*1.00*	*1.00*	*1.00*

1 Information as of 31 December 2023 and 30 June 2023 has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information. 2 Under IFRS Accounting Standards, debt issued and subsequently repurchased is treated as extinguished.

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Resolution entity – creditor ranking at legal entity level

Semi-annual | The TLAC3 table below provides an overview of the creditor ranking structure of the resolution entity, UBS Group AG, on a standalone basis.

UBS Group AG issues loss-absorbing AT1 capital instruments and TLAC-eligible senior unsecured debt.

UBS Group AG grants Deferred Contingent Capital Plan (DCCP) awards to UBS Group employees, which qualify as Basel III AT1 capital on a UBS Group consolidated basis and totaled USD 1,935m as of 31 December 2023 (30 June 2023: USD 1,912m). The related liabilities of UBS Group AG on a standalone basis of USD 1,412m (30 June 2023: USD 1,298m) are not included in the table below, as these do not give rise to any current claims until the awards are legally vested.

As of 31 December 2023, the TLAC available on a UBS Group AG consolidated basis amounted to USD 199,484m (30 June 2023: USD 194,863m).

- **Refer to "Holding company and significant regulated subsidiaries and sub-groups" at *ubs.com/investors* for more information about UBS Group AG standalone for the year ended 31 December 2023**
- **Refer to "Bondholder information" at *ubs.com/investors* for more information**
- **Refer to the "TLAC1: TLAC composition for G-SIBs (at resolution group level)" table in this section for more information about TLAC for UBS Group AG consolidated**

TLAC3: creditor ranking at legal entity level for the resolution entity, UBS Group AG

As of 31.12.23		Creditor ranking			Total
USD m		1	2	3	
1	Description of creditor ranking	Common shares (most junior)[2]	Additional Tier 1	Bail-in debt and pari passu liabilities (most senior)	
2	Total capital and liabilities net of credit risk mitigation[1]	65,567	15,347	122,906	203,821
3	Subset of row 2 that are excluded liabilities				
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	65,567	15,347[3,4,5]	122,906[6,7]	203,821
5	Subset of row 4 that are potentially eligible as TLAC	65,567	12,512	115,031[8]	193,111
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years			16,163[9]	16,163
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years			47,446	47,446
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years			37,943	37,943
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities			13,480	13,480
10	Subset of row 5 that is perpetual securities	65,567	12,512		78,080

1 No credit risk mitigation is applied to capital and liabilities for UBS Group AG standalone. 2 Common shares including the associated reserves are equal to the equity of UBS Group AG standalone attributable to shareholders. 3 Includes interest expense accrued on AT1 capital instruments, which is not eligible as TLAC. 4 An AT1 instrument in the amount of USD 0.6bn was redeemed and AT1 instruments in a total amount of USD 3.5bn were issued during the six months ended 31 December 2023. 5 Includes an AT1 instrument in the amount of USD 2.5bn, the call of which was announced on 4 December 2023 (call date 31 January 2024). 6 Includes interest expense accrued on bail-in debt, interest-bearing liabilities that consist of loans from UBS AG and UBS Switzerland AG, negative replacement values, and tax and other liabilities that are not excluded liabilities under Swiss law and that rank pari passu to bail-in debt. 7 Bail-in debt of USD 3.5bn was redeemed and bail-in debt of USD 4.8bn was issued during the six months ended 31 December 2023. 8 Bail-in debt of USD 0.8bn has residual maturity of less than one year and is not potentially eligible as TLAC. 9 Includes bail-in debt in the amount of USD 0.5bn, the call of which was announced on 11 January 2024 (redemption date 30 January 2024).

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Leverage ratio

Basel III leverage ratio

Quarterly | The Basel Committee on Banking Supervision (the BCBS) leverage ratio, as summarized in the "KM1: Key metrics" table in section 2 of this report, is calculated by dividing the period-end tier 1 capital by the period-end leverage ratio denominator (the LRD).

The LRD consists of on-balance sheet assets and off-balance sheet items based on IFRS Accounting Standards. Derivative exposures are adjusted for a number of items, including replacement values and eligible cash variation margin netting, the current exposure method add-on for potential future exposure and net notional amounts for written credit derivatives. The LRD also includes an additional charge for counterparty credit risk related to securities financing transactions (SFTs).

The table below shows the difference between IFRS Accounting Standards total assets per the consolidation scope under IFRS Accounting Standards and the BCBS total on-balance sheet exposures. Those exposures are the starting point for calculating the BCBS LRD, as shown in the LR2 table in this section. The difference is due to the application of the regulatory scope of consolidation for the purpose of the BCBS calculation. In addition, carrying amounts for derivative financial instruments and SFTs are deducted from IFRS Accounting Standards total assets. They are measured differently under BCBS leverage ratio rules and are therefore added back in separate exposure line items in the LR2 table.

Difference between the Swiss SRB and BCBS leverage ratio

The LRD is the same under Swiss systemically relevant bank (SRB) and BCBS rules. However, there is a difference in the capital numerator between the two frameworks. Under BCBS rules only common equity tier 1 and additional tier 1 capital are included in the numerator. Under Swiss SRB rules UBS is required to meet going and gone concern leverage ratio requirements. Therefore, depending on the requirement, the numerator includes tier 1 capital instruments, tier 2 capital instruments and / or total loss-absorbing capacity-eligible senior unsecured debt.

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

USD m	31.12.23	30.9.23	31.12.22
On-balance sheet exposures			
IFRS Accounting Standards total assets	1,717,246[1]	1,644,006[1]	1,104,364
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(19,086)	(16,748)	(13,342)
Adjustment for investments in banking, financial, insurance or commercial entities that are outside the scope of consolidation for accounting purposes but consolidated for regulatory purposes	3,235	2,941	
Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure			
Less carrying amount of derivative financial instruments in IFRS Accounting Standards total assets	(218,540)	(242,949)	(185,159)
Less carrying amount of securities financing transactions in IFRS Accounting Standards total assets	(154,017)	(145,348)	(89,882)
Adjustments to accounting values	323[1]	516[1]	
On-balance sheet items excluding derivatives and securities financing transactions, but including collateral	1,329,162	1,242,418	815,981
Asset amounts deducted in determining BCBS Basel III tier 1 capital	(11,460)	(12,081)	(10,826)
Transitional CET1 purchase price allocation adjustments	4,211	4,498	
Total on-balance sheet exposures (excluding derivatives and securities financing transactions)	1,321,913	1,234,835	805,155

1 IFRS Accounting Standards total assets as of 31 December 2023 and 30 September 2023 have been revised subsequent to the publication of the UBS Group fourth quarter 2023 report. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information. Due to materiality considerations, we have kept the leverage ratio denominator unchanged and reversed the impact in the "Adjustments to accounting values" line.

Quarterly | During the fourth quarter of 2023, the LRD increased by USD 79.6bn to USD 1,695.4bn. The increase was primarily driven by currency effects of USD 68.4bn and asset size and other movements of USD 11.1bn.

On-balance sheet exposures (excluding derivatives and securities financing transactions) increased by USD 86.7bn, mainly due to currency effects of USD 59.2bn and asset size and other movements of USD 27.5bn. The asset size movement was mainly driven by higher central bank balances resulting primarily from customer deposits and net new issuances of long-term debt, and higher trading portfolio assets, partly offset by lower lending balances.

Derivative exposures decreased by USD 15.3bn, mainly due to asset size and other movements of USD 17.6bn, partly offset by currency effects of USD 2.2bn. The asset size movement was mainly due to market-driven decreases in foreign exchange and interest rate contracts and lower trading volumes across products.

Securities financing transactions increased by USD 8.3bn, mainly due to asset size and other movements of USD 5.0bn and currency effects of USD 3.3bn. The asset size movement was predominantly reflecting net new excess cash reinvestment trades.

Off-balance sheet items decreased by USD 0.5bn, mainly due to asset size and other movements of USD 3.8bn, partly offset by currency effects of USD 3.3bn. The asset size movement was mainly due to a decrease in guarantees and commitments.

› **Refer to "Leverage ratio denominator" in the "Risk, capital, liquidity and funding, and balance sheet" section of the UBS Group fourth quarter 2023 report, available under "Quarterly reporting" at *ubs.com/investors*, for more information**

LR1: BCBS Basel III leverage ratio summary comparison

	USD m	31.12.23	30.9.23	31.12.22
1	Total consolidated assets as per published financial statements	1,717,246[1]	1,644,006[1]	1,104,364
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation[2]	(30,545)	(28,829)	(24,169)
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure			
4	Adjustments for derivative financial instruments	(90,417)	(99,484)	(94,893)
5	Adjustment for securities financing transactions (i.e., repos and similar secured lending)	11,422	11,763	8,741
6	Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	79,927	80,406	34,416
7	Other adjustments	7,769[1]	7,956[1]	
7a	*of which: Transitional CET1 purchase price allocation adjustments*	*4,211*	*4,498*	
7b	*of which: consolidated entities under the regulatory scope of consolidation*	*3,235*	*2,941*	
8	**Leverage ratio exposure (leverage ratio denominator)**	1,695,403	1,615,817	1,028,461

1 Total consolidated assets as of 31 December 2023 and 30 September 2023 have been revised subsequent to the publication of the UBS Group fourth quarter 2023 report. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information. Due to materiality considerations, we have kept the leverage ratio denominator unchanged and reversed the impact in the "Other adjustments" line. 2 Includes assets that are deducted from tier 1 capital.

LR2: BCBS Basel III leverage ratio common disclosure

	USD m, except where indicated	31.12.23	30.9.23	31.12.22
	On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,329,162	1,242,418	815,981
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(11,460)	(12,081)	(10,826)
2a	*Transitional CET1 purchase price allocation adjustments*	*4,211*	*4,498*	
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	1,321,913	1,234,835	805,155
	Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	62,634	77,423	52,184
5	Add-on amounts for PFE associated with all derivatives transactions	107,548	112,436	72,077
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework			
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(31,746)	(34,088)	(22,067)
8	(Exempted QCCP leg of client-cleared trade exposures)	(13,092)	(15,643)	(12,413)
9	Adjusted effective notional amount of all written credit derivatives[1]	132,275	161,295	41,188
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)[2]	(129,495)	(157,958)	(40,702)
11	**Total derivative exposures**	128,123	143,465	90,266
	Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	259,336	240,670	177,828
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(105,319)	(95,322)	(87,946)
14	CCR exposure for SFT assets	11,422	11,763	8,741
15	Agent transaction exposures			
16	**Total securities financing transaction exposures**	165,439	157,111	98,623
	Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	311,745	303,212	111,555
18	(Adjustments for conversion to credit equivalent amounts)	(231,818)	(222,806)	(77,139)
19	**Total off-balance sheet items**	79,927	80,406	34,416
	Total exposures (leverage ratio denominator)	1,695,403	1,615,817	1,028,461
	Capital and total exposures (leverage ratio denominator)			
20	Tier 1 capital	92,377[3]	90,369[3]	58,321
21	**Total exposures (leverage ratio denominator)**	1,695,403	1,615,817	1,028,461
	Leverage ratio			
22	**Basel III leverage ratio (%)**	5.4[3]	5.6[3]	5.7

1 Includes protection sold, including agency transactions. 2 Protection sold can be offset with protection bought on the same underlying reference entity, provided that the conditions according to the Basel III leverage ratio framework and disclosure requirements are met. 3 Information as of 31 December 2023 and 30 September 2023 has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023, available under "Annual reporting" at ubs.com/investors, for more information.

Liquidity and funding

Liquidity coverage ratio

Quarterly | We monitor the liquidity coverage ratio (the LCR) in all significant currencies in order to manage any currency mismatch between high-quality liquid assets (HQLA) and the net expected cash outflows in times of stress. ▲

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Concentration of funding sources	Capital, liquidity and funding, and balance sheet	– Balance sheet and off-balance sheet: Liabilities by product and currency	177
Concentration of funding sources	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management: Funding management	171–172
Currency mismatch in the LCR	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management: Liquidity coverage ratio	172

High-quality liquid assets

Quarterly | HQLA must be easily and immediately convertible into cash at little or no loss of value, especially during a period of stress. HQLA are assets that are of low risk and are unencumbered. Other characteristics of HQLA are ease and certainty of valuation, low correlation with risky assets, listing of the assets on a developed and recognized exchange, existence of an active and sizable market for the assets, and low volatility. Our HQLA predominantly consist of assets that qualify as Level 1 in the LCR framework, including cash, central bank reserves and government bonds. In the fourth quarter of 2023, our HQLA increased USD 48.1bn to USD 415.6bn, mostly driven by higher customer deposits and proceeds received from debt issuances and negative net new loans. The overall composition of HQLA remained unchanged.

High-quality liquid assets (HQLA)

	Average 4Q23[1]			Average 3Q23[1]		
USD bn, except where indicated	Level 1 weighted liquidity value[2]	Level 2 weighted liquidity value[2]	Total weighted liquidity value[2]	Level 1 weighted liquidity value[2]	Level 2 weighted liquidity value[2]	Total weighted liquidity value[2]
Cash balances[3]	297.8		297.8	264.2		264.2
Securities (on- and off-balance sheet)	92.4	25.4	117.8	80.2	23.2	103.3
Total HQLA[4]	390.2	25.4	415.6	344.3	23.2	367.5

1 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. 2 Calculated after the application of haircuts and, where applicable, caps on Level 2 assets. 3 Includes cash and balances with central banks and other eligible balances as prescribed by FINMA. 4 Calculated in accordance with FINMA requirements.

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LCR development during the fourth quarter of 2023

Quarterly | In the fourth quarter of 2023, the quarterly average LCR of the UBS Group increased 19.1 percentage points to 215.7%, remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA).

The movement in the average LCR was primarily driven by a USD 48.1bn increase in HQLA to USD 415.6bn, mostly driven by higher customer deposits and proceeds received from debt issuances and negative net new loans. The effect of the increase in average HQLA was slightly offset by a USD 5.5bn increase in average net cash outflows, to USD 192.8bn. That increase was due to lower net inflows from securities financing transactions and lower inflows from lending assets, partly offset by lower outflows from debt issued.

LIQ1: Liquidity coverage ratio

		Average 4Q23[1]		Average 3Q23[1]	
USD bn, except where indicated		Unweighted value	Weighted value[2]	Unweighted value	Weighted value[2]
High-quality liquid assets (HQLA)					
1	Total HQLA	420.4	415.6	371.8	367.5
Cash outflows					
2	Retail deposits and deposits from small business customers	348.8	39.9	350.9	39.9
3	*of which: stable deposits*	*32.4*	*1.2*	*35.2*	*1.2*
4	*of which: less stable deposits*	*316.4*	*38.8*	*315.7*	*38.6*
5	Unsecured wholesale funding	278.3	138.0	279.5	138.6
6	*of which: operational deposits (all counterparties)*	*71.1*	*17.6*	*73.4*	*18.2*
7	*of which: non-operational deposits (all counterparties)*	*190.4*	*103.5*	*187.7*	*102.1*
8	*of which: unsecured debt*	*16.9*	*16.9*	*18.3*	*18.3*
9	Secured wholesale funding		71.9		70.8
10	Additional requirements:	232.6	54.5	233.5	56.1
11	*of which: outflows related to derivatives and other transactions*	*110.4*	*27.8*	*107.0*	*28.2*
12	*of which: outflows related to loss of funding on debt products[3]*	*0.2*	*0.2*	*0.1*	*0.1*
13	*of which: committed credit and liquidity facilities*	*122.0*	*26.5*	*126.4*	*27.8*
14	Other contractual funding obligations	27.7	26.9	29.4	28.7
15	Other contingent funding obligations	384.1	10.9	432.8	10.7
16	**Total cash outflows**		342.1		344.9
Cash inflows					
17	Secured lending	240.7	78.8	246.6	81.1
18	Inflows from fully performing exposures	88.4	40.7	94.5	42.4
19	Other cash inflows	29.8	29.8	34.0	34.0
20	**Total cash inflows**	358.9	149.3	375.1	157.6

		Average 4Q23[1]	Average 3Q23[1]
USD bn, except where indicated		Total adjusted value[4]	Total adjusted value[4]
Liquidity coverage ratio (LCR)			
21	Total HQLA	415.6	367.5
22	Net cash outflows	192.8	187.3
23	**LCR (%)**	215.7	196.5

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

Liquidity risk management

Annual | The table below presents an overview of risk management disclosures related to risks resulting from liquidity and funding activities that are provided separately in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*.

LIQA: Liquidity risk management

Pillar 3 disclosure requirement	UBS Group Annual Report 2023 section	Disclosure	UBS Group Annual Report 2023 page number
Liquidity risk management, including risk tolerance and target / limit setting, monitoring and reporting, including policies and practices, as well as governance and governance structure	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management: Strategy, objectives and governance	170
Funding risk strategy and management: objective, diversification of funding sources, limits and targets approach	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management: Funding management and Strategy, objectives and governance	170–172
Liquidity risk management and strategy: objective, diversification of liquid assets, limits and targets approach	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management: Liquidity and funding stress testing and Strategy, objectives and governance	170–171
Stress testing approach and stress scenario description	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management: Liquidity and funding stress testing	170–171
Contingency funding plan	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management: Contingency funding plan	172
Asset encumbrance (encumbered, unencumbered and assets that cannot be pledged as collateral)	Capital, liquidity and funding, and balance sheet	– Balance sheet and off-balance sheet: Asset encumbrance	174–175
Limitations on the transferability of liquidity	Capital, liquidity and funding, and balance sheet	– Liquidity and funding management / Liquidity coverage ratio: Trapped liquidity at Group level (High-quality liquid assets paragraph)	172
Maturity of assets and liabilities to provide a view on the balance sheet and off-balance sheet structure	Consolidated financial statements	– Note 24 Maturity analysis of assets and liabilities	384–386

Net stable funding ratio

Net stable funding ratio development during the fourth quarter of 2023

Semi-annual | As of 31 December 2023, the net stable funding ratio of the UBS Group increased 3.9 percentage points to 124.7%, remaining above the prudential requirement communicated by FINMA.

Available stable funding increased by USD 53.7bn to USD 926.4bn, reflecting higher customer deposits, debt securities issued and regulatory capital.

Required stable funding increased by USD 20.2bn to USD 743.2bn, predominantly reflecting higher trading and lending assets.

› **Refer to "Liquidity and funding management" 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**

LIQ2: Net stable funding ratio (NSFR)

		31.12.23					30.9.23				
		Unweighted value by residual maturity					Unweighted value by residual maturity				
	USD bn	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted Value	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted Value
	Available stable funding (ASF) item										
1	Capital:	86.3			13.2	99.5	85.0			9.4	94.4
2	*Regulatory Capital*	*86.3*			*12.7*	*99.0*	*85.0*			*8.9*	*93.9*
3	*Other Capital Instruments*				*0.5*	*0.5*				*0.5*	*0.5*
4	Retail deposits and deposits from small business customers:		400.5	20.6	14.9	395.6		379.0	18.7	13.0	372.7
5	*Stable deposits*		*33.3*	*0.0*	*0.0*	*31.6*		*34.9*	*0.0*	*0.0*	*33.1*
6	*Less stable deposits*		*367.3*	*20.6*	*14.9*	*364.0*		*344.1*	*18.7*	*13.0*	*339.5*
7	Wholesale Funding:		550.7	58.0	248.2	421.1		513.9	64.6	227.8	394.0
8	*Operational Deposits*		*79.7*			*39.8*		*72.8*			*36.4*
9	*Other wholesale funding*		*471.0*	*58.0*	*248.2*	*381.2*		*441.1*	*64.6*	*227.8*	*357.6*
10	Liabilities with matching interdependent assets		3.8					3.8			
11	Other liabilities:	40.8	120.6		9.3	10.2	44.2	131.3	0.0	0.8	11.6
12	*NSFR derivative liabilities*				*8.5*[1]						
13	*All other liabilities and equity not included in the above categories*	*40.8*	*120.6*		*0.8*	*10.2*	*44.2*	*131.3*	*0.0*	*0.8*	*11.6*
14	**Total ASF**					**926.4**					**872.7**
	Required stable funding (RSF) item										
15	Total NSFR high-quality liquid assets (HQLA)					38.2					28.9
16	Deposits held at other financial institutions for operational purposes		13.6			7.1		13.9			7.2
17	Performing loans and securities:	45.5	301.9	55.7	509.9	565.2	44.2	292.2	54.1	490.7	548.7
18	*Performing loans to financial institutions secured by Level 1 HQLA or Level 2a HQLA*		*84.1*	*0.4*	*0.2*	*10.8*		*72.8*	*0.4*	*0.1*	*8.0*
19	*Performing loans to financial institutions secured by Level 2b HQLA or non-HQLA and unsecured performing loans to financial institutions*		*67.1*	*8.8*	*53.8*	*71.4*		*73.6*	*11.6*	*60.5*	*80.5*
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	*0.7*	*122.8*	*24.2*	*175.4*	*212.7*		*118.3*	*21.9*	*169.9*	*206.3*
21	*With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk*	*1.0*	*12.2*	*0.2*	*8.1*	*7.0*		*8.8*	*0.1*	*8.0*	*6.1*
22	*Performing residential mortgages, of which:*		*24.9*	*20.3*	*259.0*	*211.0*		*24.7*	*17.7*	*240.3*	*196.5*
23	*With a risk weight of less than or equal to 35% under Basel II standardised approach for credit risk*		*12.1*	*10.5*	*236.5*	*180.4*		*11.8*	*9.2*	*217.8*	*166.3*
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	*44.8*	*3.1*	*2.0*	*21.6*	*59.3*	*44.2*	*2.8*	*2.6*	*19.9*	*57.5*
25	Assets with matching interdependent liabilities	3.9					3.8				
26	Other assets:	39.6	41.4	0.2	152.8	126.7	44.7	56.2	0.1	151.8	132.4
27	*Physical traded commodities, including gold*	*2.0*				*1.7*	*1.9*			*0.0*	*1.6*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*				*42.0*[1]	*35.7*				*41.3*[1]	*35.1*
29	*NSFR derivative assets*									*5.6*[1]	*5.6*
30	*NSFR derivative liabilities before deduction of variation margin posted*				*81.2*[1]	*16.2*				*79.8*[1]	*16.0*
31	*All other assets not included in the above categories*	*37.6*	*41.4*	*0.2*	*29.6*	*73.0*	*42.8*	*56.2*	*0.1*	*25.1*	*74.2*
32	Off-balance sheet items		21.7	8.4	101.0	6.0		18.4	9.3	98.5	5.7
33	**Total RSF**					**743.2**					**722.9**
34	**Net stable funding ratio (%)**					**124.7**					**120.7**

1 The ≥ 1 year maturity bucket includes balances for which differentiation by maturity is not required.

▲

Remuneration

Annual | Pillar 3 disclosures on remuneration are separately provided on pages 202–203 and pages 222–270 in the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*. ▲

Requirements for global systemically important banks and related indicators

Semi-annual | The Financial Stability Board (the FSB) has determined that UBS is a global systemically important bank (a G-SIB), using an indicator-based methodology adopted by the Basel Committee on Banking Supervision (the BCBS). Banks that qualify as G-SIBs are required to disclose 13 high-level indicators for assessing the systemic importance of G-SIBs as defined by the BCBS. These indicators are used for the G-SIB score calculation and cover five categories: size, cross-jurisdictional activity, interconnectedness, substitutability / financial institution infrastructure, and complexity.

In November 2023, the FSB, in consultation with the BCBS and national authorities, published the 2023 list of G-SIBs and Credit Suisse had moved below the threshold for G-SIB designation, no longer being considered a G-SIB.

Based on the published indicators, G-SIBs are subject to additional common equity tier 1 (CET1) capital buffer requirements in a range from 1.0% to 3.5%. In November 2023, the FSB confirmed that, based on the year-end 2022 indicators, the additional CET1 capital buffer requirement for the UBS Group will increase to 1.5%, from 1.0%, as of 1 January 2025. This increase follows the acquisition of the Credit Suisse Group in June 2023. As our Swiss systemically relevant bank Basel III capital requirements remain above the BCBS requirements, including the increased G-SIB buffer, we are not affected by these additional G-SIB requirements.

The BCBS introduced a leverage ratio buffer for G-SIBs as a part of the finalization of the Basel III framework announced in December 2017. The leverage ratio buffer is set at 50% of risk-weighted higher-loss absorbency requirements. Implementation of the final Basel III framework in Switzerland is expected to enter into force on 1 January 2025. We do not expect these changes to increase our additional CET1 capital buffer requirement.

We provide our G-SIB indicators as of 31 December 2022 under "Pillar 3 disclosures" at *ubs.com/investors*. Our G-SIB indicators as of 31 December 2023 will be published in July 2024 under "Pillar 3 disclosures" at *ubs.com/investors*. ▲

Significant regulated subsidiaries and sub-groups

Introduction

Scope of disclosures in this section

The sections below include capital and other regulatory information as of 31 December 2023 for UBS AG consolidated, UBS AG standalone, UBS Switzerland AG standalone, UBS Europe SE consolidated, UBS Americas Holding LLC consolidated, Credit Suisse AG consolidated, Credit Suisse AG standalone, Credit Suisse (Schweiz) AG consolidated, Credit Suisse (Schweiz) AG standalone, Credit Suisse International standalone and Credit Suisse Holdings (USA), Inc. consolidated. Capital information in the following sections is based on Pillar 1 capital requirements. Entities may be subject to significant additional Pillar 2 requirements, which represent additional amounts of capital considered necessary and are agreed with regulators based on the risk profile of the respective entity.

UBS Americas Holding LLC consolidated and Credit Suisse Holdings (USA), Inc. consolidated

Recent events in the US banking market

In May 2023, the Federal Reserve Board and the Federal Deposit Insurance Corporation (the FDIC) released reports that covered the circumstances leading to the closing of certain banking organizations following the events in the banking market in March 2023. The reports noted shortcomings in the supervisory agencies' execution of examination programs, including escalation of supervisory issues and staffing. They also raised concerns related to the regulatory framework, including the Federal Reserve's Tailoring Rule and other topics, such as interest rate risk management. UBS expects these developments to impact the regulatory environment in the US, where UBS has significant operations.

Federal Reserve Board releases stress test results

In June 2023, the Federal Reserve Board released the results of its 2023 Dodd–Frank Act Stress Test (DFAST). UBS's US intermediate holding company, UBS Americas Holding LLC, and Credit Suisse's intermediate holding, Credit Suisse Holdings (USA), Inc., exceeded the minimum capital requirements under the severely adverse scenario. Following the completion of the annual DFAST and the Comprehensive Capital Analysis and Review (CCAR), UBS Americas Holding LLC was assigned a stress capital buffer (an SCB) of 9.1% (previously 4.8%) under the SCB rule as of 1 October 2023, resulting in a total common equity tier 1 (CET1) capital requirement of 13.6%. Credit Suisse Holdings (USA), Inc. was assigned an SCB of 7.2% (previously 9.0%), resulting in a total CET1 capital requirement of 11.7%.

US authorities consult on final Basel III implementation

In July 2023, US banking regulators, including the Federal Reserve Board, the FDIC and the Office of the Comptroller of the Currency (the OCC), issued a public consultation on a proposal that would implement the final components of the Basel III capital standards for US banking organizations and foreign-owned intermediate holding companies, such as UBS Americas Holding LLC and Credit Suisse Holdings (USA), Inc. Among other matters, the proposed rules would end the use of the internal model approach for credit risk by the largest banking organizations and would introduce instead a new standardized approach. In addition, the proposed rules for operational risks would replace the advanced measurement approach with a standardized measure. The proposal calls for a three-year transition period, starting on 1 July 2025, and full implementation by 1 July 2028. We currently estimate that the proposed rule changes would result in increased capital requirements for our US-based intermediate holding companies if implemented as proposed.

UBS Americas Holding LLC consolidated

US banking regulators' changes to the resolution framework and long-term debt requirements

In August 2023, the Federal Reserve Board and the FDIC issued joint proposals on long-term debt requirements and resolution planning guidance for large banks. The long-term debt proposal would require certain large bank-holding companies, intermediate holding companies and insured depositories with USD 100bn or more in total assets to maintain a minimum amount of long-term debt, intended to enhance the resilience and resolvability of such organizations. Large banking organizations would also be prohibited from certain activities that could complicate the resolution or would lead to contagion risks. If the proposals are implemented, UBS Bank USA would be subject to the long-term debt requirement, which would be incremental to the requirements already imposed upon its parent organization, UBS Americas Holding LLC. The resolution planning guidance proposed by US banking regulators would cover our US-based entities and calls for certain enhancements in the requirements of the submitted resolution plans.

UBS AG consolidated

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 1.6bn to USD 56.6bn. Common equity tier 1 (CET1) capital increased by USD 0.8bn to USD 44.1bn, mainly reflecting operating profit before tax of USD 0.3bn and positive effects from foreign currency translation of USD 1.0bn, partly offset by additional dividend accruals of USD 0.6bn. 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.

Risk-weighted assets (RWA) increased by USD 12.8bn to USD 334.0bn during the fourth quarter of 2023, primarily driven by an increase in credit and counterparty credit risk RWA.

During the fourth quarter of 2023, the leverage ratio denominator (the LRD) increased by USD 62.3bn to USD 1,104.4bn, driven by an increase from currency effects of USD 41.4bn and an increase in asset size and other movements of USD 20.9bn. The increase in the LRD was mainly driven by higher lending balances, trading portfolio assets, central bank balances and securities financing transaction exposures, partly offset by lower derivative exposures.

Correspondingly, the CET1 capital ratio of UBS AG consolidated decreased to 13.2% from 13.5%, reflecting the increase in RWA, partly offset by the increase in CET1 capital. The Basel III leverage ratio decreased to 5.1% from 5.3%, reflecting higher leverage ratio exposure, partly offset by the increase in tier 1 capital.

In the fourth quarter of 2023, the quarterly average liquidity coverage ratio (the LCR) of UBS AG consolidated increased 13.1 percentage points to 189.7%. The movement in the quarterly average LCR was primarily driven by an increase in average high-quality liquid assets (HQLA) of USD 23.6bn to USD 254.5bn, mainly due to an increase in customer deposits and proceeds received from debt issuances. The effect of the increase in average HQLA was partly offset by an increase in average net cash outflows of USD 3.3bn to USD 134.3bn, driven by lower net inflows from securities financing transactions.

As of 31 December 2023, the net stable funding ratio of UBS AG consolidated decreased 2.1 percentage points to 119.6%. Required stable funding increased by USD 36.7bn to USD 503.8bn, mainly driven by higher lending and trading assets. Available stable funding increased by USD 34.1bn to USD 602.6bn, mainly driven by higher customer deposits, debt issued and regulatory capital.

KM1: Key metrics

USD m, except where indicated		31.12.23	30.9.23	30.6.23
Available capital (amounts)				
1	Common Equity Tier 1 (CET1)[1]	44,130	43,378	43,300
2	Tier 1[1]	56,628	55,037	55,017
3	Total capital[1]	56,629	55,038	55,017
Risk-weighted assets (amounts)				
4	Total risk-weighted assets (RWA)	333,979	321,134	323,406
4a	Minimum capital requirement[2]	26,718	25,691	25,873
Risk-based capital ratios as a percentage of RWA				
5	CET1 ratio (%)[1]	13.21	13.51	13.39
6	Tier 1 ratio (%)[1]	16.96	17.14	17.01
7	Total capital ratio (%)[1]	16.96	17.14	17.01
Additional CET1 buffer requirements as a percentage of RWA				
8	Capital conservation buffer requirement (%)	2.50	2.50	2.50
9	Countercyclical buffer requirement (%)	0.13	0.13	0.10
9a	Additional countercyclical buffer for Swiss mortgage loans (%)	0.32	0.30	0.29
10	Bank G-SIB and / or D-SIB additional requirements (%)[3]			
11	Total of bank CET1 specific buffer requirements (%)[4]	2.63	2.63	2.60
12	CET1 available after meeting the bank's minimum capital requirements (%)[5]	8.71	9.01	8.89
Basel III leverage ratio				
13	Total Basel III leverage ratio exposure measure	1,104,408	1,042,106	1,048,313
14	Basel III leverage ratio (%)[1]	5.13	5.28	5.25
Liquidity coverage ratio (LCR)[6]				
15	Total high-quality liquid assets (HQLA)	254,516	230,909	224,849
16	Total net cash outflow	134,300	130,956	131,535
16a	*of which: cash outflows*	*256,881*	*254,122*	*258,700*
16b	*of which: cash inflows*	*122,582*	*123,166*	*127,165*
17	LCR (%)	189.71	176.56	170.94
Net stable funding ratio (NSFR)				
18	Total available stable funding	602,565	568,509	564,491
19	Total required stable funding	503,782	467,130	477,615
20	NSFR (%)	119.61	121.70	118.19

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 Calculated as 8% of total RWA, based on total capital minimum requirements, excluding CET1 buffer requirements. 3 Swiss SRB going and gone concern requirements and information for UBS AG consolidated are provided below in this section. 4 Excludes non-BCBS capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. 5 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. 6 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.

Swiss systemically relevant bank going and gone concern requirements and information

Quarterly | The tables below provide details of the Swiss systemically relevant bank RWA- and leverage ratio denominator-based going and gone concern requirements and information as required by the Swiss Financial Market Supervisory Authority (FINMA).

In November 2022, the Swiss Federal Council adopted amendments to the Banking Act and the Banking Ordinance, which entered into force as of 1 January 2023. The amendments replaced the resolvability discount on the gone concern capital requirements for systemically important banks (SIBs), including UBS, with reduced base gone concern capital requirements equivalent to 75% of the total going concern requirements (excluding countercyclical buffer requirements). In addition, as of July 2024, FINMA will have the authority to impose a surcharge of up to 25% of the total going concern capital requirements (excluding countercyclical buffer requirements) based on obstacles to an SIB's resolvability identified in future resolvability assessments. UBS AG's consolidated total gone concern requirements remained substantially unchanged in the fourth quarter of 2023. 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.

More information about the going and gone concern requirements and information is provided in the "Total loss-absorbing capacity" section of the UBS AG Annual Report 2023, available under "Annual reporting" at *ubs.com/investors.*

Swiss SRB going and gone concern requirements and information

As of 31.12.23	RWA		LRD	
USD m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	14.75[1]	49,268	5.00[1]	55,220
Common equity tier 1 capital	10.45	34,907	3.50[2]	38,654
of which: minimum capital	*4.50*	*15,029*	*1.50*	*16,566*
of which: buffer capital	*5.50*	*18,369*	*2.00*	*22,088*
of which: countercyclical buffer	*0.45*	*1,509*		
Maximum additional tier 1 capital	4.30	14,361	1.50	16,566
of which: additional tier 1 capital	*3.50*	*11,689*	*1.50*	*16,566*
of which: additional tier 1 buffer capital	*0.80*	*2,672*		
Eligible going concern capital				
Total going concern capital	16.96	56,628	5.13	56,628
Common equity tier 1 capital	13.21	44,130	4.00	44,130
Total loss-absorbing additional tier 1 capital	3.74	12,498	1.13	12,498
of which: high-trigger loss-absorbing additional tier 1 capital	*3.38*	*11,286*	*1.02*	*11,286*
of which: low-trigger loss-absorbing additional tier 1 capital[3]	*0.36*	*1,212*	*0.11*	*1,212*
Required gone concern capital				
Total gone concern loss-absorbing capacity[4,5,6]	10.73	35,819	3.75	41,415
of which: base requirement including add-ons for market share and LRD	*10.73[7]*	*35,819*	*3.75[7]*	*41,415*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	16.31	54,458	4.93	54,458
Total tier 2 capital	0.16	538	0.05	538
of which: non-Basel III-compliant tier 2 capital	*0.16*	*538*	*0.05*	*538*
TLAC-eligible unsecured debt	16.14	53,920	4.88	53,920
Total loss-absorbing capacity				
Required total loss-absorbing capacity	25.48	85,088	8.75	96,636
Eligible total loss-absorbing capacity	33.26	111,086	10.06	111,086
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		333,979		
Leverage ratio denominator				1,104,408

1 Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.50% for leverage ratio denominator (LRD). 2 Our minimum CET1 leverage ratio requirement of 3.5% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement and a 0.25% market share add-on requirement based on our Swiss credit business. 3 Existing outstanding low-trigger additional tier 1 capital instruments qualify as going concern capital at the UBS AG consolidated level, as agreed with the Swiss Financial Market Supervisory Authority (FINMA), until their first call date. As of their first call date, these instruments are eligible to meet the gone concern requirements. 4 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. 5 From 1 January 2023, the resolvability discount on the gone concern capital requirements for systemically important banks (SIBs) has been replaced with reduced base gone concern capital requirements equivalent to 75% of the total going concern requirements (excluding countercyclical buffer requirements). 6 As of July 2024, FINMA will have the authority to impose a surcharge of up to 25% of the total going concern capital requirements should obstacles to an SIB's resolvability be identified in future resolvability assessments. 7 Includes applicable add-ons of 1.08% for RWA and 0.38% for LRD.

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	56,628	55,037	54,770
Total tier 1 capital	56,628	55,037	54,770
Common equity tier 1 capital	44,130	43,378	42,929
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	54,458	53,349	46,991
Total tier 2 capital	538	536	2,958
of which: low-trigger loss-absorbing tier 2 capital	*0*	*0*	*2,422*
of which: non-Basel III-compliant tier 2 capital	*538*	*536*	*536*
TLAC-eligible unsecured debt	53,920	52,814	44,033
Total loss-absorbing capacity			
Total loss-absorbing capacity	111,086	108,387	101,761
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	333,979	321,134	317,823
Leverage ratio denominator	1,104,408	1,042,106	1,029,561
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	17.0	17.1	17.2
of which: common equity tier 1 capital ratio	*13.2*	*13.5*	*13.5*
Gone concern loss-absorbing capacity ratio	16.3	16.6	14.8
Total loss-absorbing capacity ratio	33.3	33.8	32.0
Leverage ratios (%)			
Going concern leverage ratio	5.1	5.3	5.3
of which: common equity tier 1 leverage ratio	*4.0*	*4.2*	*4.2*
Gone concern leverage ratio	4.9	5.1	4.6
Total loss-absorbing capacity leverage ratio	10.1	10.4	9.9

UBS AG standalone

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 RWA[2]						
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.

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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	
USD m, except where indicated	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
of which: minimum capital	*4.50*	*15,934*	*4.50*	*17,972*	*1.50*	*9,659*
of which: buffer capital	*5.50*	*19,475*	*5.50*	*21,965*	*2.00*	*12,879*
of which: countercyclical buffer	*0.12*	*414*	*0.12*	*467*		
Maximum additional tier 1 capital	4.30	15,226	4.30	17,173	1.50	9,659
of which: additional tier 1 capital	*3.50*	*12,393*	*3.50*	*13,978*	*1.50*	*9,659*
of which: additional tier 1 buffer capital	*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
of which: high-trigger loss-absorbing additional tier 1 capital	*3.19*	*11,286*	*2.83*	*11,286*	*1.75*	*11,286*
of which: low-trigger loss-absorbing additional tier 1 capital	*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 capital[2]		Higher of RWA- or LRD-based
Total gone concern loss-absorbing capacity		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.

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UBS Switzerland AG standalone

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, common equity tier 1 capital increased by CHF 0.1bn to CHF 12.5bn, mainly driven by operating profit, largely offset by additional dividend accruals.

Total risk-weighted assets (RWA) decreased by CHF 0.9bn to CHF 107.1bn, mainly driven by lower RWA from credit and counterparty credit risk.

The leverage ratio denominator (the LRD) decreased by CHF 2.3bn to CHF 330.5bn, mainly due to a decrease in lending balances.

The quarterly average liquidity coverage ratio of UBS Switzerland AG remained stable at 142.5%, remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA). Average high-quality liquid assets (HQLA) increased by CHF 1.2bn to CHF 76.3bn, mainly reflecting proceeds received from debt issuances. The effect of higher average HQLA was partly offset by a CHF 0.7bn increase in average net cash outflows, attributable to higher outflows from intercompany payables including currency effects, slightly offset by lower outflows from demand deposits.

As of 31 December 2023, the net stable funding ratio remained stable at 134.1%, remaining above the prudential requirement communicated by FINMA. Required stable funding increased by CHF 0.6bn to CHF 166.1bn, mainly reflecting an increase in weighted required stable funding amounts from mortgage loans, partly offset by lower weighted required stable funding amounts from other lending assets. Available stable funding increased by CHF 0.8bn to CHF 222.7bn, as the effect of higher deposits and higher debt issued was almost entirely offset by currency effects.

KM1: Key metrics

CHF 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]	12,515	12,449	12,354	12,356	12,586
2	Tier 1[1]	17,515	17,838	17,735	17,745	17,978
3	Total capital[1]	17,515	17,838	17,735	17,745	17,978
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	107,097	108,009	107,203	108,077	107,208
4a	Minimum capital requirement[2]	8,568	8,641	8,576	8,646	8,577
4b	Total risk-weighted assets (pre-floor)	99,936	100,646	98,566	98,250	97,662
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)[1]	11.69	11.53	11.52	11.43	11.74
6	Tier 1 ratio (%)[1]	16.35	16.52	16.54	16.42	16.77
7	Total capital ratio (%)[1]	16.35	16.52	16.54	16.42	16.77
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 (%)	0.04	0.05	0.04	0.03	0.02
9a	Additional countercyclical buffer for Swiss mortgage loans (%)	0.84	0.82	0.79	0.74	0.75
10	Bank G-SIB and / or D-SIB additional requirements (%)[3]					
11	Total of bank CET1 specific buffer requirements (%)[4]	2.54	2.55	2.54	2.53	2.52
12	CET1 available after meeting the bank's minimum capital requirements (%)[5]	7.19	7.03	7.02	6.93	7.24
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	330,515	332,850	330,318	330,362	332,280
14	Basel III leverage ratio (%)[1]	5.30	5.36	5.37	5.37	5.41
Liquidity coverage ratio (LCR)[6]						
15	Total high-quality liquid assets (HQLA)	76,288	75,125	77,594	85,286	88,889
16	Total net cash outflow	53,564	52,825	54,497	60,151	62,437
16a	*of which: cash outflows*	*73,049*	*71,989*	*74,687*	*80,906*	*84,826*
16b	*of which: cash inflows*	*19,485*	*19,164*	*20,190*	*20,755*	*22,389*
17	LCR (%)	142.46	142.23	142.41	141.87	142.41
Net stable funding ratio (NSFR)[7]						
18	Total available stable funding	222,709	221,883	219,728	220,838	221,689
19	Total required stable funding	166,100	165,543	163,021	165,152	162,306
20	NSFR (%)	134.08	134.03	134.79	133.72	136.59

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 Calculated as 8% of total RWA, based on total capital minimum requirements, excluding CET1 buffer requirements. 3 Swiss SRB going and gone concern requirements and information for UBS Switzerland AG are provided below. 4 Excludes non-BCBS capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. 5 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. 6 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. 7 UBS Switzerland AG is required to maintain a minimum NSFR of at least 100% on an ongoing basis, as defined by Art. 17h para. 1 of the Liquidity Ordinance. A portion of the excess funding is used to fulfill the NSFR requirement of UBS AG standalone.

Swiss systemically relevant bank going and gone concern requirements and information

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.

UBS Switzerland AG is considered a systemically relevant bank (an SRB) under Swiss banking law and is subject to capital regulations on a standalone basis. As of 31 December 2023, the going concern capital and leverage ratio requirements for UBS Switzerland AG standalone were 15.18% (including a countercyclical buffer of 0.88%) and 5.00%, respectively.

The Swiss SRB framework and going concern requirements applicable to UBS Switzerland AG standalone are the same as those applicable to UBS Group AG consolidated, excluding the Pillar 2 add-on. The gone concern requirement corresponds to 62% of the Group's going concern requirements, excluding the Pillar 2 add-on and countercyclical buffer requirements.

The gone concern requirements were 8.87% for the RWA-based requirement and 3.10% for the LRD-based requirement.

› **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**

Swiss SRB going and gone concern requirements and information

As of 31.12.23	RWA		LRD	
CHF m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	15.18[1]	16,261	5.00[1]	16,526
Common equity tier 1 capital	10.88	11,656	3.50	11,568
of which: minimum capital	*4.50*	*4,819*	*1.50*	*4,958*
of which: buffer capital	*5.50*	*5,890*	*2.00*	*6,610*
of which: countercyclical buffer	*0.88*	*946*		
Maximum additional tier 1 capital	4.30	4,605	1.50	4,958
of which: additional tier 1 capital	*3.50*	*3,748*	*1.50*	*4,958*
of which: additional tier 1 buffer capital	*0.80*	*857*		
Eligible going concern capital				
Total going concern capital	16.35	17,515	5.30	17,515
Common equity tier 1 capital	11.69	12,515	3.79	12,515
Total loss-absorbing additional tier 1 capital	4.67	5,000	1.51	5,000
of which: high-trigger loss-absorbing additional tier 1 capital	*4.67*	*5,000*	*1.51*	*5,000*
Required gone concern capital[2]				
Total gone concern loss-absorbing capacity	8.87	9,495	3.10	10,246
of which: base requirement including add-ons for market share and LRD	*8.87[3]*	*9,495*	*3.10[3]*	*10,246*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	10.44	11,176	3.38	11,176
TLAC-eligible unsecured debt	10.44	11,176	3.38	11,176
Total loss-absorbing capacity				
Required total loss-absorbing capacity	24.05	25,756	8.10	26,772
Eligible total loss-absorbing capacity	26.79	28,691	8.68	28,691
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		107,097		
Leverage ratio denominator				330,515

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. 3 Includes applicable add-ons of 0.89% for RWA and 0.31% for LRD.

Swiss SRB going and gone concern information

CHF m, except where indicated	31.12.23	30.9.23	31.12.22
Eligible going concern capital			
Total going concern capital	17,515	17,838	17,978
Total tier 1 capital	17,515	17,838	17,978
Common equity tier 1 capital	12,515	12,449	12,586
Total loss-absorbing additional tier 1 capital	5,000	5,389	5,393
of which: high-trigger loss-absorbing additional tier 1 capital	*5,000*	*5,389*	*5,393*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	11,176	11,257	11,267
TLAC-eligible unsecured debt	11,176	11,257	11,267
Total loss-absorbing capacity			
Total loss-absorbing capacity	28,691	29,095	29,245
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	107,097	108,009	107,208
Leverage ratio denominator	330,515	332,850	332,280
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	16.4	16.5	16.8
of which: common equity tier 1 capital ratio	*11.7*	*11.5*	*11.7*
Gone concern loss-absorbing capacity ratio	10.4	10.4	10.5
Total loss-absorbing capacity ratio	26.8	26.9	27.3
Leverage ratios (%)			
Going concern leverage ratio	5.3	5.4	5.4
of which: common equity tier 1 leverage ratio	*3.8*	*3.7*	*3.8*
Gone concern leverage ratio	3.4	3.4	3.4
Total loss-absorbing capacity leverage ratio	8.7	8.7	8.8

Capital instruments

Quarterly |

Capital instruments of UBS Switzerland AG – key features

Presented according to issuance date.

		Share capital	Additional tier 1 capital						
1	Issuer	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland	UBS Switzerland AG, Switzerland
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	–	–						
3	Governing law(s) of the instrument	Swiss	Swiss						
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a						
	Regulatory treatment								
4	Transitional Basel III rules[1]	CET1 – going concern capital	Additional tier 1 capital						
5	Post-transitional Basel III rules[2]	CET1 – going concern capital	Additional tier 1 capital						
6	Eligible at solo / group / group and solo	UBS Switzerland AG consolidated and standalone	UBS Switzerland AG consolidated and standalone						
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Loan[3]						
8	Amount recognized in regulatory capital (currency in million, as of most recent reporting date)[1]	CHF 10.0	CHF 1,000	CHF 825	CHF 475	CHF 500	CHF 700	CHF 675	CHF 825
9	Par value of instrument (currency in million)	CHF 10.0	CHF 1,000	CHF 825	CHF 475	CHF 500	CHF 700	CHF 675	CHF 825
10	Accounting classification[4]	Equity attributable to UBS Switzerland AG shareholders	Due to banks held at amortized cost						
11	Original date of issuance	–	18 December 2017	12 December 2018	11 December 2019	29 October 2020	11 March 2021	2 June 2021	2 June 2021
12	Perpetual or dated	–	Perpetual						
13	Original maturity date	–	–						
14	Issuer call subject to prior supervisory approval	–	Yes						

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

Presented according to issuance date.

	Share capital	Additional tier 1 capital						
15 Optional call date, contingent call dates and redemption amount	–	First optional repayment date: 18 December 2022[5]	First optional repayment date: 12 December 2023[5]	First optional repayment date: 11 December 2024	First optional repayment date: 29 October 2025	First optional repayment date: 11 March 2026	First optional repayment date: 2 June 2026	First optional repayment date: 2 June 2028
		Repayable at any time after the first optional repayment date. Repayment subject to FINMA approval. Optional repayment amount: principal amount, together with any accrued and unpaid interest thereon.					Repayable on the first optional repayment date or on any of every second interest payment date thereafter. Repayment subject to FINMA approval. Optional repayment amount: principal amount, together with any accrued and unpaid interest thereon.	Repayable on the first optional repayment date or on any interest payment date thereafter. Repayment subject to FINMA approval. Optional repayment amount: principal amount, together with any accrued and unpaid interest thereon.
16 Subsequent call dates, if applicable	–	Early repayment possible due to a tax or regulatory event. Repayment due to a tax event subject to FINMA approval. Repayment amount: principal amount, together with accrued and unpaid interest.						

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

Presented according to issuance date.

		Share capital	Additional tier 1 capital						
	Coupons								
17	Fixed or floating dividend / coupon	–	Floating						
18	Coupon rate and any related index	–	3-month SARON Compound + 250 bps per annum quarterly	3-month SARON Compound + 489 bps per annum quarterly	3-month SARON Compound + 433 bps per annum quarterly	3-month SARON Compound + 397 bps per annum quarterly	3-month SARON Compound + 337 bps per annum quarterly	3-month SARON Compound + 307 bps per annum quarterly	3-month SARON Compound + 308 bps per annum quarterly
19	Existence of a dividend stopper	–	No						
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary						
21	Existence of step-up or other incentive to redeem	–	No						
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative						
23	Convertible or non-convertible	–	Non-convertible						
24	If convertible, conversion trigger(s)	–	–						
25	If convertible, fully or partially	–	–						
26	If convertible, conversion rate	–	–						
27	If convertible, mandatory or optional conversion	–	–						
28	If convertible, specify instrument type convertible into	–	–						
29	If convertible, specify issuer of instrument it converts into	–	–						
30	Write-down feature	–	Yes						
31	If write-down, write-down trigger(s)	–	Trigger: CET1 ratio is less than 7% FINMA determines a write-down necessary to ensure UBS Switzerland AG's viability; or UBS Switzerland AG receives a commitment of governmental support that FINMA determines necessary to ensure UBS Switzerland AG's viability. Subject to applicable conditions.						
32	If write-down, fully or partially	–	Fully						
33	If write-down, permanent or temporary	–	Permanent						
34	If temporary write-down, description of write-up mechanism	–	–						
34a	Type of subordination	Statutory	Contractual						
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Unless otherwise stated in the articles of association, once debts are paid back, the assets of the liquidated company are divided between the shareholders pro rata based on their contributions and considering the preferences attached to certain categories of shares (Art. 745, Swiss Code of Obligations)	Subject to any obligations that are mandatorily preferred by law, each obligation of UBS Switzerland AG that is unsubordinated or is subordinated and not ranked junior (such as all classes of share capital) or at par (such as tier 1 instruments)						
36	Non-compliant transitioned features	–	–						
37	If yes, specify non-compliant features	–	–						

1 Based on Swiss SRB (including transitional arrangement) requirements. 2 Based on Swiss SRB requirements applicable as of 1 January 2020. 3 Loans granted by UBS AG, Zurich Branch. 4 As applied in UBS Switzerland AG's financial statements under Swiss GAAP. 5 The entity decided not to trigger the call option. There is no expected date for the repayment.

UBS Europe SE consolidated

Quarterly | The table below provides information about the regulatory capital components, capital ratios, leverage ratio and liquidity of UBS Europe SE consolidated based on Basel Committee on Banking Supervision (BCBS) Pillar 1 requirements and in accordance with EU regulatory rules and IFRS Accounting Standards.

During the fourth quarter of 2023, capital remained stable, and risk-weighted assets increased by EUR 0.1bn to EUR 12.4bn due to usual business behavior with no material drivers. Leverage ratio exposure decreased by EUR 2.2bn to EUR 45.1bn, mainly reflecting the decrease in securities financing transactions in line with the balance sheet movement.

The average liquidity coverage ratio remained stable and well above the regulatory requirements of 100% at 148.7%, with a EUR 0.4bn decrease in high-quality liquid assets and a EUR 0.3bn decrease in total net cash outflows. The net stable funding ratio remains stable and well above the regulatory requirements of 100% at 131.5%, with a EUR 0.2bn decrease in funding surplus.

KM1: Key metrics[1]

EUR m, except where indicated		31.12.23	30.9.23[2]	30.6.23	31.3.23[2]	31.12.22[2]
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	2,625	2,651	2,438	2,435	2,441
2	Tier 1	3,225	3,251	3,038	3,035	3,041
3	Total capital	3,225	3,251	3,038	3,035	3,041
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	12,382	12,247	11,118	10,561	10,726
4a	Minimum capital requirement[3]	991	980	889	845	858
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	21.2	21.7	21.9	23.1	22.8
6	Tier 1 ratio (%)	26.1	26.6	27.3	28.7	28.3
7	Total capital ratio (%)	26.1	26.6	27.3	28.7	28.3
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	0.6	0.5	0.5	0.4	0.3
10	Bank G-SIB and / or D-SIB additional requirements (%)					
11	Total of bank CET1 specific buffer requirements (%)	3.1	3.0	3.0	2.9	2.8
12	CET1 available after meeting the bank's minimum capital requirements (%)[4]	16.7	17.2	17.5	18.6	18.3
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	45,079	47,314	49,351	47,909	41,818
14	Basel III leverage ratio (%)[5]	7.2	6.9	6.2	6.3	7.3
Liquidity coverage ratio (LCR)[6]						
15	Total high-quality liquid assets (HQLA)	18,944	19,364	20,026	20,349	20,597
16	Total net cash outflow	12,794	13,120	13,210	13,206	13,082
17	LCR (%)	148.7	148.3	152.4	155.0	158.7
Net stable funding ratio (NSFR)						
18	Total available stable funding	13,942	14,357	13,148	13,176	13,711
19	Total required stable funding	10,606	10,856	9,072	8,569	7,935
20	NSFR (%)	131.5	132.2	144.9	153.8	172.8

1 Based on applicable EU regulatory rules. 2 Comparative figures have been restated to align with the regulatory reports as submitted to the European Central Bank (the ECB). 3 Calculated as 8% of total RWA, based on total capital minimum requirements, excluding CET1 buffer requirements. 4 Represents the CET1 ratio that is available for meeting buffer requirements. Calculated as the CET1 ratio minus 4.5% and after considering, where applicable, CET1 capital that has been used to meet tier 1 and / or total capital ratio requirements under Pillar 1. 5 On the basis of tier 1 capital. 6 Figures are calculated on a 12-month average.

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UBS Americas Holding LLC consolidated

Quarterly | The table below provides information about the regulatory capital components, capital, liquidity, funding and leverage ratios of UBS Americas Holding LLC consolidated, based on Basel Committee on Banking Supervision Pillar 1 requirements and in accordance with US Basel III rules.

Effective 1 October 2023, and through 30 September 2024, UBS Americas Holding LLC is subject to a stress capital buffer (an SCB) of 9.1%, in addition to the minimum capital requirements. The SCB was determined by the Federal Reserve Board following the completion of the 2023 Comprehensive Capital Analysis and Review (the CCAR) based on Dodd–Frank Act Stress Test (DFAST) results and planned future dividends. The SCB, which replaces the static capital conservation buffer of 2.5%, is subject to change on an annual basis or as otherwise determined by the Federal Reserve Board.

During the fourth quarter of 2023, common equity tier 1 capital increased by USD 3.7bn primarily from (i) the redemption by UBS America Holding LLC of USD 2.25bn of preferred shares in exchange for an equivalent amount of paid-in capital from UBS AG, (ii) a USD 0.8bn capital contribution by UBS AG and (iii) the Deferred Tax Asset temporary difference capital deduction declined as a result of the two aforementioned transactions. Risk-weighted assets increased by USD 1.1bn to USD 73.1bn, due to a USD 1.7bn increase in market risk RWA, partly offset by a USD 0.6bn decrease in credit risk RWA. Leverage ratio exposure, calculated on an average basis, decreased by USD 1.0bn to USD 184.0bn, primarily due to lower lending activity.

The average liquidity coverage ratio decreased 8.1 percentage points to 147.7%, driven by a USD 0.9bn decrease in high-quality liquid assets, primarily due to a USD 1.9bn increase in trapped liquidity, and a USD 0.4bn increase in net cash outflows, due mostly to a USD 1.0bn decrease in inflows. The average net stable funding ratio increased 0.3 percentage points to 132.1%, driven by a USD 0.5bn decrease in required stable funding mainly due to a decrease in loans, partly offset by a USD 0.4bn decrease in available stable funding.

KM1: Key metrics

USD m, except where indicated

		31.12.23	30.9.23	30.6.23	31.3.23	31.12.22[1]
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	14,081	10,348	10,275	10,579	10,536
2	Tier 1	16,919	15,433	15,361	15,673	15,618
3	Total capital	17,120	15,647	15,581	15,889	15,749
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	73,096	72,002	70,135	71,901	70,324
4a	Minimum capital requirement[2]	5,848	5,760	5,611	5,752	5,626
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	19.3	14.4	14.7	14.7	15.0
6	Tier 1 ratio (%)	23.1	21.4	21.9	21.8	22.2
7	Total capital ratio (%)	23.4	21.7	22.2	22.1	22.4
Additional CET1 buffer requirements as a percentage of RWA						
8	BCBS capital conservation buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
8a	US stress capital buffer requirement (%)	9.1	4.8	4.8	4.8	4.8
9	Countercyclical buffer requirement (%)					
10	Bank G-SIB and / or D-SIB additional requirements (%)					
11	BCBS total of bank CET1 specific buffer requirements (%)	2.5	2.5	2.5	2.5	2.5
11a	US total bank specific capital buffer requirements (%)	9.1	4.8	4.8	4.8	4.8
12	CET1 available after meeting the bank's minimum capital requirements (%)[3]	14.8	9.9	10.2	10.2	10.5
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	184,015	185,049	186,340	188,330	193,837
14	Basel III leverage ratio (%)[4]	9.2	8.3	8.2	8.3	8.1
14a	Total Basel III supplementary leverage ratio exposure measure	208,242	206,753	207,357	209,465	214,543
14b	Basel III supplementary leverage ratio (%)[4]	8.1	7.5	7.4	7.5	7.3
Liquidity coverage ratio (LCR)[5]						
15	Total high-quality liquid assets (HQLA)	27,952	28,839	29,203	30,484[6]	26,296
16	Total net cash outflow[7]	18,931	18,512	19,464	21,032[6]	18,323
17	LCR (%)	147.7	155.8	150.0	144.9[6]	143.5
Net stable funding ratio (NSFR)[5,8]						
18	Total available stable funding	107,872	108,281[9]	108,583[9]	108,134[9]	
19	Total required stable funding[7]	81,650	82,164[9]	83,341[9]	83,467[9]	
20	NSFR (%)	132.1	131.8[9]	130.3[9]	129.6[9]	

1 Comparative information has been aligned with UBS Americas Holding LLC's final 2022 audited financial statements. 2 Calculated as 8% of total RWA, based on total minimum capital requirements, excluding CET1 buffer requirements. 3 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 additional tier 1 and tier 2 capital requirements met with CET1 capital. 4 On the basis of tier 1 capital. 5 Figures are calculated on a quarterly average. 6 Comparative information for 31 March 2023 has been restated for revisions to HQLA and net cash outflows. 7 Reflected at 85% of the full amount in accordance with the Federal Reserve tailoring rule. 8 The net stable funding ratio requirement became effective as of 1 July 2021 and related disclosures came into effect in the second quarter of 2023. 9 Comparative information for 30 September 2023, 30 June 2023 and 31 March 2023 has been restated for revisions to available stable funding and required stable funding.

Material sub-group entity – creditor ranking at legal entity level

Semi-annual | The TLAC2 table below provides an overview of the creditor ranking structure of UBS Americas Holding LLC on a standalone basis.

As of 31 December 2023, UBS Americas Holding LLC had a total loss-absorbing capacity (TLAC) of USD 24.3bn after regulatory capital deductions and adjustments. This amount included tier 1 capital of USD 16.9bn and USD 7.4bn of internal long-term debt that is eligible as internal TLAC issued to UBS AG, a wholly owned subsidiary of the UBS Group AG resolution entity.

TLAC2: Material sub-group entity – creditor ranking at legal entity level

As of 31.12.23		Creditor ranking				Total
USD m		1	2	3	4	
1	Is the resolution entity the creditor / investor?	No	No	No	No	
2	Description of creditor ranking	Common Equity (most junior)[1]	Preferred Shares (additional tier 1)	Subordinated debt	Unsecured loans and other pari passu liabilities (most senior)	
3	Total capital and liabilities net of credit risk mitigation	22,039	2,900		41,991	66,930
4	Subset of row 3 that are excluded liabilities				0	0
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	22,039	2,900		41,991	66,930
6	Subset of row 5 that are eligible as TLAC	22,039	2,900		7,400	32,339
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years				0	
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years				3,200	3,200
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years				4,200	4,200
10	Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities				0	
11	Subset of row 6 that is perpetual securities	22,039	2,900			24,939

1 Equity attributable to shareholders, which includes share premium and reserves.

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Credit Suisse AG consolidated

Key metrics of the fourth quarter of 2023

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

During the fourth quarter of 2023, the common equity tier 1 (CET1) capital of Credit Suisse AG consolidated decreased by CHF 4.6bn to CHF 38.2bn, mainly driven by a net loss of CHF 2.7bn. Tier 1 capital decreased by CHF 4.6bn to CHF 38.6bn, reflecting the aforementioned decrease in CET1 capital.

Risk-weighted assets (RWA) decreased by CHF 23.4bn to CHF 181.7bn during the fourth quarter of 2023, primarily due to decreases in credit risk RWA and operational risk RWA.

The leverage ratio denominator (the LRD) decreased by CHF 30.4bn to CHF 525.0bn, mainly driven by lower business usage, primarily due to de-risking activities, and a negative foreign exchange impact, partially offset by an increase in high-quality liquid assets (HQLA).

Correspondingly, the CET1 capital ratio of Credit Suisse AG consolidated increased to 21.0% from 20.9%, mainly reflecting the aforementioned decrease in RWA, partially offset by the decrease in CET1 capital. The Basel III leverage ratio decreased to 7.4% from 7.8%, primarily due to the aforementioned decrease in CET1 capital, partially offset by the lower LRD.

In the fourth quarter of 2023, the quarterly average liquidity coverage ratio (the LCR) of Credit Suisse AG consolidated increased 37.9 percentage points to 265.1%, remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA). The increase in the quarterly average LCR was primarily driven by a CHF 20.3bn increase in HQLA to CHF 142.6bn, mainly due to an increase in cash held at central banks.

As of 31 December 2023, the net stable funding ratio (the NSFR) of Credit Suisse AG consolidated increased 10.6 percentage points to 134.7%, remaining above the prudential requirement communicated by FINMA. The increase in the NSFR mainly reflected lower required stable funding, primarily related to a decrease in the loan portfolio of Credit Suisse AG consolidated, as well as a decrease in derivative exposures.

Applicable rules and methodologies

As a result of the integration of Credit Suisse into UBS, the add-ons for market share and the LRD have been increased as of the end of 2023 to align with UBS's current surcharges.

KM1: Key metrics

CHF 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]	38,187	42,793	45,542	54,244	40,987
2	Tier 1[1]	38,646	43,263	46,004	54,244	54,843
3	Total capital[1]	38,646	43,263	46,004	54,244	54,843
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	181,690	205,052	217,102	242,919	249,953
4a	Minimum capital requirement[2]	14,535	16,404	17,368	19,434	19,996
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)[1]	21.02	20.87	20.98	22.33	16.40
6	Tier 1 ratio (%)[1]	21.27	21.10	21.19	22.33	21.94
7	Total capital ratio (%)[1]	21.27	21.10	21.19	22.33	21.94
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 (%)	0.16	0.17	0.13	0.11	0.08
9a	Additional countercyclical buffer for Swiss mortgage loans (%)	0.46	0.28	0.28	0.25	0.24
10	Bank G-SIB and / or D-SIB additional requirements (%)[3,4]					
11	Total of bank CET1 specific buffer requirements (%)[5]	2.66	2.67	2.63	2.61	2.58
12	CET1 available after meeting the bank's minimum capital requirements (%)[4,6]	13.27	13.10	13.19	14.33	11.90
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	524,968	555,398	585,681	655,439	653,551
14	Basel III leverage ratio (%)[1]	7.36	7.79	7.85	8.28	8.39
Liquidity coverage ratio (LCR)[7]						
15	Total high-quality liquid assets (HQLA)	142,642	122,316	131,725	118,086	119,978
16	Total net cash outflow	53,816	53,846	51,315	64,579	81,239
16a	*of which: cash outflows*	*79,227*	*85,913*	*94,073*	*130,255*	*161,608*
16b	*of which: cash inflows*	*25,410*	*32,067*	*42,758*	*65,676*	*80,369*
17	LCR (%)	265.10	227.16	256.70	182.86	147.69
Net stable funding ratio (NSFR)						
18	Total available stable funding	287,062	292,474	295,741	295,402	342,800
19	Total required stable funding	213,092	235,720	246,214	271,352	289,297
20	NSFR (%)	134.71	124.08	120.12	108.86	118.49

1 Credit Suisse has a transitional relief of recognizing CECL allowances and provisions in CET1 capital in accordance with FINMA Circular 2013/1 "Eligible capital – banks" until 30 June 2024. No transitional relief was applied for the periods presented. 2 Calculated as 8% of total RWA, based on total capital minimum requirements, excluding CET1 buffer requirements. 3 Swiss SRB going and gone concern requirements and information for Credit Suisse AG consolidated are provided below in this section. 4 Credit Suisse AG consolidated has aligned its minimum capital requirements to the UBS approach of applying the G-SIB buffer at the Group level only. 5 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 tier 2 capital requirement met with CET1 capital. 6 Excludes non-BCBS capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. 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 64 data points in the fourth quarter of 2023 and 65 data points in the third quarter of 2023. For the prior-quarter data points, refer to the 30 September 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information.

Swiss systemically relevant bank going and gone concern requirements and information

Quarterly I The tables below provide details about the Swiss systemically relevant bank (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.

Credit Suisse AG consolidated is considered an SRB under Swiss banking law and is subject to capital regulations on a consolidated basis. As of 31 December 2023, the going concern capital and leverage ratio requirements for Credit Suisse AG consolidated were 15.56% and 5.28%, respectively.

The gone concern requirements were 10.73% for the RWA-based requirement and 3.75% for the LRD-based requirement.

Swiss SRB going and gone concern requirements and information

As of 31.12.23	RWA		LRD	
CHF m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital[1]	15.56	28,267	5.28	27,694
Common equity tier 1 capital	11.26	20,454	3.78[2]	19,819
of which: minimum capital	*4.50*	*8,176*	*1.50*	*7,875*
of which: buffer capital	*5.50*	*9,993*	*2.00*	*10,499*
of which: countercyclical buffer	*0.46*	*840*		
Maximum additional tier 1 capital	4.30	7,813	1.50	7,875
of which: additional tier 1 capital	*3.50*	*6,359*	*1.50*	*7,875*
of which: additional tier 1 buffer capital	*0.80*	*1,454*		
Eligible going concern capital				
Total going concern capital	21.27	38,646	7.36	38,646
Common equity tier 1 capital	21.02	38,187	7.27	38,187
Total loss-absorbing additional tier 1 capital	0.25	458	0.09	458
of which: high-trigger loss-absorbing additional tier 1 capital	*0.25*	*458*	*0.09*	*458*
Required gone concern capital[3]				
Total gone concern loss-absorbing capacity	10.73	19,486	3.75	19,686
of which: base requirement including add-ons for market share and LRD	*10.73[4]*	*19,486*	*3.75[4]*	*19,686*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	21.07	38,284	7.29	38,284
TLAC-eligible unsecured debt	21.07	38,284	7.29	38,284
Total loss-absorbing capacity				
Required total loss-absorbing capacity	26.28	47,753	9.03	47,380
Eligible total loss-absorbing capacity	42.34	76,930	14.65	76,930
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		181,690		
Leverage ratio denominator				524,968

1 Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.5% for leverage ratio denominator (LRD), as well as the FINMA Pillar 2 capital add-on of CHF 1,445m relating to the supply chain finance funds matter at Credit Suisse. 2 Our minimum CET1 leverage ratio requirement of 3.78% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement, a 0.25% market share add-on requirement based on our Swiss credit business and a Pillar 2 add-on of 0.28%. 3 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. 4 The gone concern requirement after the application of the reduction for the use of higher quality capital instruments is floored at 10% and 3.75% for the RWA- and LRD-based requirements, respectively.

Swiss SRB going and gone concern information

CHF m, except where indicated	31.12.23	30.9.23	31.12.22
Eligible going concern capital			
Total going concern capital	38,646	43,263	54,843
Total tier 1 capital	38,646	43,263	54,843
Common equity tier 1 capital	38,187	42,793	40,987
Total loss-absorbing additional tier 1 capital	458	469	13,856
of which: high-trigger loss-absorbing additional tier 1 capital	*458*	*469*	*10,495*
of which: low-trigger loss-absorbing additional tier 1 capital	*0*	*0*	*3,361*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	38,284	39,230	42,930
TLAC-eligible unsecured debt	38,284	39,230	42,930
Total loss-absorbing capacity			
Total loss-absorbing capacity	76,930	82,492	97,773
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	181,690	205,052	249,953
Leverage ratio denominator	524,968	555,398	653,551
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	21.3	21.1	21.9
of which: common equity tier 1 capital ratio	*21.0*	*20.9*	*16.4*
Gone concern loss-absorbing capacity ratio	21.1	19.1	17.2
Total loss-absorbing capacity ratio	42.3	40.2	39.1
Leverage ratios (%)			
Going concern leverage ratio	7.4	7.8	8.4
of which: common equity tier 1 leverage ratio	*7.3*	*7.7*	*6.3*
Gone concern leverage ratio	7.3	7.1	6.6
Total loss-absorbing capacity leverage ratio	14.7	14.9	15.0

Credit Suisse AG standalone

Key metrics of the fourth quarter of 2023

Quarterly I The table below is based on Basel Committee on Banking Supervision (BCBS) Basel III rules.

During the fourth quarter of 2023, the common equity tier 1 (CET1) capital of Credit Suisse AG standalone increased by CHF 2.4bn to CHF 33.3bn. This was mainly driven by a net profit of CHF 2.5bn, which included a reversal of participation impairments of CHF 2.0bn, as well as dividends received from Credit Suisse (Schweiz) AG. Tier 1 capital increased by CHF 2.4bn to CHF 33.8bn, reflecting the aforementioned increase in CET1 capital.

Phase-in risk-weighted assets (RWA) decreased by CHF 16.2bn to CHF 182.8bn during the fourth quarter of 2023, primarily driven by a decrease in credit risk RWA, mainly due to lower lending exposures, partly offset by an RWA impact from the reversal of participation impairments.

The leverage ratio denominator (the LRD) decreased by CHF 29.2bn to CHF 288.6bn, mainly driven by lower lending exposures, as well as decreases in trading inventory, securities financing transactions and derivative exposures, partly offset by an increase in central bank balances.

Correspondingly, the CET1 capital ratio of Credit Suisse AG standalone increased to 18.2% from 15.6%, reflecting the increase in CET1 capital and the decrease in phase-in RWA. The Basel III leverage ratio increased to 11.7% from 9.9%, reflecting the increase in CET1 capital and the lower LRD.

In the fourth quarter of 2023, the quarterly average liquidity coverage ratio (the LCR) of Credit Suisse AG standalone increased 41.1 percentage points to 393.6%, remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA). The increase in the quarterly average LCR was driven by an increase of CHF 16.6bn in high-quality liquid assets to CHF 67.3bn, mainly due to an increase in cash held at central banks.

As of 31 December 2023, the net stable funding ratio (the NSFR) of Credit Suisse AG standalone increased 21.1 percentage points to 131.82%, remaining above the prudential requirement communicated by FINMA. The movement in the NSFR was driven by a CHF 32.9bn decrease in required stable funding to CHF 121.6bn, primarily due to decreases in the firm's loan portfolio. Available stable funding decreased by CHF 10.8bn to CHF 160.3bn, mainly due to a decrease in long-term debt.

Applicable rules and methodologies

In October 2017, FINMA issued a decree (the 2017 FINMA Decree) specifying the treatment of investments in subsidiaries for capital adequacy purposes for Credit Suisse AG standalone. As of the end of the fourth quarter of 2023, Credit Suisse AG standalone financed Swiss subsidiaries with a carrying value of CHF 18.8bn and foreign subsidiaries with a carrying value of CHF 20.4bn.

The 2017 FINMA Decree also applied an adjustment (referred to as a regulatory filter) as an impact on CET1 capital arising from the accounting change under applicable Swiss banking rules for Credit Suisse AG standalone's participations in subsidiaries, from the portfolio valuation method to the individual valuation method. In contrast to the accounting treatment, the regulatory filter permits Credit Suisse to measure the regulatory capital position as if Credit Suisse AG standalone had maintained the portfolio valuation method. As of the end of the fourth quarter of 2023, the CET1 capital impact from the regulatory filter was CHF 6.2bn (unchanged compared with the end of the third quarter of 2023). The related RWA increase from higher total participation values subject to risk weighting was CHF 15.5bn, reflecting the different risk-weights for these direct participations.

The valuation of Credit Suisse AG's participations in subsidiaries is reviewed for potential impairment (reversal) on at least an annual basis and at any other time that events or circumstances indicate that the value of any participation may be impaired, respectively material reversals of impairment may be mandated. As a result of the acquisition of Credit Suisse Group AG by UBS Group AG and the expected changes in strategy in the future, reliable financial plans were initially not available for the valuation of Credit Suisse AG standalone's participations in subsidiaries, and management used alternative methods to estimate the fair values of those assets. Reliable information became gradually available from the third quarter of 2023 onwards, and the valuation as of 31 December 2023 is generally based on the income approach valuation method and approved legal entity financial plans. Credit Suisse recognized a reversal of participation impairments of CHF 2.0bn in the fourth quarter of 2023.

As a result of the integration of Credit Suisse into UBS, the add-ons for market share and the LRD have been increased as of the end of 2023 to align with UBS's current surcharges.

KM1: Key metrics

CHF 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]	33,346	30,935	28,394	34,206	32,262
2	Tier 1[1]	33,805	31,405	28,856	34,206	46,153
3	Total capital[1]	33,805	31,405	28,856	34,206	46,153
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)[2]	182,772	198,944	199,504	230,782	263,844
4a	Minimum capital requirement[3]	14,622	15,916	15,960	18,463	21,108
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)[1]	18.24	15.55	14.23	14.82	12.23
6	Tier 1 ratio (%)[1]	18.50	15.79	14.46	14.82	17.49
7	Total capital ratio (%)[1]	18.50	15.79	14.46	14.82	17.49
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 (%)	0.22	0.20	0.14	0.12	0.09
9a	Additional countercyclical buffer for Swiss mortgage loans (%)	0.01	0.00	0.00	0.01	0.00
10	Bank G-SIB and / or D-SIB additional requirements (%)[4,5]					
11	Total of bank CET1 specific buffer requirements (%)[6]	2.72	2.70	2.64	2.62	2.59
12	CET1 available after meeting the bank's minimum capital requirements (%)[5,7]	10.50	7.79	6.46	6.82	7.73
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	288,610	317,772	362,074	442,168	456,691
14	Basel III leverage ratio (%)[1]	11.71	9.88	7.97	7.74	10.11
Liquidity coverage ratio (LCR)[8]						
15	Total high-quality liquid assets (HQLA)	67,308	50,738	63,202	51,379	50,091
16	Total net cash outflow	17,099	14,392	16,169	30,478	40,198
16a	*of which: cash outflows*	*48,634*	*50,010*	*56,717*	*76,407*	*89,414*
16b	*of which: cash inflows[9]*	*31,535*	*36,316*	*41,096*	*48,116*	*49,216*
17	LCR (%)	393.63	352.53	390.88	168.58	124.61
Net stable funding ratio (NSFR)[10]						
18	Total available stable funding	160,345	171,146	168,255	170,657	207,520
19	Total required stable funding	121,637	154,500	168,122	190,934	224,037
20	NSFR (%)	131.82[11]	110.77	100.08	89.38	92.63

1 Credit Suisse has a transitional relief of recognizing CECL allowances and provisions in CET1 capital in accordance with FINMA Circular 2013/1 "Eligible capital – banks" until 30 June 2024. No transitional relief was applied for the periods presented. 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 Credit Suisse AG standalone are provided below in this section. 5 Credit Suisse AG standalone has aligned its minimum capital requirements to the UBS approach of applying the G-SIB buffer at the Group level only. 6 Excludes non-BCBS capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. 7 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 additional tier 1 and tier 2 capital requirements met with CET1 capital. 8 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 64 data points in the fourth quarter of 2023 and 65 data points in the third quarter of 2023. For the prior-quarter data points, refer to the 30 September 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. 9 In accordance with LCR rules, cash inflows are capped at 75% of cash outflows, which is calculated on a daily basis for the purpose of the Pillar 3 disclosures. 10 In accordance with Art. 17h para. 3 and 4 of the Liquidity Ordinance, Credit Suisse AG standalone is allowed to fulfill the minimum NSFR of 100% by taking into consideration any excess funding of Credit Suisse (Schweiz) AG standalone, and Credit Suisse AG standalone has an NSFR requirement of at least 80% without taking into consideration any such excess funding. Credit Suisse (Schweiz) AG must always fulfill the NSFR of at least 100% on a standalone basis. 11 In the fourth quarter of 2023, the Bank parent company fulfilled the regulatory NSFR requirement as FINMA provided guidance that allowed the Emergency Liquidity Assistance provided by the Swiss National Bank to be considered as available stable funding to the extent necessary.

Swiss systemically relevant bank going and gone concern requirements and information

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

Following the amendments to the Banking Act and the Banking Ordinance that entered into force as of 1 January 2023, Credit Suisse 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 Credit Suisse 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 Credit Suisse AG standalone's gone concern capital requirement on Credit Suisse 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 and total loss-absorbing capacity-eligible unsecured debt instruments are eligible to meet gone concern requirements until one year before maturity. Credit Suisse AG standalone is allowed to temporarily use capital buffers until further notice, in line with the CAO and regulatory guidance by FINMA.

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	
CHF m, except where indicated	in %		in %		in %	
Required going concern capital						
Total going concern capital[1]	15.32[1]	27,992	15.22[1]	31,652	5.50[1]	15,876
Common equity tier 1 capital	11.02	20,133	10.92	22,709	4.00[2]	11,547
of which: minimum capital	*4.50*	*8,225*	*4.50*	*9,359*	*1.50*	*4,329*
of which: buffer capital	*5.50*	*10,052*	*5.50*	*11,438*	*2.00*	*5,772*
of which: countercyclical buffer	*0.22*	*410*	*0.22*	*467*		
Maximum additional tier 1 capital	4.30	7,859	4.30	8,943	1.50	4,329
of which: additional tier 1 capital	*3.50*	*6,397*	*3.50*	*7,279*	*1.50*	*4,329*
of which: additional tier 1 buffer capital	*0.80*	*1,462*	*0.80*	*1,664*		
Eligible going concern capital						
Total going concern capital	18.50	33,805	16.25	33,805	11.71	33,805
Common equity tier 1 capital	18.24	33,346	16.03	33,346	11.55	33,346
Total loss-absorbing additional tier 1 capital	0.25	458	0.22	458	0.16	458
of which: high-trigger loss-absorbing additional tier 1 capital	*0.25*	*458*	*0.22*	*458*	*0.16*	*458*
Risk-weighted assets / leverage ratio denominator						
Risk-weighted assets		182,772		207,970		
Leverage ratio denominator						288,610

Required gone concern capital[3]		Higher of RWA- or LRD-based
Total gone concern loss-absorbing capacity		26,644
Eligible gone concern capital		
Total gone concern loss-absorbing capacity		38,216
TLAC-eligible unsecured debt		38,216
Gone concern capital coverage ratio	143.40	

1 Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.5% for leverage ratio denominator (LRD), as well as the FINMA Pillar 2 capital add-on of CHF 1,445m relating to the supply chain finance funds matter at Credit Suisse. 2 Our minimum CET1 leverage ratio requirement of 4.0% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement, a 0.25% market share add-on requirement based on our Swiss credit business and a Pillar 2 add-on of 0.501%. 3 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

CHF m, except where indicated	31.12.23	30.9.23	31.12.22
Eligible going concern capital			
Total going concern capital	33,805	31,405	46,153
Total tier 1 capital	33,805	31,405	46,153
Common equity tier 1 capital	33,346	30,935	32,262
Total loss-absorbing additional tier 1 capital	458	469	13,891
of which: high-trigger loss-absorbing additional tier 1 capital	*458*	*469*	*10,519*
of which: low-trigger loss-absorbing additional tier 1 capital	*0*	*0*	*3,372*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	38,216	39,177	43,139
TLAC-eligible unsecured debt	38,216	39,177	43,139
Total loss-absorbing capacity			
Total loss-absorbing capacity	72,021	70,581	89,292
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets, phase-in	182,772	198,944	263,844
of which: investments in Switzerland-domiciled subsidiaries[1]	*42,319*	*41,352*	*52,004*
of which: investments in foreign-domiciled subsidiaries[1]	*61,488*	*60,002*	*74,247*
Risk-weighted assets fully applied as of 1.1.28	207,970	223,540	302,756
of which: investments in Switzerland-domiciled subsidiaries[1]	*47,021*	*45,947*	*59,095*
of which: investments in foreign-domiciled subsidiaries[1]	*81,984*	*80,003*	*106,067*
Leverage ratio denominator	288,610	317,772	456,691
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio, phase-in	18.5	15.8	17.5
of which: common equity tier 1 capital ratio, phase-in	*18.2*	*15.6*	*12.2*
Going concern capital ratio, fully applied as of 1.1.28	16.3	14.0	15.2
of which: common equity tier 1 capital ratio, fully applied as of 1.1.28	*16.0*	*13.8*	*10.7*
Leverage ratios (%)			
Going concern leverage ratio	11.7	9.9	10.1
of which: common equity tier 1 leverage ratio	*11.6*	*9.7*	*7.1*
Capital coverage ratio (%)			
Gone concern capital coverage ratio	143.4	141.7	142.0

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.

Credit Suisse (Schweiz) AG consolidated

Key metrics of the fourth quarter of 2023

Quarterly I The table below is based on Basel Committee on Banking Supervision (BCBS) Basel III rules.

During the fourth quarter of 2023, the common equity tier 1 (CET1) capital of Credit Suisse (Schweiz) AG consolidated decreased by CHF 2.0bn to CHF 11.1bn. This was mainly driven by a dividend accrual of CHF 2.0bn. Tier 1 capital decreased by CHF 2.0bn to CHF 14.2bn, reflecting the aforementioned decrease in CET1 capital.

Risk-weighted assets (RWA) decreased by CHF 4.6bn to CHF 83.3.bn during the fourth quarter of 2023, primarily driven by a decrease in credit risk RWA.

The leverage ratio denominator (the LRD) decreased by CHF 3.6bn to CHF 253.8bn, mainly driven by lower lending balances.

Correspondingly, the CET1 capital ratio of Credit Suisse (Schweiz) AG consolidated decreased to 13.3% from 14.8%, reflecting the decrease in CET1 capital, partially offset by the decrease in RWA. The Basel III leverage ratio decreased to 5.6% from 6.3%.

In the fourth quarter of 2023, the quarterly average liquidity coverage ratio (the LCR) of Credit Suisse (Schweiz) AG consolidated increased by 12.1 percentage points to 151.3%, 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 of CHF 2.2bn in high-quality liquid assets to CHF 52.1bn, mainly due to an increase in cash held at central banks, and a decrease of CHF 1.4bn in net cash outflows to CHF 34.4bn, mainly due to lower cash outflows from deposits.

As of 31 December 2023, the net stable funding ratio (the NSFR) of Credit Suisse (Schweiz) AG consolidated decreased 0.7 percentage points to 108.3%, remaining above the prudential requirement communicated by FINMA. The movement in the NSFR was driven by a decrease of CHF 3.6bn in required stable funding to CHF 118.7bn, mainly due to a decrease in the loan portfolio. The NSFR was also impacted by a decrease of CHF 4.7bn in available stable funding to CHF 128.5bn, primarily due to the maturity decay of funding instruments.

KM1: Key metrics

CHF m, except where indicated		31.12.23	30.9.23	30.6.23	31.3.23	31.12.22
Available capital (amounts)[1]						
1	Common Equity Tier 1 (CET1)[2]	11,051	13,015	12,958	12,602	12,492
2	Tier 1[2]	14,151	16,115	16,058	15,702	15,592
3	Total capital[2]	14,166	16,115	16,058	15,702	15,592
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	83,254	87,838	88,130	90,129	88,602
4a	Minimum capital requirement[3]	6,660	7,027	7,050	7,210	7,088
4b	Total risk-weighted assets (pre-floor)	75,028	79,310	80,689	84,373	81,161
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)[2]	13.27	14.82	14.70	13.98	14.10
6	Tier 1 ratio (%)[2]	17.00	18.35	18.22	17.42	17.60
7	Total capital ratio (%)[2]	17.02	18.35	18.22	17.42	17.60
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 (%)	0.10	0.10	0.08	0.07	0.04
9a	Additional countercyclical buffer for Swiss mortgage loans (%)	0.65	0.65	0.67	0.66	0.65
10	Bank G-SIB and / or D-SIB additional requirements (%)[4,5]					
11	Total of bank CET1 specific buffer requirements (%)[6]	2.60	2.60	2.58	2.57	2.54
12	CET1 available after meeting the bank's minimum capital requirements (%)[5,7]	8.77	10.32	10.20	9.42	9.60
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	253,818	257,419	256,015	251,086	243,946
14	Basel III leverage ratio (%)[2]	5.58	6.26	6.27	6.25	6.39
Liquidity coverage ratio (LCR)[8]						
15	Total high-quality liquid assets (HQLA)	52,095	49,915	42,881	36,762	32,420
16	Total net cash outflow	34,425	35,846	30,582	25,624	27,438
16a	*of which: cash outflows*	*42,963*	*44,655*	*40,278*	*42,119*	*44,646*
16b	*of which: cash inflows*	*8,538*	*8,809*	*9,696*	*16,495*	*17,208*
17	LCR (%)	151.33	139.25	140.22	143.47	118.16
Net stable funding ratio (NSFR)						
18	Total available stable funding	128,538	133,255	135,120	133,863	151,197
19	Total required stable funding	118,715	122,269	123,928	127,635	126,181
20	NSFR (%)	108.27	108.98	109.03	104.88	119.83

1 Net income and dividend accruals for 2023 were recognized in the fourth quarter of 2023. 2 Credit Suisse has a transitional relief of recognizing CECL allowances and provisions in CET1 capital in accordance with FINMA Circular 2013/1 "Eligible capital – banks" until 30 June 2024. A transitional relief of CHF 3m was applied to CET1 and tier 1 capital in the fourth quarter of 2023. No transitional relief was applied for the other periods presented. 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 Credit Suisse (Schweiz) AG consolidated are provided below in this section. 5 Credit Suisse (Schweiz) AG consolidated has aligned its minimum capital requirements to the UBS approach of applying the G-SIB buffer at the Group level only. 6 Excludes non-BCBS countercyclical capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. 7 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 additional tier 1 and tier 2 capital requirements met with CET1 capital. 8 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 64 data points in the fourth quarter of 2023 and 65 data points in the third quarter of 2023. For the prior-quarter data points, refer to the 30 September 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information.

Swiss systemically relevant bank going and gone concern requirements and information

Quarterly I The tables below provide details of the Swiss systemically relevant bank (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.

Credit Suisse (Schweiz) AG consolidated is considered an SRB under Swiss banking law and is subject to capital regulations on a consolidated basis. As of 31 December 2023, the going concern capital and leverage ratio requirements for Credit Suisse (Schweiz) AG consolidated were 15.05% (including a countercyclical buffer of 0.75%) and 5.00%, respectively.

The Swiss SRB framework and going concern requirements applicable to Credit Suisse (Schweiz) AG consolidated are the same as those applicable to Credit Suisse AG consolidated, excluding the Pillar 2 add-on. The gone concern requirement corresponds to 62% of the Credit Suisse AG consolidated going concern requirements, excluding the Pillar 2 add-on and countercyclical buffer requirements.

The gone concern requirements were 8.87% for the RWA-based requirement and 3.10% for the leverage ratio denominator-based requirement.

Swiss SRB going and gone concern requirements and information

As of 31.12.23	RWA		LRD	
CHF m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	15.05[1]	12,531	5.00[1]	12,691
Common equity tier 1 capital	10.75	8,951	3.50	8,884
of which: minimum capital	*4.50*	*3,746*	*1.50*	*3,807*
of which: buffer capital	*5.50*	*4,579*	*2.00*	*5,076*
of which: countercyclical buffer	*0.75*	*626*		
Maximum additional tier 1 capital	4.30	3,580	1.50	3,807
of which: additional tier 1 capital	*3.50*	*2,914*	*1.50*	*3,807*
of which: additional tier 1 buffer capital	*0.80*	*666*		
Eligible going concern capital[2]				
Total going concern capital	17.00	14,151	5.58	14,151
Common equity tier 1 capital	13.27	11,051	4.35	11,051
Total loss-absorbing additional tier 1 capital	3.72	3,100	1.22	3,100
of which: high-trigger loss-absorbing additional tier 1 capital	*3.72*	*3,100*	*1.22*	*3,100*
Required gone concern capital[3]				
Total gone concern loss-absorbing capacity	8.87	7,381	3.10	7,868
of which: base requirement including add-ons for market share and LRD[4]	*8.87*	*7,381*	*3.10*	*7,868*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	10.86	9,040[5]	3.56	9,040[5]
TLAC-eligible unsecured debt	10.84	9,025	3.56	9,025
Total loss-absorbing capacity				
Required total loss-absorbing capacity	23.92	19,913	8.10	20,559
Eligible total loss-absorbing capacity	27.86	23,191	9.14	23,191
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		83,254		
Leverage ratio denominator				253,818

1 Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.5% for leverage ratio denominator (LRD). 2 Net income and dividend accruals for 2023 were recognized in the fourth quarter of 2023. 3 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. 4 Includes applicable add-ons of 0.89% for RWA and 0.31% for LRD. 5 Includes a provision excess of CHF 15m.

Swiss SRB going and gone concern information

CHF m, except where indicated	31.12.23	30.9.23	31.12.22
Eligible going concern capital[1]			
Total going concern capital	14,151	16,115	15,592
Total tier 1 capital	14,151	16,115	15,592
Common equity tier 1 capital	11,051	13,015	12,492
Total loss-absorbing additional tier 1 capital	3,100	3,100	3,100
of which: high-trigger loss-absorbing additional tier 1 capital	*3,100*	*3,100*	*3,100*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	9,040[2]	9,025	10,000
TLAC-eligible unsecured debt	9,025	9,025	10,000
Total loss-absorbing capacity			
Total loss-absorbing capacity	23,191	25,140	25,592
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	83,254	87,838	88,602
Leverage ratio denominator	253,818	257,419	243,946
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	17.0	18.3	17.6
of which: common equity tier 1 capital ratio	*13.3*	*14.8*	*14.1*
Gone concern loss-absorbing capacity ratio	10.9	10.3	11.3
Total loss-absorbing capacity ratio	27.9	28.6	28.9
Leverage ratios (%)			
Going concern leverage ratio	5.6	6.3	6.4
of which: common equity tier 1 leverage ratio	*4.4*	*5.1*	*5.1*
Gone concern leverage ratio	3.6	3.5	4.1
Total loss-absorbing capacity leverage ratio	9.1	9.8	10.5

1 Net income and dividend accruals for 2023 were recognized in the fourth quarter of 2023. 2 Includes a provision excess of CHF 15m.

Credit Suisse (Schweiz) AG standalone

Key metrics of the fourth quarter of 2023

Quarterly I The table below is based on Basel Committee on Banking Supervision (BCBS) Basel III rules.

During the fourth quarter of 2023, the common equity tier 1 (CET1) capital of Credit Suisse (Schweiz) AG standalone decreased by CHF 1.5bn to CHF 10.4bn. This was mainly driven by a dividend accrual of CHF 2.0bn. Tier 1 capital decreased by CHF 1.5bn to CHF 13.5bn, reflecting the aforementioned decrease in CET1 capital.

Risk-weighted assets (RWA) decreased by CHF 4.3bn to CHF 82.6bn during the fourth quarter of 2023, primarily driven by lower credit risk RWA.

The leverage ratio denominator (the LRD) decreased by CHF 3.5bn to CHF 251.7bn, mainly driven by lower lending balances.

Correspondingly, the CET1 capital ratio of Credit Suisse (Schweiz) AG standalone decreased to 12.6% from 13.7%, reflecting the aforementioned decrease in CET1 capital, partially offset by the aforementioned decrease in RWA. The Basel III leverage ratio decreased to 5.4% from 5.9%.

In the fourth quarter of 2023, the quarterly average liquidity coverage ratio (the LCR) of Credit Suisse (Schweiz) AG standalone increased 11.7 percentage points to 149.3%, 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 of CHF 2.2bn in high-quality liquid assets to CHF 52.0bn, mainly due to an increase in cash held at central banks, and a decrease of CHF 1.4bn in net cash outflows to CHF 34.9bn, mainly due lower cash outflows from deposits.

As of 31 December 2023, the net stable funding ratio (the NSFR) of Credit Suisse (Schweiz) AG standalone decreased 0.7 percentage points to 108.7%, remaining above the prudential requirement communicated by FINMA. The movement in the NSFR was driven by a decrease of CHF 3.4bn in required stable funding to CHF 116.7bn, mainly due to a decrease in the loan portfolio. The NSFR was also impacted by a decrease of CHF 4.6bn in available stable funding to CHF 126.8bn, primarily due to the maturity decay of funding instruments.

As of 31 December 2023, Credit Suisse (Schweiz) AG standalone held assets with a carrying value of CHF 908m that are pledged under the covered bonds program of Credit Suisse AG and for which the related liabilities of CHF 534m as of 31 December 2023 are reported by Credit Suisse AG. The liabilities were fully collateralized through cash deposits from Credit Suisse AG.

KM1: Key metrics

CHF m, except where indicated		31.12.23	30.9.23	30.6.23	31.3.23	31.12.22
Available capital (amounts)[1]						
1	Common Equity Tier 1 (CET1)[2]	10,396	11,918	11,884	11,841	11,724
2	Tier 1[2]	13,496	15,018	14,984	14,941	14,824
3	Total capital[2]	13,537	15,018	14,984	14,941	14,824
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	82,611	86,893	87,414	90,414	88,949
4a	Minimum capital requirement[3]	6,609	6,951	6,993	7,233	7,116
4b	Total risk-weighted assets (pre-floor)	73,541	77,422	78,910	82,666	79,565
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)[2]	12.58	13.72	13.60	13.10	13.18
6	Tier 1 ratio (%)[2]	16.34	17.28	17.14	16.53	16.67
7	Total capital ratio (%)[2]	16.39	17.28	17.14	16.53	16.67
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 (%)	0.10	0.10	0.08	0.07	0.04
9a	Additional countercyclical buffer for Swiss mortgage loans (%)	0.66	0.66	0.68	0.66	0.65
10	Bank G-SIB and / or D-SIB additional requirements (%)[4,5]					
11	Total of bank CET1 specific buffer requirements (%)[6]	2.60	2.60	2.58	2.57	2.54
12	CET1 available after meeting the bank's minimum capital requirements (%)[5,7]	8.08	9.22	9.10	8.53	8.67
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	251,692	255,147	253,987	249,268	242,288
14	Basel III leverage ratio (%)[2]	5.36	5.89	5.90	5.99	6.12
Liquidity coverage ratio (LCR)[8]						
15	Total high-quality liquid assets (HQLA)	52,045	49,864	42,858	36,752	32,410
16	Total net cash outflow	34,850	36,226	31,007	25,984	27,787
16a	*of which: cash outflows*	*43,295*	*44,956*	*40,563*	*42,376*	*44,836*
16b	*of which: cash inflows*	*8,444*	*8,730*	*9,556*	*16,392*	*17,049*
17	LCR (%)	149.34	137.65	138.22	141.44	116.64
Net stable funding ratio (NSFR)[9]						
18	Total available stable funding	126,824	131,427	133,504	132,048	149,441
19	Total required stable funding	116,703	120,124	121,686	124,582	123,162
20	NSFR (%)	108.67[10]	109.41	109.71	105.99	121.34

1 Net income and dividend accruals for 2023 were recognized in the fourth quarter of 2023. 2 Credit Suisse has a transitional relief of recognizing CECL allowances and provisions in CET1 capital in accordance with FINMA Circular 2013/1 "Eligible capital – banks" until 30 June 2024. A transitional relief of CHF 8m was applied to CET1 and tier 1 capital to the fourth quarter of 2023. No transitional relief was applied for the other periods presented. 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 Credit Suisse (Schweiz) AG standalone are provided below in this section. 5 Credit Suisse (Schweiz) AG standalone has aligned its minimum capital requirements to the UBS approach of applying the G-SIB buffer at the Group level only. 6 Excludes non-BCBS countercyclical capital buffer requirements for risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland. 7 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 additional tier 1 and tier 2 capital requirements met with CET1 capital. 8 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 64 data points in the fourth quarter of 2023 and 65 data points in the third quarter of 2023. For the prior-quarter data points, refer to the 30 September 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. 9 In accordance with Art. 17h of the Liquidity Ordinance, Credit Suisse AG standalone is allowed to fulfill the minimum NSFR of 100% by taking into consideration any excess funding of Credit Suisse (Schweiz) AG standalone, and Credit Suisse AG standalone has an NSFR requirement of at least 80% without taking into consideration any such excess funding. Credit Suisse (Schweiz) AG must always fulfill the NSFR of at least 100% on a standalone basis. 10 In the fourth quarter of 2023, the Bank parent company fulfilled the regulatory NSFR requirement as FINMA provided guidance that allowed the Emergency Liquidity Assistance provided by the Swiss National Bank to be considered as available stable funding to the extent necessary. This FINMA guidance did not impact the NSFR of Credit Suisse (Schweiz) AG – parent company on a stand-alone basis.

Swiss systemically relevant bank going and gone concern requirements and information

Quarterly I The tables below provide details of the Swiss systemically relevant bank (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.

Credit Suisse (Schweiz) AG standalone is considered an SRB under Swiss banking law and is subject to capital regulations on a standalone basis. As of 31 December 2023, the going concern capital and leverage ratio requirements for Credit Suisse (Schweiz) AG standalone were 15.06% (including a countercyclical buffer of 0.76%) and 5.00%, respectively.

The Swiss SRB framework and going concern requirements applicable to Credit Suisse (Schweiz) AG standalone are the same as those applicable to Credit Suisse AG consolidated, excluding the Pillar 2 add-on. The gone concern requirement corresponds to 62% of the Credit Suisse AG consolidated going concern requirements, excluding the Pillar 2 add-on and countercyclical buffer requirements.

The gone concern requirements were 8.87% for the RWA-based requirement and 3.10% for the leverage ratio denominator-based requirement.

Swiss SRB going and gone concern requirements and information

As of 31.12.23	RWA		LRD	
CHF m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	15.06[1]	12,440	5.00[1]	12,585
Common equity tier 1 capital	10.76	8,888	3.50	8,809
of which: minimum capital	*4.50*	*3,717*	*1.50*	*3,775*
of which: buffer capital	*5.50*	*4,544*	*2.00*	*5,034*
of which: countercyclical buffer	*0.76*	*627*		
Maximum additional tier 1 capital	4.30	3,552	1.50	3,775
of which: additional tier 1 capital	*3.50*	*2,891*	*1.50*	*3,775*
of which: additional tier 1 buffer capital	*0.80*	*661*		
Eligible going concern capital[2]				
Total going concern capital	16.34	13,496	5.36	13,496
Common equity tier 1 capital	12.58	10,396	4.13	10,396
Total loss-absorbing additional tier 1 capital	3.75	3,100	1.23	3,100
of which: high-trigger loss-absorbing additional tier 1 capital	*3.75*	*3,100*	*1.23*	*3,100*
Required gone concern capital[3]				
Total gone concern loss-absorbing capacity	8.87	7,324	3.10	7,802
of which: base requirement including add-ons for market share and LRD[4]	*8.87*	*7,324*	*3.10*	*7,802*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	10.97	9,066 [5]	3.60	9,066 [5]
TLAC-eligible unsecured debt	10.92	9,025	3.59	9,025
Total loss-absorbing capacity				
Required total loss-absorbing capacity	23.92	19,764	8.10	20,387
Eligible total loss-absorbing capacity	27.31	22,562	8.96	22,562
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		82,611		
Leverage ratio denominator				251,692

1 Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.5% for leverage ratio denominator (LRD). 2 Net income and dividend accruals for 2023 were recognized in the fourth quarter of 2023. 3 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. 4 Includes applicable add-ons of 0.89% for RWA and 0.31% for LRD. 5 Includes a provision excess of CHF 41m.

Swiss SRB going and gone concern information

CHF m, except where indicated	31.12.23	30.9.23	31.12.22
Eligible going concern capital[1]			
Total going concern capital	13,496	15,018	14,824
Total tier 1 capital	13,496	15,018	14,824
Common equity tier 1 capital	10,396	11,918	11,724
Total loss-absorbing additional tier 1 capital	3,100	3,100	3,100
of which: high-trigger loss-absorbing additional tier 1 capital	*3,100*	*3,100*	*3,100*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	9,066[2]	9,025	10,000
TLAC-eligible unsecured debt	9,025	9,025	10,000
Total loss-absorbing capacity			
Total loss-absorbing capacity	22,562	24,043	24,824
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	82,611	86,893	88,949
Leverage ratio denominator	251,692	255,147	242,288
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	16.3	17.3	16.7
of which: common equity tier 1 capital ratio	*12.6*	*13.7*	*13.2*
Gone concern loss-absorbing capacity ratio	11.0	10.4	11.2
Total loss-absorbing capacity ratio	27.3	27.7	27.9
Leverage ratios (%)			
Going concern leverage ratio	5.4	5.9	6.1
of which: common equity tier 1 leverage ratio	*4.1*	*4.7*	*4.8*
Gone concern leverage ratio	3.6	3.5	4.1
Total loss-absorbing capacity leverage ratio	9.0	9.4	10.3

1 Net income and dividend accruals for 2023 were recognized in the fourth quarter of 2023. 2 Includes a provision excess of CHF 41m.

Credit Suisse International standalone

Quarterly | The table below provides information about the regulatory capital components, capital ratios, leverage ratio and liquidity of Credit Suisse International standalone based on Basel Committee on Banking Supervision (BCBS) Pillar 1 requirements and in accordance with UK Prudential Regulatory Authority regulations and IFRS Accounting Standards.

During the fourth quarter of 2023, the common equity tier 1 capital of Credit Suisse International standalone decreased by USD 0.5bn to USD 12.7bn from USD 13.2bn, primarily due to increased losses. Total capital decreased by USD 0.6bn to USD 13.9bn, from USD 14.4bn in the third quarter of 2023. Risk-weighted assets decreased by USD 6.6bn to USD 35.4bn from USD 42.0bn in the third quarter of 2023, driven by a decrease across all risk types due to a reduction in trading activity. Leverage ratio exposure decreased by USD 11.2bn to USD 78.1bn, mainly driven by a decrease in trading inventory.

The average liquidity coverage ratio was 280.3%, compared with 221.0% in the third quarter of 2023. The increase was driven by a decrease of USD 2.1bn in net cash outflows, mainly driven by a decrease in outflow from derivatives, outflow from impact of adverse market scenarios and outflow from structured financing activities.

The net stable funding ratio (the NSFR) of Credit Suisse International standalone remained above the regulatory requirement of 100%, at 125.6%, compared with 126.1% in the third quarter of 2023. The NSFR was driven by a decrease of USD 4.2bn in available stable funding, mainly driven by a decrease in long-term funding. This was offset by a decrease of USD 3.2bn in required stable funding, mainly driven by a decrease in net derivative assets, initial margin posted and trading inventory.

KM1: Key metrics

USD m, except where indicated	31.12.23	30.9.23	30.6.23	31.3.23	31.12.22[1]
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	12,688	13,244	14,589	14,951	14,609
2 Tier 1	13,888	14,444	15,789	16,151	15,809
3 Total capital	13,888	14,447	15,792	16,154	15,812
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	35,438	42,012	48,633	49,042	60,646
4a Minimum capital requirement[2]	2,835	3,361	3,891	3,923	4,852
Risk-based capital ratios as a percentage of RWA					
5 CET1 ratio (%)	35.80	31.52	30.00	30.49	24.09
6 Tier 1 ratio (%)	39.19	34.38	32.47	32.93	26.07
7 Total capital ratio (%)	39.19	34.39	32.47	32.94	26.07
Additional CET1 buffer requirements as a percentage of RWA					
8 BCBS capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50	2.50
9 Countercyclical buffer requirement (%)	0.83	0.76	0.49	0.45	0.41
10 Bank G-SIB and / or D-SIB additional requirements (%)					
11 BCBS total of bank CET1 specific buffer requirements (%)	3.33	3.26	2.99	2.95	2.91
12 CET1 available after meeting the bank's minimum capital requirements (%)[3]	31.19	26.39	24.47	24.94	18.07
Basel III leverage ratio					
13 Total Basel III leverage ratio exposure measure	78,135	89,344	98,366	112,642	126,360
14 Basel III leverage ratio (%)[4]	17.77	16.17	16.05	14.34	12.51
Liquidity coverage ratio (LCR)[5]					
15 Total high-quality liquid assets (HQLA)	15,364	15,411	20,095	23,899	25,457
16 Total net cash outflow	5,990	8,091	11,471	14,906	16,608
17 LCR (%)	280.28	220.97	197.04	162.79	150.42
Net stable funding ratio (NSFR)[6]					
18 Total available stable funding	30,356	34,581	39,764	44,280	49,315
19 Total required stable funding	24,166	27,375	31,086	34,728	38,717
20 NSFR (%)	125.59	126.10	128.14	127.51	127.54

1 Comparative information has been aligned with Credit Suisse International standalone's final 2022 audited financial statements. 2 Calculated as 8% of total RWA, based on total minimum capital requirements, excluding CET1 buffer requirements. 3 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 additional tier 1 and tier 2 capital requirements met with CET1 capital. 4 On the basis of tier 1 capital. 5 Based on Pillar 1 requirements; calculated using a 12-month average. 6 The net stable funding ratio requirement became effective as of 1 January 2022 and related disclosures came into effect in the first quarter of 2023.

Material sub-group entity – creditor ranking at legal entity level

Semi-annual | The TLAC2 table below provides an overview of the creditor ranking structure of Credit Suisse International on a standalone basis.

As of 31 December 2023, Credit Suisse International had a total loss-absorbing capacity (TLAC) of USD 18.5bn after regulatory capital deductions and adjustments. This amount included tier 1 capital, excluding minority interests, of USD 13.9bn and USD 4.6bn of internal long-term debt that was eligible as internal TLAC issued to Credit Suisse AG, a wholly owned subsidiary of the UBS Group AG resolution entity.

TLAC2: Material sub-group entity – creditor ranking at legal entity level

As of 31.12.23		Creditor ranking				Total
USD m		1	2	3	4	
1	Is the resolution entity the creditor / investor?	No	No	No	No	
2	Description of creditor ranking	Common Equity (most junior)[1]	Preferred Shares (Additional tier 1)	Subordinated debt	Unsecured loans and other pari passu liabilities (most senior)[2]	
3	Total capital and liabilities net of credit risk mitigation	13,762	1,200		107,312	122,274
4	Subset of row 3 that are excluded liabilities				3	3
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	13,762	1,200		107,309	122,271
6	Subset of row 5 that are eligible as TLAC	13,762	1,200		4,586	19,548
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years				1,543	1,543
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years				3,043	3,043
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years					
10	Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities					
11	Subset of row 6 that is perpetual securities	13,762	1,200			14,962

1 Equity attributable to shareholders, which includes share premium and reserves. 2 As of 31 December 2023, in line with UBS Holding LLC, Credit Suisse International standalone reports all liabilities, including intercompany liabilities, that rank pari passu or junior to the TLAC-eligible internal debt securities it has issued.

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Credit Suisse Holdings (USA), Inc. consolidated

Quarterly I The table below provides information about the regulatory capital components and capital, liquidity and leverage ratios of Credit Suisse Holdings (USA), Inc. consolidated, based on Basel Committee on Banking Supervision (BCBS) Pillar 1 requirements and in accordance with US Basel III rules.

Effective 1 October 2022 and through 30 September 2023, Credit Suisse Holdings (USA), Inc. was subject to a stress capital buffer (an SCB) of 9.0%, in addition to the minimum capital requirements. The SCB was determined by the Federal Reserve Board following the completion of the 2022 Comprehensive Capital Analysis and Review (the CCAR) based on Dodd–Frank Act Stress Test (DFAST) results and planned future dividends. Based on the results of the 2023 CCAR, the SCB has been adjusted to 7.2% effective 1 October 2023. The SCB, which replaces the static capital conservation buffer of 2.5%, is subject to change on an annual basis or as otherwise determined by the Federal Reserve Board.

During the fourth quarter of 2023, the common equity tier 1 (CET1) ratio of Credit Suisse Holdings (USA), Inc. consolidated increased to 72.3% from 57.9%, as risk-weighted assets (RWA) decreased by USD 3.8bn to USD 13.0bn, which more than offset losses for the quarter of USD 3.0bn. The decrease in RWA was driven by decreases of USD 3.2bn in credit risk RWA and USD 0.6 bn in market risk RWA. Leverage ratio exposure, calculated on an average basis, decreased by USD 4.4bn to USD 29.5bn, driven by a decrease in reverse repurchase transactions due to a decrease in high-quality liquid assets (HQLA) requirements.

The average liquidity coverage ratio of Credit Suisse Holdings (USA), Inc. consolidated decreased 136 percentage points to 195.1%, mostly driven by a decrease in HQLA eligible level 1 liquid assets and an increase in unsecured debt outflows over the quarter.

The average net stable funding ratio (the NSFR) of Credit Suisse Holdings (USA), Inc. consolidated remained well above the regulatory requirement of 100%, at 179.1% for the fourth quarter of 2023, a decrease of 53.1 percentage points compared with 232.2% in the third quarter of 2023. The NSFR movement was driven by a decrease of USD 5.5bn in available stable funding, which was due to a reduction in term unsecured funding and capital. The NSFR was also impacted by a decrease of USD 0.4bn in required stable funding, which was driven by a reduction in loans and securities.

KM1: Key metrics[1]

USD m, except where indicated		31.12.23	30.9.23	30.6.23[2]	31.3.23	31.12.22
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	9,387	9,756	10,758	12,491	12,405
2	Tier 1	9,909	10,279	11,281	13,013	12,928
3	Total capital	9,987	10,346	11,348	13,080	13,037
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	12,979	16,841	20,480	31,762	44,644
4a	Minimum capital requirement[3]	1,038	1,347	1,638	2,541	3,572
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	72.3	57.9	52.5	39.3	27.8
6	Tier 1 ratio (%)	76.4	61.0	55.1	41.0	29.0
7	Total capital ratio (%)	77.0	61.4	55.4	41.2	29.2
Additional CET1 buffer requirements as a percentage of RWA						
8	BCBS capital conservation buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
8a	US stress capital buffer requirement (%)	7.2	9.0	9.0	9.0	9.0
9	Countercyclical buffer requirement (%)	0.3	0.3	0.3	0.3	0.3
10	Bank G-SIB and / or D-SIB additional requirements (%)					
11	BCBS total of bank CET1 specific buffer requirements (%)	2.8	2.8	2.8	2.8	2.8
11a	US total bank specific capital buffer requirements (%)	7.5	9.3	9.3	9.3	9.3
12	CET1 available after meeting the bank's minimum capital requirements (%)[4]	67.8	53.4	47.4	33.2	21.2
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	29,484	33,906	42,802	55,789	65,298
14	Basel III leverage ratio (%)[5]	33.6	30.3	26.4	23.3	19.8
14a	Total Basel III supplementary leverage ratio exposure measure	34,370	40,848	51,433	66,825	78,593
14b	Basel III supplementary leverage ratio (%)[5]	28.8	25.2	21.9	19.5	16.4
Liquidity coverage ratio (LCR)[6]						
15	Total high-quality liquid assets (HQLA)	12,561	16,367	17,043	16,740	17,383
16	Total net cash outflow	6,619	4,987	6,271	12,181	11,884
17	LCR (%)	195.1	331.3	293.0	139.4	150.1
Net stable funding ratio (NSFR)[6]						
18	Total available stable funding	15,320	20,804	25,031	27,503	
19	Total required stable funding	8,580	8,965	11,434	14,527	
20	NSFR (%)	179.1	232.2	219.6	189.8	

1 The net stable funding ratio requirement became effective as of 1 July 2021 and related disclosures came into effect in the second quarter of 2023. 2 Comparative information has been aligned with Credit Suisse Holdings (USA), Inc standalone's final second quarter of 2023 financial statements. 3 Calculated as 8% of total RWA, based on total minimum capital requirements, excluding CET1 buffer requirements. 4 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 additional tier 1 and tier 2 capital requirements met with CET1 capital. 5 On the basis of tier 1 capital. 6 Figures are calculated on a quarterly average.

Material sub-group entity – creditor ranking at legal entity level

Semi-annual | The TLAC2 table below provides an overview of the creditor ranking structure of Credit Suisse Holdings (USA), Inc. on a consolidated basis.

As of 31 December 2023, Credit Suisse Holdings (USA), Inc. had a total loss-absorbing capacity (TLAC) of USD 12.8bn after regulatory capital deductions and adjustments. This amount included tier 1 capital, excluding minority interests, of USD 9.9bn and USD 3.0bn of internal long-term debt that was eligible as internal TLAC issued to Credit Suisse AG, a wholly owned subsidiary of the UBS Group AG resolution entity.

TLAC2: Material sub-group entity – creditor ranking at legal entity level

As of 31.12.23		Creditor ranking				Total
USD m		1	2	3	4	
1	Is the resolution entity the creditor / investor?	No	No	No	No	
2	Description of creditor ranking	Common Equity (most junior)[1]	Preferred Shares	Subordinated debt	Unsecured loans and other pari passu liabilities (most senior)[2]	
3	Total capital and liabilities net of credit risk mitigation	9,273	550		22,255	32,078
4	Subset of row 3 that are excluded liabilities					
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	9,273	550		22,255	32,078
6	Subset of row 5 that are eligible as TLAC	9,273	550		3,000	12,823
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years					
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years				2,000	2,000
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years					
10	Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities				1,000	1,000
11	Subset of row 6 that is perpetual securities	9,273	550			9,823

1 Equity attributable to shareholders, which includes share premium and reserves. 2 As of December 2023, in line with UBS Americas Holding LLC, Credit Suisse Holdings (USA), Inc reports all liabilities, including intercompany liabilities, that rank pari passu or junior to the TLAC-eligible internal debt securities it has issued.

▲

Appendix

Abbreviations frequently used in our financial reports

A

ABS	asset-backed securities
AG	Aktiengesellschaft
AGM	Annual General Meeting of shareholders
A-IRB	advanced internal ratings-based
AIV	alternative investment vehicle
ALCO	Asset and Liability Committee
AMA	advanced measurement approach
AML	anti-money laundering
AoA	Articles of Association
APM	alternative performance measure
ARR	alternative reference rate
ARS	auction rate securities
ASF	available stable funding
AT1	additional tier 1
AuM	assets under management

B

BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BoD	Board of Directors

C

CAO	Capital Adequacy Ordinance
CCAR	Comprehensive Capital Analysis and Review
CCF	credit conversion factor
CCP	central counterparty
CCR	counterparty credit risk
CCRC	Corporate Culture and Responsibility Committee
CDS	credit default swap
CEA	Commodity Exchange Act
CEO	Chief Executive Officer
CET1	common equity tier 1
CFO	Chief Financial Officer
CGU	cash-generating unit
CHF	Swiss franc
CIO	Chief Investment Office
C&ORC	Compliance & Operational Risk Control
CRM	credit risk mitigation (credit risk) or comprehensive risk measure (market risk)
CST	combined stress test
CUSIP	Committee on Uniform Security Identification Procedures
CVA	credit valuation adjustment

D

DBO	defined benefit obligation
DCCP	Deferred Contingent Capital Plan
DE&I	diversity, equity and inclusion
DFAST	Dodd–Frank Act Stress Test
DM	discount margin
DOJ	US Department of Justice
DTA	deferred tax asset
DVA	debit valuation adjustment

E

EAD	exposure at default
EB	Executive Board
EC	European Commission
ECB	European Central Bank
ECL	expected credit loss
EGM	Extraordinary General Meeting of shareholders
EIR	effective interest rate
EL	expected loss
EMEA	Europe, Middle East and Africa
EOP	Equity Ownership Plan
EPS	earnings per share
ESG	environmental, social and governance
ESR	environmental and social risk
ETD	exchange-traded derivatives
ETF	exchange-traded fund
EU	European Union
EUR	euro
EURIBOR	Euro Interbank Offered Rate
EVE	economic value of equity
EY	Ernst & Young Ltd

F

FA	financial advisor
FCA	UK Financial Conduct Authority
FDIC	Federal Deposit Insurance Corporation
FINMA	Swiss Financial Market Supervisory Authority
FMIA	Swiss Financial Market Infrastructure Act
FSB	Financial Stability Board
FTA	Swiss Federal Tax Administration
FVA	funding valuation adjustment
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
FX	foreign exchange

G

GAAP	generally accepted accounting principles
GBP	pound sterling
GCRG	Group Compliance, Regulatory & Governance
GDP	gross domestic product
GEB	Group Executive Board
GHG	greenhouse gas
GIA	Group Internal Audit
GRI	Global Reporting Initiative
G-SIB	global systemically important bank

H

HQLA	high-quality liquid assets

I

IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	interbank offered rate
IFRIC	International Financial Reporting Interpretations Committee
IFRS Accounting Standards	Accounting Standards issued by the IASB
IRB	internal ratings-based
IRRBB	interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number

Abbreviations frequently used in our financial reports (continued)

K

KRT	Key Risk Taker

L

LAS	liquidity-adjusted stress
LCR	liquidity coverage ratio
LGD	loss given default
LIBOR	London Interbank Offered Rate
LLC	limited liability company
LoD	lines of defense
LRD	leverage ratio denominator
LTIP	Long-Term Incentive Plan
LTV	loan-to-value

M

M&A	mergers and acquisitions
MRT	Material Risk Taker

N

NII	net interest income
NSFR	net stable funding ratio
NYSE	New York Stock Exchange

O

OCA	own credit adjustment
OCI	other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	over-the-counter

P

PCI	purchased credit impaired
PD	probability of default
PIT	point in time
PPA	purchase price allocation
P&L	profit or loss

Q

QCCP	Qualifying central counterparty

R

RBC	risk-based capital
RbM	risk-based monitoring
REIT	real estate investment trust
RMBS	residential mortgage-backed securities
RniV	risks not in VaR
RoCET1	return on CET1 capital
RoU	right-of-use
rTSR	relative total shareholder return
RWA	risk-weighted assets

S

SA	standardized approach or société anonyme
SA-CCR	standardized approach for counterparty credit risk
SAR	Special Administrative Region of the People's Republic of China
SDG	Sustainable Development Goal
SEC	US Securities and Exchange Commission
SFT	securities financing transaction
SI	sustainable investing or sustainable investment
SIBOR	Singapore Interbank Offered Rate
SICR	significant increase in credit risk
SIX	SIX Swiss Exchange
SME	small and medium-sized entities
SMF	Senior Management Function
SNB	Swiss National Bank
SOR	Singapore Swap Offer Rate
SPPI	solely payments of principal and interest
SRB	systemically relevant bank
SRM	specific risk measure
SVaR	stressed value-at-risk

T

TBTF	too big to fail
TCFD	Task Force on Climate-related Financial Disclosures
TIBOR	Tokyo Interbank Offered Rate
TLAC	total loss-absorbing capacity
TTC	through the cycle

U

USD	US dollar

V

VaR	value-at-risk
VAT	value added tax

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

Rounding l 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 l 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.

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