
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

**PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

Date: March 7, 2022

UBS Group AG

Commission File Number: 1-36764

UBS AG

Commission File Number: 1-15060

(Registrants' Name)

Bahnhofstrasse 45, Zurich, Switzerland and
Aeschenvorstadt 1, Basel, Switzerland
(Address of principal executive offices)

Indicate by check mark whether the registrants file or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F



Form 40-F



This Form 6-K consists of the UBS Switzerland AG audited standalone financial statements for the year ended 31 December 2021, which appear immediately following this page.



UBS Switzerland AG

Standalone financial statements and regulatory information
for the year ended 31 December 2021

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UBS Switzerland AG standalone financial statements (audited)

Income statement

| CHF million | Note | For the year ended | |
|--|------|--------------------|--------------|
| | | 31.12.21 | 31.12.20 |
| Interest and discount income ¹ | | 3,117 | 3,182 |
| Interest and dividend income from financial investments | | 63 | 111 |
| Interest expense ² | | (86) | (226) |
| Gross interest income | | 3,095 | 3,067 |
| Credit loss (expense) / release | 9 | 105 | (470) |
| Net interest income | | 3,200 | 2,597 |
| Fee and commission income from securities and investment business | | 3,812 | 3,430 |
| Credit-related fees and commissions | | 188 | 175 |
| Other fee and commission income | | 764 | 679 |
| Fee and commission expense | | (440) | (776) |
| Net fee and commission income | | 4,324 | 3,509 |
| Net trading income | 3 | 763 | 792 |
| Net income from disposal of financial investments | | 1 | 68 |
| Dividend income from investments in subsidiaries and other participations | | 14 | 16 |
| Income from real estate holdings | | 0 | (1) |
| Sundry ordinary income | | 207 | 220 |
| Sundry ordinary expenses | | (18) | (15) |
| Other income from ordinary activities | | 203 | 287 |
| Total operating income | | 8,490 | 7,185 |
| Personnel expenses | 4 | 2,073 | 2,014 |
| General and administrative expenses | 5 | 3,298 | 3,215 |
| Subtotal operating expenses | | 5,371 | 5,229 |
| Depreciation and impairment of property, equipment and software | | 86 | 57 |
| Amortization and impairment of goodwill and other intangible assets | | 0 | 263 |
| Changes in provisions for litigation, regulatory and similar matters, and other provisions | | 14 | 41 |
| Total operating expenses | | 5,472 | 5,590 |
| Operating profit | | 3,018 | 1,595 |
| Tax expense / (benefit) | 6 | 566 | 324 |
| Net profit / (loss) for the period³ | | 2,452 | 1,271 |

¹ Interest and discount income includes negative interest income on financial assets of CHF 108 million and CHF 70 million for the years ended 31 December 2021 and 31 December 2020, respectively. ² Interest expense includes negative interest expense on financial liabilities of CHF 358 million and CHF 276 million for the years ended 31 December 2021 and 31 December 2020, respectively. ³ Net profit for 2020 does not include the share of profit from a portion of Global Wealth Management international business, see Note 2c.

Balance sheet

| CHF million | Note | 31.12.21 | 31.12.20 |
|---|--------|----------------|----------------|
| Assets | | | |
| Cash and balances at central banks | | 82,990 | 81,148 |
| Due from banks | 9 | 3,951 | 3,399 |
| Receivables from securities financing transactions | 7 | 4,958 | 3,565 |
| Due from customers | 8, 9 | 54,997 | 49,894 |
| Mortgage loans | 8, 9 | 159,569 | 156,418 |
| Trading portfolio assets | 10 | 1,833 | 1,838 |
| Derivative financial instruments | 11 | 1,901 | 2,794 |
| Financial investments | 12 | 9,030 | 16,425 |
| Accrued income and prepaid expenses | | 236 | 228 |
| Investments in subsidiaries and other participations | 13, 14 | 96 | 95 |
| Property, equipment and software | 15 | 699 | 473 |
| Other assets | 16 | 395 | 551 |
| Total assets | | 320,656 | 316,829 |
| <i>of which: subordinated assets</i> | | <i>0</i> | <i>1</i> |
| Liabilities | | | |
| Due to banks | | 30,628 | 30,688 |
| <i>of which: total loss-absorbing capacity eligible</i> | | <i>16,240</i> | <i>16,000</i> |
| Payables from securities financing transactions | 7 | 480 | 501 |
| Due to customers | | 261,192 | 259,792 |
| Trading portfolio liabilities | 10 | 339 | 297 |
| Derivative financial instruments | 11 | 1,459 | 1,528 |
| Loans from central mortgage institutions | 23 | 8,624 | 8,577 |
| Accrued expenses and deferred income | | 1,056 | 751 |
| Other liabilities | 16 | 1,872 | 1,794 |
| Provisions | 9 | 271 | 266 |
| Total liabilities | | 305,919 | 304,194 |
| Equity | | | |
| Share capital | 24 | 10 | 10 |
| General reserve | | 11,354 | 11,354 |
| <i>of which: statutory capital reserve</i> | | <i>11,354</i> | <i>11,354</i> |
| <i>of which: capital contribution reserve</i> | | <i>11,354</i> | <i>11,354</i> |
| Voluntary earnings reserve | | 921 | 0 |
| Net profit / (loss) for the period | | 2,452 | 1,271 |
| Total equity | | 14,736 | 12,634 |
| Total liabilities and equity | | 320,656 | 316,829 |
| <i>of which: subordinated liabilities</i> | | <i>16,254</i> | <i>16,022</i> |
| <i>of which: subject to mandatory conversion and / or debt waiver</i> | | <i>16,254</i> | <i>16,022</i> |

Balance sheet (continued)

| <i>CHF million</i> | 31.12.21 | 31.12.20 |
|--|-----------------|----------|
| Off-balance sheet items | | |
| Contingent liabilities, gross | 10,706 | 8,961 |
| Sub-participations | (1,101) | (1,068) |
| Contingent liabilities, net | 9,605 | 7,893 |
| <i>of which: guarantees to third parties related to subsidiaries</i> | 16 | 14 |
| <i>of which: credit guarantees and similar instruments</i> | 3,886 | 2,443 |
| <i>of which: performance guarantees and similar instruments</i> | 2,448 | 2,402 |
| <i>of which: documentary credits</i> | 3,255 | 3,033 |
| Irrevocable commitments, gross | 17,444 | 17,090 |
| Sub-participations | (3) | 0 |
| Irrevocable commitments, net | 17,441 | 17,090 |
| <i>of which: loan commitments</i> | 16,545 | 16,212 |
| <i>of which: payment commitment related to deposit insurance</i> | 896 | 879 |
| Forward starting transactions¹ | 50 | 250 |
| <i>of which: reverse repurchase agreements</i> | 50 | 250 |
| Liabilities for calls on shares and other equity instruments | 50 | 50 |

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

Off-balance sheet items

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

Swiss deposit insurance

Swiss banking law and the deposit insurance system require Swiss banks and securities dealers to jointly guarantee an amount of up to CHF 6 billion for privileged client deposits in the event that a Swiss bank or securities dealer becomes insolvent. The Swiss Financial Market Supervisory Authority (FINMA) estimates the share of UBS Switzerland AG from 1 July 2021 to 30 June 2022 to be CHF 896 million, which is reflected in the table above.

Joint and several liability

In June 2015, the Personal & Corporate Banking and Wealth Management businesses booked in Switzerland were transferred from UBS AG to UBS Switzerland AG through an asset transfer in accordance with the Swiss Merger Act. Under the Swiss Merger Act, UBS AG assumed joint liability for obligations existing on the

asset transfer date, i.e., 14 June 2015, that were transferred to UBS Switzerland AG.

Similarly, under the terms of the asset transfer agreement, UBS Switzerland AG assumed joint liability for approximately CHF 325 billion of contractual obligations of UBS AG existing on the asset transfer date, excluding the collateralized portion of secured contractual obligations and covered bonds. UBS Switzerland AG has no liability for new obligations incurred by UBS AG after the asset transfer date. The joint liability amount declines as obligations mature, terminate or are novated following the asset transfer date.

As of 31 December 2021, the joint liability of UBS Switzerland AG for contractual obligations of UBS AG amounted to CHF 5 billion, compared with CHF 9 billion as of 31 December 2020. Under certain circumstances, the Swiss Banking Act and the Bank Insolvency Ordinance of FINMA authorize FINMA to modify, extinguish or convert to common equity liabilities of a bank in connection with a resolution or insolvency of such bank. As of 31 December 2021, the probability of an outflow under this joint and several liability was assessed to be remote, and as a result, the table above does not include any exposures arising under this joint and several liability.

Statement of changes in equity

| <i>CHF million</i> | Share capital | Statutory capital reserve | Voluntary earnings reserve | Net profit / (loss) for the period | Total equity |
|---|---------------|---------------------------|----------------------------|------------------------------------|---------------|
| Balance as of 1 January 2021 | 10 | 11,354 | 0 | 1,271 | 12,634 |
| Dividend distribution | | | | (350) | (350) |
| Appropriation to voluntary earnings reserve | | | 921 | (921) | 0 |
| Net profit / (loss) for the period | | | | 2,452 | 2,452 |
| Balance as of 31 December 2021 | 10 | 11,354 | 921 | 2,452 | 14,736 |

Statement of proposed appropriation of total profit and dividend distribution

The Board of Directors proposes that the Annual General Meeting of Shareholders (the AGM) on 5 April 2022 approve the appropriation of total profit and an ordinary dividend distribution of CHF 1,950 million out of the total profit as follows:

| <i>CHF million</i> | For the year ended |
|---|--------------------|
| | 31.12.21 |
| Net profit for the period | 2,452 |
| Profit / (loss) carried forward | 0 |
| Total profit available for appropriation | 2,452 |
| Appropriation of total profit | |
| Appropriation to voluntary earnings reserve | (502) |
| Dividend distribution | (1,950) |
| Profit / (loss) carried forward | 0 |

Note 1 Name, legal form and registered office

UBS Switzerland AG is incorporated and domiciled in Switzerland and operates under Art. 620 et seq. of the Swiss Code of Obligations and Swiss banking law as an *Aktiengesellschaft*, a corporation limited by shares. Its registered office is at Bahnhofstrasse 45, CH-8001 Zurich, Switzerland. UBS Switzerland AG is 100% owned by UBS AG.

Note 2 Accounting policies

a) Significant accounting policies

UBS Switzerland AG standalone financial statements are prepared in accordance with Swiss GAAP (the FINMA Accounting Ordinance, FINMA Circular 2020/1 "Accounting – banks" and the Banking Ordinance) and represent "reliable assessment statutory standalone financial statements." The accounting policies are principally the same as for the consolidated financial statements of UBS Group AG outlined in Note 1 to the consolidated financial statements of UBS Group AG included in the UBS Group AG Annual Report 2021. Major differences between the Swiss GAAP requirements and International Financial Reporting Standards are described in Note 34 to the consolidated financial statements of UBS Group AG. The functional currency of UBS Switzerland AG is the Swiss franc. The significant accounting policies applied for the standalone financial statements of UBS Switzerland AG are discussed below.

- › Refer to the UBS Group AG Annual Report 2021 for more information

Risk management

UBS Switzerland AG is fully integrated into the Group-wide risk management process described in the audited part of the "Risk management and control" section of the UBS Group AG Annual Report 2021.

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

- › Refer to the UBS Group AG Annual Report 2021 for more information

Compensation policy

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

- › Refer to the UBS Group AG Annual Report 2021 for more information

Deferred compensation

UBS Group AG is the grantor of the majority of UBS's deferred compensation plans. Expenses for awards granted under such plans to UBS Switzerland AG employees are charged by UBS Group AG to UBS Switzerland AG.

- › Refer to Note 27 of the UBS Group AG consolidated financial statements in the UBS Group AG Annual Report 2021 for more information

Foreign currency translation

Transactions denominated in foreign currency are translated into Swiss francs at the spot exchange rate on the date of the transaction. At the balance sheet date, all monetary assets and liabilities, as well as equity instruments recorded in *Trading portfolio assets* and *Financial investments*, denominated in foreign currency are translated into Swiss francs using the closing exchange rate. Non-monetary items measured at historic cost are translated at the spot exchange rate on the date of the transaction. All currency translation effects are recognized in the income statement.

The main currency translation rates used by UBS Switzerland AG are provided in Note 33 to the consolidated financial statements of UBS Group AG.

- › Refer to the UBS Group AG Annual Report 2021 for more information

Note 2 Accounting policies (continued)

Group-internal funding

UBS Switzerland AG obtains funding from UBS AG in the form of loans that qualify as going concern additional tier 1 capital and as gone concern loss-absorbing capacity at the UBS Switzerland AG standalone level.

Where such Group-internal funding is eligible to meet the requirements for total loss-absorbing capacity (TLAC) at the level of UBS Switzerland AG, the aggregate amount of the respective obligations is separately disclosed on the balance sheet. For those TLAC instruments that are eligible to meet the going concern capital requirements (i.e., are subordinated and subject to mandatory conversion and / or debt waiver, as explained below), the aggregate corresponding amounts are disclosed on the balance sheet.

Obligations of UBS Switzerland AG arising from Group-internal funding it has received are presented as *Due to banks* and measured at amortized cost.

Subordinated assets and liabilities

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

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

Services received from and provided to Group entities

UBS Switzerland AG receives services from UBS Business Solutions AG, the main Group service company, mainly relating to Group Technology, Group Operations and Group Corporate Services, as well as certain other services from other Group entities. UBS Switzerland AG provides services to Group entities mainly relating to the distribution of security and investment products. Services received from and provided to Group entities are settled in cash as hard cost transfers or hard revenue transfers paid or received.

When the nature of the underlying transaction between UBS Switzerland AG and the Group entity contains a single, clearly identifiable service element, related income and expenses are presented in the respective income statement line item, e.g., *Fee and commission income from securities and investment business, Other fee and commission income, Fee and commission expense, Net trading income* or *General and administrative expenses*. To the extent the nature of the underlying transaction contains various service elements and is not clearly attributable to a particular income statement line item, related income and expenses are presented in *Sundry ordinary income* and *Sundry ordinary expenses*.

› Refer to Note 5 for more information

Post-employment benefit plans

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

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

› Refer to Note 25 for more information

Deferred taxes

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

Note 2 Accounting policies (continued)

Allowances and provisions for expected credit losses

UBS Switzerland AG is required to apply an expected credit loss (ECL) approach for non-impaired financial instruments in its standalone financial statements in addition to the approach for impaired financial instruments. UBS Switzerland AG early adopted the new ECL requirements as of 31 December 2020.

For the substantial majority of non-impaired exposures in scope of the Swiss GAAP ECL requirements, UBS Switzerland AG has chosen to apply the IFRS ECL approach that is applied in the UBS Group AG consolidated financial statements for its standalone financial statements. These exposures include all financial assets measured at amortized cost under both Swiss GAAP and IFRS, fee and lease receivables, guarantees, irrevocable loan commitments, revolving revocable credit lines and forward starting reverse repurchase and securities borrowing agreements. Further information on the ECL approach under IFRS is provided in Note 1 to the consolidated financial statements of UBS Group AG.

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

- › Refer to “Credit policies for distressed assets” in the “Risk management and control” section of the UBS Group AG Annual Report 2021 for more information

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

- › Refer to Note 9 for more information

Dispensations in the standalone financial statements

As UBS Switzerland AG has no listed shares outstanding and is within the scope of the UBS Group AG consolidated financial statements prepared in accordance with IFRS, UBS Switzerland AG is exempt from various disclosures in the standalone financial statements. The dispensations include the management report and the statement of cash flows. As the UBS Group AG consolidated financial statements are presented in US dollars, UBS Switzerland AG provides certain notes disclosures that would otherwise be covered by the disclosure dispensation, i.e., Notes 13, 14, 15, 18, 19, 20, 22 and 23.

b) Changes in accounting policies

There were no significant changes in accounting policies during 2021.

c) Other events affecting comparability

Transfer of Global Wealth Management international business from UBS Switzerland AG to UBS AG

In the fourth quarter of 2020, UBS decided not to proceed with the transfer of a portion of Global Wealth Management business booked in Switzerland from UBS Switzerland AG to UBS AG. As a

result of this decision, the beneficial ownership of that business was re-transferred from UBS AG to UBS Switzerland AG with an effective date of 31 December 2020. The compensation of UBS AG for its share of the profits for the full year 2020 of CHF 352 million is reflected in *Fee and commission expense*.

Note 3a Net trading income by business

| <i>CHF million</i> | For the year ended | |
|--|--------------------|------------|
| | 31.12.21 | 31.12.20 |
| Global Wealth Management | 410 | 392 |
| Personal & Corporate Banking | 398 | 359 |
| Other business divisions and Group Functions | (45) | 41 |
| Total net trading income | 763 | 792 |

Note 3b Net trading income by underlying risk category

| <i>CHF million</i> | For the year ended | |
|---|--------------------|------------|
| | 31.12.21 | 31.12.20 |
| Interest rate instruments (including funds) | (40) | 42 |
| Foreign exchange instruments | 773 | 707 |
| Equity instruments (including funds) | (1) | (4) |
| Credit instruments | (1) | 1 |
| Precious metals / commodities | 32 | 46 |
| Total net trading income | 763 | 792 |

Note 4 Personnel expenses

| <i>CHF million</i> | For the year ended | |
|--|--------------------|--------------|
| | 31.12.21 | 31.12.20 |
| Salaries | 1,224 | 1,207 |
| Variable compensation – performance awards | 362 | 329 |
| Variable compensation – other | 18 | 11 |
| Contractors | 2 | 1 |
| Social security | 108 | 104 |
| Post-employment benefit plans | 320 | 317 |
| Other personnel expenses | 40 | 46 |
| Total personnel expenses | 2,073 | 2,014 |

As of 31 December 2021, UBS Switzerland AG employed 8,930 personnel (31 December 2020: 9,107) on a full-time equivalent basis.

Note 5 General and administrative expenses

| CHF million | For the year ended | |
|--|--------------------|--------------|
| | 31.12.21 | 31.12.20 |
| Real Estate | 2 | 2 |
| IT expenses | 3 | 2 |
| Market data services | 32 | 36 |
| Marketing and communication | 58 | 59 |
| Travel and entertainment | 14 | 14 |
| Fees to audit firms | 8 | 8 |
| <i>of which: financial and regulatory audits</i> | 8 | 8 |
| <i>of which: audit-related services</i> | 0 | 0 |
| Other professional fees | 49 | 61 |
| Outsourcing costs | 149 | 146 |
| Other general and administrative expenses | 2,984 | 2,886 |
| <i>of which: shared services costs charged by UBS Group AG and subsidiaries in the UBS Group</i> | 2,841 | 2,741 |
| Total general and administrative expenses | 3,298 | 3,215 |

Note 6 Taxes

| CHF million | For the year ended | |
|--------------------------------------|--------------------|------------|
| | 31.12.21 | 31.12.20 |
| Income tax expense / (benefit) | 548 | 304 |
| <i>of which: current</i> | 548 | 304 |
| Capital tax | 19 | 20 |
| Total tax expense / (benefit) | 566 | 324 |

For 2021, the average tax rate, defined as income tax expense divided by the sum of operating profit and extraordinary income minus extraordinary expenses and capital tax, was 18.3% (2020: 19.3%).

Note 7 Securities financing transactions

| CHF billion | 31.12.21 | 31.12.20 |
|--|----------|----------|
| On-balance sheet | | |
| Receivables from securities financing transactions, gross | 8.6 | 7.6 |
| Netting of securities financing transactions | (3.6) | (4.0) |
| Receivables from securities financing transactions, net | 5.0 | 3.6 |
| Payables from securities financing transactions, gross | 4.1 | 4.5 |
| Netting of securities financing transactions | (3.6) | (4.0) |
| Payables from securities financing transactions, net | 0.5 | 0.5 |
| Assets pledged as collateral in connection with securities financing transactions | 6.5 | 8.0 |
| <i>of which: financial investments</i> | 6.5 | 8.0 |
| <i>of which: assets that may be sold or repledged by counterparties</i> | 3.0 | 3.8 |
| Off-balance sheet | | |
| Fair value of assets received as collateral in connection with securities financing transactions | 83.0 | 92.4 |
| <i>of which: repledged</i> | 73.0 | 82.3 |
| <i>of which: sold in connection with short sale transactions</i> | 0.3 | 0.3 |

Note 8a Collateral for loans and off-balance sheet transactions

| CHF million | 31.12.21 | | | | | 31.12.20 | | | | |
|---|-----------------------|-------------------------------|---|---------------|----------------|-----------------------|-------------------------------|---|---------------|----------------|
| | Secured | | | Unsecured | Total | Secured | | Unsecured | Total | |
| | Secured by collateral | | Secured by other credit enhancements ² | | | Secured by collateral | | Secured by other credit enhancements ² | | |
| | Real estate | Other collateral ¹ | | | | Real estate | Other collateral ¹ | | | |
| On-balance sheet | | | | | | | | | | |
| Due from customers, gross | 1,561 | 39,147 | 2,920 | 11,863 | 55,491 | 1,533 | 35,237 | 2,938 | 10,738 | 50,446 |
| Mortgage loans, gross | 159,678 | | | | 159,678 | 156,553 | | | | 156,553 |
| of which: residential mortgages | 137,895 | | | | 137,895 | 134,291 | | | | 134,291 |
| of which: office and business premises mortgages | 9,347 | | | | 9,347 | 9,452 | | | | 9,452 |
| of which: industrial premises mortgages | 2,783 | | | | 2,783 | 2,958 | | | | 2,958 |
| of which: other mortgages | 9,653 | | | | 9,653 | 9,852 | | | | 9,852 |
| Total on-balance sheet, gross | 161,239 | 39,147 | 2,920 | 11,863 | 215,169 | 158,086 | 35,237 | 2,938 | 10,738 | 206,999 |
| Allowances | (110) | (18) | 0 | (475) | (603) | (135) | (3) | 0 | (550) | (687) |
| Total on-balance sheet, net | 161,129 | 39,129 | 2,920 | 11,387 | 214,566 | 157,951 | 35,234 | 2,938 | 10,189 | 206,312 |
| Off-balance sheet | | | | | | | | | | |
| Contingent liabilities, gross | 152 | 2,997 | 1,298 | 6,260 | 10,706 | 189 | 1,900 | 1,348 | 5,525 | 8,961 |
| Irrevocable commitments, gross | 1,223 | 2,133 | 1,514 | 12,573 | 17,444 | 959 | 2,121 | 2,090 | 11,921 | 17,090 |
| Forward starting reverse repurchase and securities borrowing transactions | 0 | 50 | 0 | 0 | 50 | | 250 | | | 250 |
| Liabilities for calls on shares and other equities | | | | 50 | 50 | | | | 50 | 50 |
| Total off-balance sheet | 1,375 | 5,180 | 2,812 | 18,883 | 28,250 | 1,147 | 4,271 | 3,437 | 17,496 | 26,352 |

¹ Includes but is not limited to deposits, securities, life insurance contracts, inventory, accounts receivable, patents and copyrights. ² Includes credit default swaps and guarantees.

Note 8b Impaired financial instruments

| CHF million | 31.12.21 | | | | | 31.12.20 | | | | |
|---|--------------------------------------|---------------------------|--|------------------------------------|--|--------------------------------------|---------------------------|--|------------------------------------|--|
| | Gross impaired financial instruments | Allowances and provisions | Estimated liquidation proceeds of collateral | Net impaired financial instruments | | Gross impaired financial instruments | Allowances and provisions | Estimated liquidation proceeds of collateral | Net impaired financial instruments | |
| Amounts due from banks | 1 | 0 | 0 | 1 | | 1 | 1 | 0 | 0 | |
| Amounts due from customers | 922 | 421 | 399 | 102 | | 1,110 | 456 | 441 | 213 | |
| Mortgage loans | 551 | 0 | 551 | 0 | | 718 | 0 | 718 | 0 | |
| Guarantees and loan commitments | 263 | 13 | 104 | 147 | | 288 | 23 | 109 | 156 | |
| Total impaired financial instruments | 1,738 | 434 | 1,054 | 250 | | 2,117 | 480 | 1,268 | 369 | |

Note 9a Allowances

| <i>CHF million</i> | Balance as of 31.12.20 | Increase recognized in the income statement | Release recognized in the income statement | Write-offs | Recoveries and past due interest | Reclassifications | Foreign currency translation | Balance as of 31.12.21 |
|---|---------------------------|--|---|------------|--|-------------------|------------------------------------|---------------------------|
| Default risk relating to on-balance sheet exposures | 701 | 94 | (189) | (30) | 24 | 9 | 0 | 610 |
| <i>of which: incurred credit losses</i> | 457 | 94 | (134) | (30) | 24 | 9 | 0 | 421 |
| <i>of which: expected credit losses¹</i> | 244 | | (55) | | | | 0 | 189 |
| Total allowances | 701 | 94 | (189) | (30) | 24 | 9 | 0 | 610 |

¹ Refer to Note 2 for more information on the implementation of the Swiss GAAP ECL requirements.

Note 9b Provisions

| <i>CHF million</i> | Balance as of 31.12.20 | Increase recognized in the income statement | Release recognized in the income statement | Provisions used in conformity with designated purpose | Recoveries | Reclassifications | Foreign currency translation | Balance as of 31.12.21 |
|--|---------------------------|--|---|--|------------|-------------------|------------------------------------|---------------------------|
| Default risk related to off-balance sheet items and credit lines | 125 | 0 | (10) | 0 | 0 | (9) | 0 | 106 |
| <i>of which: incurred credit losses</i> | 23 | 0 | (2) | 0 | 0 | (9) | 0 | 13 |
| <i>of which: expected credit losses¹</i> | 101 | 0 | (8) | 0 | 0 | 0 | 0 | 93 |
| Operational risks | 3 | 2 | 0 | (1) | 0 | 0 | 0 | 4 |
| Litigation, regulatory and similar matters ² | 102 | 23 | (11) | (24) | 0 | 0 | 0 | 90 |
| Restructuring | 3 | 66 | (7) | (27) | 0 | 0 | 0 | 35 |
| Employee benefits | 18 | 2 | (2) | 0 | 0 | 0 | 0 | 18 |
| Other | 16 | 2 | 0 | 0 | 0 | 0 | 0 | 19 |
| Total provisions | 266 | 96 | (30) | (52) | 0 | (9) | 0 | 271 |

¹ Refer to Note 2 for more information on the implementation of the Swiss GAAP ECL requirements. ² Includes provisions for litigation resulting from security risks.

Note 9c Development of allowance for credit losses

| Development of ECL allowances and provisions | | | | |
|--|--------------|--------------|--------------|--------------|
| CHF million | Total | Stage 1 | Stage 2 | Stage 3 |
| Balance as of 31 December 2020 | (825) | (127) | (219) | (480) |
| Net movement from new and derecognized transactions¹ | (53) | (52) | (1) | 0 |
| of which: Private clients with mortgages | (4) | (5) | 1 | 0 |
| of which: Real estate financing | (3) | (7) | 4 | 0 |
| of which: Large corporate clients | (14) | (12) | (2) | 0 |
| of which: SME clients | (7) | (6) | (1) | 0 |
| of which: Financial intermediaries and hedge funds | (20) | (16) | (4) | 0 |
| of which: Other | (4) | (5) | 1 | 0 |
| Remeasurements with stage transfers² | (29) | 5 | (1) | (33) |
| of which: Private clients with mortgages | (4) | 4 | (8) | 0 |
| of which: Real estate financing | (3) | 1 | (4) | 0 |
| of which: Large corporate clients | 4 | (2) | 6 | 0 |
| of which: SME clients | (26) | 4 | 4 | (33) |
| of which: Financial intermediaries and hedge funds | 2 | (1) | 3 | 0 |
| of which: Other | (1) | 0 | (1) | 0 |
| Remeasurements without stage transfers³ | 175 | 40 | 60 | 74 |
| of which: Private clients with mortgages | 32 | 5 | 20 | 6 |
| of which: Real estate financing | 25 | 11 | 10 | 4 |
| of which: Large corporate clients | 31 | 7 | 17 | 6 |
| of which: SME clients | 47 | 0 | 1 | 46 |
| of which: Financial intermediaries and hedge funds | 24 | 13 | 11 | 0 |
| of which: Other | 16 | 3 | 1 | 12 |
| Model changes⁴ | 12 | 7 | 5 | 0 |
| Movements with profit or loss impact⁵ | 105 | (0) | 64 | 41 |
| Movements without profit or loss impact (write-off, FX and other)⁶ | 5 | 0 | 0 | 5 |
| Balance as of 31 December 2021 | (715) | (127) | (154) | (434) |

¹ Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. ² Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. ³ Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. ⁴ Represents the change in the allowances and provisions related to changes in models and methodologies. ⁵ Includes ECL movements from new and derecognized transactions, remeasurement changes, model and methodology changes. ⁶ Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

Note 9d Balance sheet and off-balance sheet positions subject to ECL

| CHF million | 31.12.21 | | | | | | | |
|--|------------------------------|----------------|---------------|--------------|----------------|-------------|--------------|--------------|
| | Carrying amount ¹ | | | | ECL allowances | | | |
| Financial instruments measured at amortized cost | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 |
| Cash and balances at central banks | 82,990 | 82,990 | 0 | 0 | 0 | 0 | 0 | 0 |
| Due from banks | 3,951 | 3,926 | 24 | 1 | (6) | (6) | (1) | 0 |
| Receivables from securities financing transactions | 4,958 | 4,958 | 0 | 0 | 0 | 0 | 0 | 0 |
| Due from customers | 54,997 | 52,353 | 2,143 | 501 | (494) | (42) | (31) | (421) |
| Mortgage loans | 159,569 | 149,761 | 9,257 | 551 | (110) | (18) | (92) | 0 |
| Accrued income and prepaid expenses | 236 | 234 | 1 | 1 | 0 | 0 | 0 | 0 |
| Other assets ² | 376 | 376 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total on balance sheet financial assets in scope of ECL | 307,077 | 294,597 | 11,425 | 1,054 | (610) | (66) | (123) | (421) |

| Off-balance sheet (in scope of ECL) | Total exposure | | | | ECL provisions | | | |
|---|----------------|---------------|--------------|------------|----------------|--------------|--------------|--------------|
| | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 |
| Contingent Liabilities - Gross | 10,706 | 9,716 | 862 | 127 | (34) | (15) | (7) | (13) |
| Irrevocable commitments - Gross | 17,444 | 16,584 | 822 | 39 | (37) | (21) | (17) | 0 |
| Forward starting transactions (SFT) | 50 | 50 | 0 | 0 | 0 | 0 | 0 | 0 |
| Credit Lines | 23,634 | 21,779 | 1,802 | 53 | (31) | (24) | (8) | 0 |
| Irrevocable committed prolongation of existing loans | 5,116 | 5,039 | 33 | 44 | (3) | (2) | 0 | 0 |
| Total off-balance sheet financial instruments and credit lines in scope of ECL | 56,949 | 53,168 | 3,518 | 263 | (106) | (62) | (31) | (13) |
| Total allowances and provisions | | | | | (715) | (127) | (154) | (434) |

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. 2 Includes Settlement and clearing accounts and Other. Refer to Note 17a for more information.

| CHF million | 31.12.20 | | | | | | | |
|--|------------------------------|----------------|---------------|--------------|----------------|-------------|--------------|--------------|
| | Carrying amount ¹ | | | | ECL allowances | | | |
| Financial instruments measured at amortized cost | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 |
| Cash and balances at central banks | 81,148 | 81,148 | | | | | | |
| Due from banks | 3,399 | 3,244 | 154 | 0 | (13) | (7) | (5) | (1) |
| Receivables from securities financing transactions | 3,565 | 3,565 | 0 | 0 | 0 | 0 | 0 | 0 |
| Due from customers | 49,894 | 46,302 | 2,937 | 654 | (552) | (45) | (52) | (456) |
| Mortgage loans | 156,418 | 143,574 | 12,125 | 718 | (135) | (25) | (110) | 0 |
| Accrued income and prepaid expenses | 228 | 223 | 4 | 1 | 0 | 0 | 0 | 0 |
| Other assets ² | 535 | 535 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total on-balance sheet financial assets in scope of ECL | 295,188 | 278,593 | 15,221 | 1,374 | (701) | (77) | (167) | (457) |

| Off-balance sheet (in scope of ECL) | Total exposure | | | | ECL provisions | | | |
|---|----------------|---------------|--------------|------------|----------------|--------------|--------------|--------------|
| | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 |
| Contingent liabilities, gross | 8,961 | 7,087 | 1,735 | 139 | (45) | (10) | (11) | (23) |
| Irrevocable commitments, gross | 17,090 | 15,372 | 1,650 | 69 | (37) | (15) | (22) | 0 |
| Forward starting transactions (securities financing transactions) | 250 | 250 | 0 | 0 | 0 | 0 | 0 | 0 |
| Credit lines | 22,405 | 18,613 | 3,713 | 80 | (41) | (23) | (18) | 0 |
| Irrevocable committed prolongation of existing loans | 4,433 | 4,427 | 5 | 0 | (2) | (2) | 0 | 0 |
| Total off-balance sheet financial instruments and credit lines in scope of ECL | 53,139 | 45,749 | 7,102 | 288 | (125) | (50) | (52) | (23) |
| Total allowances and provisions | | | | | (825) | (127) | (219) | (480) |

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. 2 Includes components of Settlement and clearing accounts and Other in scope of ECL. Refer to Note 17a for more information.

Note 9e Financial assets subject to credit risk by rating category

Financial assets subject to credit risk by rating category

| CHF million | | 31.12.21 | | | | | | | |
|---|---------------|----------------|---------------|---------------|---------------|-----------------------------|-----------------------------|----------------|---|
| Rating category | 0-1 | 2-3 | 4-5 | 6-8 | 9-13 | Credit-impaired (defaulted) | Total gross carrying amount | ECL allowances | Net carrying amount (maximum exposure to credit risk) |
| Financial instruments measured at amortized cost | | | | | | | | | |
| Cash and balances at central banks | 82,990 | 0 | 0 | 0 | 0 | 0 | 82,990 | 0 | 82,990 |
| <i>of which: stage 1</i> | <i>82,990</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>82,990</i> | <i>0</i> | <i>82,990</i> |
| Due from banks | 8 | 2,358 | 699 | 448 | 443 | 1 | 3,957 | (6) | 3,951 |
| <i>of which: stage 1</i> | <i>8</i> | <i>2,358</i> | <i>677</i> | <i>448</i> | <i>441</i> | <i>0</i> | <i>3,931</i> | <i>(6)</i> | <i>3,926</i> |
| <i>of which: stage 2</i> | <i>0</i> | <i>0</i> | <i>22</i> | <i>0</i> | <i>2</i> | <i>0</i> | <i>24</i> | <i>(1)</i> | <i>24</i> |
| <i>of which: stage 3</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>1</i> | <i>1</i> | <i>0</i> | <i>1</i> |
| Receivables from securities financing transactions | 1,068 | 11 | 1,485 | 2,394 | 0 | 0 | 4,958 | 0 | 4,958 |
| <i>of which: stage 1</i> | <i>1,068</i> | <i>11</i> | <i>1,485</i> | <i>2,394</i> | <i>0</i> | <i>0</i> | <i>4,958</i> | <i>0</i> | <i>4,958</i> |
| Due from customers | 590 | 38,789 | 6,654 | 4,095 | 4,441 | 922 | 55,491 | (494) | 54,997 |
| <i>of which: stage 1</i> | <i>590</i> | <i>38,538</i> | <i>6,361</i> | <i>3,176</i> | <i>3,730</i> | <i>0</i> | <i>52,395</i> | <i>(42)</i> | <i>52,353</i> |
| <i>of which: stage 2</i> | <i>0</i> | <i>251</i> | <i>293</i> | <i>919</i> | <i>711</i> | <i>0</i> | <i>2,174</i> | <i>(31)</i> | <i>2,143</i> |
| <i>of which: stage 3</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>922</i> | <i>922</i> | <i>(421)</i> | <i>501</i> |
| Mortgage loans | 1,068 | 64,499 | 41,925 | 38,726 | 12,910 | 551 | 159,678 | (110) | 159,569 |
| <i>of which: stage 1</i> | <i>1,068</i> | <i>63,916</i> | <i>40,839</i> | <i>34,361</i> | <i>9,595</i> | <i>0</i> | <i>149,779</i> | <i>(18)</i> | <i>149,761</i> |
| <i>of which: stage 2</i> | <i>0</i> | <i>583</i> | <i>1,086</i> | <i>4,364</i> | <i>3,315</i> | <i>0</i> | <i>9,348</i> | <i>(92)</i> | <i>9,257</i> |
| <i>of which: stage 3</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>551</i> | <i>551</i> | <i>0</i> | <i>551</i> |
| Accrued income and prepaid expenses | 31 | 14 | 9 | 172 | 9 | 1 | 236 | 0 | 236 |
| <i>of which: stage 1</i> | <i>31</i> | <i>14</i> | <i>9</i> | <i>171</i> | <i>8</i> | <i>0</i> | <i>234</i> | <i>0</i> | <i>234</i> |
| <i>of which: stage 2</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>1</i> | <i>0</i> | <i>1</i> | <i>0</i> | <i>1</i> |
| <i>of which: stage 3</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>1</i> | <i>1</i> | <i>0</i> | <i>1</i> |
| Other assets | 5 | 55 | 6 | 308 | 1 | 0 | 376 | 0 | 376 |
| <i>of which: stage 1</i> | <i>5</i> | <i>55</i> | <i>6</i> | <i>308</i> | <i>1</i> | <i>0</i> | <i>376</i> | <i>0</i> | <i>376</i> |
| <i>of which: stage 2</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| <i>of which: stage 3</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| Total in scope of ECL assets / ECL amounts by stages | 85,761 | 105,726 | 50,779 | 46,142 | 17,804 | 1,475 | 307,687 | (610) | 307,077 |

Note 9e Financial assets subject to credit risk by rating category (continued)

| Off-balance sheet positions and credit lines subject to expected credit loss by rating category | | | | | | | | |
|---|--------------|---------------|---------------|---------------|--------------|-----------------------------|---|---------------|
| CHF million | | | | | | 31.12.21 | | |
| Rating category | 0-1 | 2-3 | 4-5 | 6-8 | 9-13 | Credit-impaired (defaulted) | Total carrying amount (maximum exposure to credit risk) | ECL provision |
| Off-balance sheet (in scope of ECL) | | | | | | | | |
| Contingent liabilities, gross | 102 | 2,595 | 3,892 | 3,278 | 710 | 127 | 10,706 | (34) |
| <i>of which: stage 1</i> | 102 | 2,592 | 3,793 | 2,660 | 568 | 0 | 9,716 | (15) |
| <i>of which: stage 2</i> | 0 | 3 | 99 | 619 | 142 | 0 | 862 | (7) |
| <i>of which: stage 3</i> | 0 | 0 | 0 | 0 | 0 | 127 | 127 | (13) |
| Irrevocable commitments, gross | 784 | 7,255 | 4,038 | 4,102 | 1,226 | 39 | 17,444 | (37) |
| <i>of which: stage 1</i> | 784 | 7,255 | 4,015 | 3,339 | 1,191 | 0 | 16,584 | (21) |
| <i>of which: stage 2</i> | 0 | 0 | 23 | 763 | 35 | 0 | 822 | (17) |
| <i>of which: stage 3</i> | 0 | 0 | 0 | 0 | 0 | 39 | 39 | 0 |
| Forward starting transactions (securities financing transactions) | 0 | 0 | 50 | 0 | 0 | 0 | 50 | 0 |
| <i>of which: stage 1</i> | 0 | 0 | 50 | 0 | 0 | 0 | 50 | 0 |
| Credit lines | 2,472 | 7,155 | 7,082 | 6,054 | 818 | 53 | 23,634 | (31) |
| <i>of which: stage 1</i> | 2,472 | 6,871 | 6,901 | 4,972 | 564 | 0 | 21,779 | (24) |
| <i>of which: stage 2</i> | 0 | 284 | 181 | 1,082 | 254 | 0 | 1,802 | (8) |
| <i>of which: stage 3</i> | 0 | 0 | 0 | 0 | 0 | 53 | 53 | 0 |
| Irrevocable committed prolongation of existing loans | 16 | 2,223 | 1,297 | 987 | 549 | 44 | 5,116 | (3) |
| <i>of which: stage 1</i> | 16 | 2,223 | 1,297 | 986 | 518 | 0 | 5,039 | (2) |
| <i>of which: stage 2</i> | 0 | 0 | 0 | 1 | 31 | 0 | 33 | 0 |
| <i>of which: stage 3</i> | 0 | 0 | 0 | 0 | 0 | 44 | 44 | 0 |
| Total off-balance sheet financial instruments and credit lines | 3,374 | 19,229 | 16,359 | 14,422 | 3,303 | 263 | 56,949 | (106) |

› Refer to Note 9 of the UBS Group AG consolidated financial statements in the UBS Group AG Annual Report 2021 for more information about ECL in accordance with IFRS

Note 9e Financial assets subject to credit risk by rating category (continued)

| Financial assets subject to credit risk by rating category | | | | | | | | | |
|--|---------------|----------------|---------------|---------------|---------------|-----------------------------|-----------------------------|----------------|---|
| CHF million | | | | | | | | | |
| 31.12.20 | | | | | | | | | |
| Rating category | 0-1 | 2-3 | 4-5 | 6-8 | 9-13 | Credit-impaired (defaulted) | Total gross carrying amount | ECL allowances | Net carrying amount (maximum exposure to credit risk) |
| Financial instruments measured at amortized cost | | | | | | | | | |
| Cash and balances at central banks | 81,148 | | 0 | | 0 | | 81,148 | | 81,148 |
| <i>of which: stage 1</i> | <i>81,148</i> | | <i>0</i> | | <i>0</i> | | <i>81,148</i> | | <i>81,148</i> |
| Due from banks | 136 | 1,828 | 803 | 617 | 28 | 1 | 3,412 | (13) | 3,399 |
| <i>of which: stage 1</i> | <i>136</i> | <i>1,773</i> | <i>736</i> | <i>579</i> | <i>28</i> | | <i>3,251</i> | <i>(7)</i> | <i>3,244</i> |
| <i>of which: stage 2</i> | | <i>55</i> | <i>67</i> | <i>37</i> | | | <i>159</i> | <i>(5)</i> | <i>154</i> |
| <i>of which: stage 3</i> | | | | | | <i>1</i> | <i>1</i> | <i>(1)</i> | <i>0</i> |
| Receivables from securities financing transactions | 370 | 900 | 792 | 1,504 | | | 3,565 | 0 | 3,565 |
| <i>of which: stage 1</i> | <i>370</i> | <i>900</i> | <i>792</i> | <i>1,504</i> | | | <i>3,565</i> | <i>0</i> | <i>3,565</i> |
| Due from customers | 1,300 | 35,780 | 5,936 | 4,869 | 1,451 | 1,110 | 50,446 | (552) | 49,894 |
| <i>of which: stage 1</i> | <i>1,300</i> | <i>35,255</i> | <i>4,743</i> | <i>3,728</i> | <i>1,321</i> | | <i>46,346</i> | <i>(45)</i> | <i>46,302</i> |
| <i>of which: stage 2</i> | | <i>526</i> | <i>1,193</i> | <i>1,141</i> | <i>129</i> | | <i>2,990</i> | <i>(52)</i> | <i>2,937</i> |
| <i>of which: stage 3</i> | | | | | | <i>1,110</i> | <i>1,110</i> | <i>(456)</i> | <i>654</i> |
| Mortgage loans | 1,115 | 61,667 | 41,180 | 37,476 | 14,398 | 718 | 156,553 | (135) | 156,418 |
| <i>of which: stage 1</i> | <i>1,115</i> | <i>61,109</i> | <i>39,441</i> | <i>31,194</i> | <i>10,741</i> | | <i>143,600</i> | <i>(25)</i> | <i>143,574</i> |
| <i>of which: stage 2</i> | | <i>558</i> | <i>1,738</i> | <i>6,283</i> | <i>3,656</i> | | <i>12,235</i> | <i>(110)</i> | <i>12,125</i> |
| <i>of which: stage 3</i> | | | | | | <i>718</i> | <i>718</i> | | <i>718</i> |
| Accrued income and prepaid expenses | 39 | 22 | 5 | 147 | 14 | 1 | 228 | 0 | 228 |
| <i>of which: stage 1</i> | <i>39</i> | <i>22</i> | <i>5</i> | <i>146</i> | <i>11</i> | | <i>223</i> | <i>0</i> | <i>223</i> |
| <i>of which: stage 2</i> | | <i>0</i> | <i>0</i> | <i>1</i> | <i>3</i> | | <i>4</i> | | <i>4</i> |
| <i>of which: stage 3</i> | | | | | | <i>1</i> | <i>1</i> | | <i>1</i> |
| Other assets | | 30 | 0 | 505 | | | 536 | 0 | 535 |
| <i>of which: stage 1</i> | | <i>30</i> | <i>0</i> | <i>505</i> | | | <i>536</i> | <i>0</i> | <i>535</i> |
| <i>of which: stage 2</i> | | | | | | | | <i>0</i> | <i>0</i> |
| <i>of which: stage 3</i> | | | | | | | | | |
| Total assets in scope of ECL | 84,108 | 100,227 | 48,715 | 45,117 | 15,890 | 1,830 | 295,888 | (701) | 295,188 |

Note 9e Financial assets subject to credit risk by rating category (continued)
Off-balance sheet positions and credit lines subject to expected credit loss by rating category

| CHF million | | 31.12.20 | | | | | | Total carrying amount (maximum exposure to credit risk) | ECL provision |
|--|--------------|---------------|---------------|---------------|--------------|-----------------------------|---------------|---|---------------|
| Rating category | 0-1 | 2-3 | 4-5 | 6-8 | 9-13 | Credit-impaired (defaulted) | | | |
| Off-balance sheet (in scope of ECL) | | | | | | | | | |
| Contingent liabilities, gross | 522 | 2,951 | 3,168 | 2,110 | 73 | 139 | 8,961 | (45) | |
| <i>of which: stage 1</i> | 522 | 2,356 | 2,479 | 1,656 | 73 | | 7,087 | (10) | |
| <i>of which: stage 2</i> | | 594 | 688 | 454 | | | 1,735 | (11) | |
| <i>of which: stage 3</i> | | | | | | 139 | 139 | (23) | |
| Irrevocable commitments, gross | 1,035 | 6,407 | 4,943 | 4,355 | 281 | 69 | 17,090 | (37) | |
| <i>of which: stage 1</i> | 1,035 | 5,631 | 4,069 | 4,355 | 281 | 0 | 15,372 | (15) | |
| <i>of which: stage 2</i> | | 776 | 873 | | | 0 | 1,650 | (22) | |
| <i>of which: stage 3</i> | | | | | | 69 | 69 | | |
| Forward starting transactions (securities financing transactions) | | | | 250 | | | 250 | 0 | |
| <i>of which: stage 1</i> | | | | 250 | | | 250 | 0 | |
| Credit lines | 476 | 3,320 | 4,573 | 6,305 | 7,650 | 80 | 22,405 | (41) | |
| <i>of which: stage 1</i> | 476 | 2,814 | 3,300 | 4,643 | 7,379 | | 18,613 | (23) | |
| <i>of which: stage 2</i> | | 506 | 1,273 | 1,662 | 271 | | 3,713 | (18) | |
| <i>of which: stage 3</i> | | | | | | 80 | 80 | | |
| Irrevocable committed prolongation of existing loans | 17 | 1,673 | 1,242 | 984 | 517 | 0 | 4,433 | (2) | |
| <i>of which: stage 1</i> | 17 | 1,672 | 1,241 | 981 | 516 | | 4,427 | (2) | |
| <i>of which: stage 2</i> | | 1 | 1 | 2 | 1 | | 5 | 0 | |
| <i>of which: stage 3</i> | | | | | | 0 | 0 | | |
| Total off-balance sheet financial instruments and credit lines | 2,051 | 14,350 | 13,925 | 14,004 | 8,521 | 288 | 53,139 | (125) | |

Note 10 Trading portfolio and other financial instruments measured at fair value

| CHF million | 31.12.21 | 31.12.20 |
|---|--------------|----------|
| Assets | | |
| Trading portfolio assets | 1,833 | 1,838 |
| <i>of which: debt instruments¹</i> | 41 | 24 |
| <i>of which: listed</i> | 26 | 9 |
| <i>of which: equity instruments</i> | 31 | 25 |
| <i>of which: precious metals and other physical commodities</i> | 1,762 | 1,789 |
| Total assets measured at fair value | 1,833 | 1,838 |
| <i>of which: fair value derived using a valuation model</i> | 56 | 31 |
| <i>of which: securities eligible for repurchase transactions in accordance with liquidity regulations²</i> | 15 | 6 |
| Liabilities | | |
| Trading portfolio liabilities | 339 | 297 |
| <i>of which: debt instruments¹</i> | 210 | 62 |
| <i>of which: listed</i> | 101 | 53 |
| <i>of which: equity instruments</i> | 129 | 235 |
| Total liabilities measured at fair value | 339 | 297 |
| <i>of which: fair value derived using a valuation model</i> | 286 | 218 |

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

Note 11 Derivative instruments

| | 31.12.21 | | | 31.12.20 | | |
|---|-----------------------------|----------------------------------|-------------------------------------|-----------------------------|----------------------------------|-------------------------------------|
| | Derivative financial assets | Derivative financial liabilities | Total notional values (CHF billion) | Derivative financial assets | Derivative financial liabilities | Total notional values (CHF billion) |
| <i>CHF million, except where indicated</i> | | | | | | |
| Interest rate contracts | | | | | | |
| Forwards ¹ | 29 | 25 | 8 | 51 | 45 | 8 |
| Swaps | 1,466 | 1,140 | 178 | 2,054 | 1,679 | 125 |
| <i>of which: designated in hedge accounting relationships</i> | 443 | 178 | 36 | 501 | 200 | 32 |
| Over-the-counter (OTC) options | 61 | 61 | 5 | 70 | 70 | 7 |
| Total | 1,556 | 1,225 | 191 | 2,175 | 1,794 | 140 |
| Foreign exchange contracts | | | | | | |
| Forwards | 300 | 286 | 31 | 418 | 405 | 31 |
| Interest and currency swaps | 948 | 1,152 | 180 | 1,532 | 1,266 | 140 |
| Over-the-counter (OTC) options | 149 | 149 | 27 | 243 | 243 | 28 |
| Total | 1,398 | 1,587 | 237 | 2,194 | 1,913 | 198 |
| Equity / index contracts | | | | | | |
| Forwards | 29 | 32 | 4 | 86 | 80 | 8 |
| Swaps | 11 | 11 | 1 | 73 | 73 | 1 |
| Over-the-counter (OTC) options | 65 | 65 | 1 | 184 | 184 | 4 |
| Exchange-traded options | 578 | 578 | 0 | 462 | 462 | 0 |
| Total | 683 | 687 | 6 | 805 | 798 | 13 |
| Credit derivative contracts | | | | | | |
| Credit default swaps | 40 | 46 | 2 | 26 | 32 | 1 |
| Total | 40 | 46 | 2 | 26 | 32 | 1 |
| Commodity, precious metals and other contracts | | | | | | |
| Forwards | 9 | 8 | 1 | 19 | 19 | 1 |
| Swaps | 10 | 9 | 1 | 23 | 23 | 2 |
| Over-the-counter (OTC) options | 133 | 133 | 8 | 374 | 374 | 13 |
| Total | 151 | 151 | 9 | 416 | 415 | 16 |
| Total before netting | 3,828 | 3,695 | 444 | 5,616 | 4,952 | 368 |
| <i>of which: trading derivatives</i> | 3,385 | 3,517 | | 5,115 | 4,753 | |
| <i>of which: fair value derived using a valuation model</i> | 3,337 | 3,465 | | 4,997 | 4,644 | |
| <i>of which: derivatives designated in hedge accounting relationships</i> | 443 | 178 | | 501 | 200 | |
| <i>of which: fair value derived using a valuation model</i> | 443 | 178 | | 501 | 200 | |
| Netting with cash collateral payables / receivables | 0 | (308) | | 0 | (603) | |
| Replacement value netting | (1,928) | (1,928) | | (2,821) | (2,821) | |
| Total after netting | 1,901 | 1,459 | | 2,794 | 1,528 | |
| <i>of which: with bank and broker-dealer counterparties</i> | 263 | 532 | | 269 | 482 | |
| <i>of which: other client counterparties</i> | 1,637 | 927 | | 2,525 | 1,046 | |

¹ Includes forward rate agreements.

Note 12a Financial investments by instrument type

| CHF million | 31.12.21 | | 31.12.20 | |
|---|-----------------|--------------|-----------------|---------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Debt instruments | 9,003 | 9,078 | 16,400 | 16,626 |
| <i>of which: held to maturity</i> | 4,486 | 4,559 | 5,075 | 5,276 |
| <i>of which: available for sale</i> | 4,517 | 4,519 | 11,326 | 11,350 |
| Equity instruments | 9 | 23 | 10 | 25 |
| Property | 19 | 19 | 15 | 15 |
| Total financial investments | 9,030 | 9,119 | 16,425 | 16,665 |
| <i>of which: securities eligible for repurchase transactions in accordance with liquidity regulations¹</i> | <i>9,001</i> | <i>9,076</i> | <i>16,002</i> | <i>16,223</i> |

¹ Consists of high-quality liquid debt securities that are eligible for repurchase transactions at the Swiss National Bank (SNB) or other central banks.

Note 12b Financial investments by counterparty rating – debt instruments

| CHF million | 31.12.21 | 31.12.20 |
|--|--------------|---------------|
| Internal UBS rating¹ | | |
| 0–1 | 7,363 | 9,340 |
| 2–3 | 1,641 | 7,061 |
| 4–5 | 0 | 0 |
| 6–8 | 0 | 0 |
| 9–13 | 0 | 0 |
| Non-rated | 0 | 0 |
| Total financial investments | 9,003 | 16,400 |

¹ Refer to Note 21 for more information.

Note 13 Investments in subsidiaries and other participations

| CHF million | 31.12.21 | 31.12.20 |
|--|-----------|-----------|
| Historical cost | | |
| Balance at the beginning of the year | 104 | 77 |
| Additions | 1 | 27 |
| Balance at the end of the year | 105 | 104 |
| Accumulated value adjustments and changes in book value | | |
| Balance at the beginning of the year | (9) | (9) |
| Balance at the end of the year | (9) | (9) |
| Net book value | | |
| Book value at the beginning of the year | 95 | 68 |
| Book value at the end of the year | 96 | 95 |
| <i>of which: without market value</i> | <i>96</i> | <i>95</i> |
| <i>of which: other participations</i> | <i>73</i> | <i>72</i> |
| <i>of which: Pfandbriefbank</i> | <i>63</i> | <i>63</i> |
| <i>of which: Twint AG</i> | <i>8</i> | <i>7</i> |
| <i>of which: subsidiaries</i> | <i>23</i> | <i>23</i> |

Note 14 Companies in which the bank holds a permanent direct or indirect significant participation

| | | | | 31.12.21 | | | |
|---|-------------|------------------------------|---------------------------|-------------------------|-----------------------|---------------------------|-----------------|
| Company name | Domicile | Primary business division | Share capital in thousand | Share of capital (in %) | Share of votes (in %) | Held directly in thousand | Held indirectly |
| UBS Card Center AG | Switzerland | Personal & Corporate Banking | CHF 100 | 100 | 100 | 100 | – |
| UBS Hypotheken AG | Switzerland | Personal & Corporate Banking | CHF 100 | 98 | 98 | 98 | – |
| TopCard Service AG | Switzerland | Personal & Corporate Banking | CHF 150 | 100 | 100 | 150 | – |
| TWINT AG | Switzerland | Personal & Corporate Banking | CHF 12,750 | 11 | 11 | 1,462 | – |
| Houzy AG | Switzerland | Personal & Corporate Banking | CHF 338 | 19 | 19 | 65 | – |
| Pfandbriefbank schweizerischer Hypothekarinstitute AG | Switzerland | Personal & Corporate Banking | CHF 1,000,000 | 9 | 9 | 89,334 | – |

Note 15 Property, equipment and software

At historical cost less accumulated depreciation

| <i>CHF million</i> | IT hardware and communication | Internally generated software | Other machines and equipment | Projects in progress ¹ | 31.12.21 | 31.12.20 |
|---|-------------------------------|-------------------------------|------------------------------|-----------------------------------|----------|----------|
| Historical cost | | | | | | |
| Balance at the beginning of the year | 8 | 459 | 100 | 90 | 657 | 501 |
| Additions | 1 | 1 | 9 | 302 | 313 | 157 |
| Disposals / write-offs ² | 0 | (1) | 0 | 0 | (2) | (2) |
| Reclassifications | 0 | 223 | 0 | (223) | 0 | 0 |
| Balance at the end of the year | 8 | 681 | 110 | 169 | 968 | 657 |
| Accumulated depreciation | | | | | | |
| Balance at the beginning of the year | 5 | 88 | 92 | | 184 | 129 |
| Depreciation | 2 | 79 | 6 | | 86 | 57 |
| Disposals / write-offs ² | 0 | (1) | 0 | | (2) | (2) |
| Balance at the end of the year | 6 | 166 | 97 | | 269 | 184 |
| Net book value | | | | | | |
| Net book value at the beginning of the year | 3 | 371 | 9 | 90 | 473 | 372 |
| Net book value at the end of the year | 2 | 516 | 12 | 169 | 699 | 473 |

¹ Entirely related to Internally generated software. ² Includes write-offs of fully depreciated assets.

Operating lease commitments

| <i>CHF million</i> | 31.12.21 |
|--|------------|
| Expenses for operating leases to be recognized in: | |
| 2022 | 161 |
| 2023 | 152 |
| 2024 | 133 |
| 2025 | 60 |
| 2026 | 32 |
| 2027 and thereafter | 110 |
| Total commitments for minimum payments under operating leases | 648 |

Property, equipment and software are depreciated on a straight-line basis over their useful life, which is between 3 and 10 years.

Note 16a Other assets

| <i>CHF million</i> | 31.12.21 | 31.12.20 |
|--|------------|------------|
| Settlement and clearing accounts | 289 | 409 |
| VAT and other indirect tax receivables | 13 | 12 |
| Other | 93 | 130 |
| <i>of which: other receivables due from UBS Group AG and subsidiaries in the UBS Group</i> | 78 | 113 |
| Total other assets¹ | 395 | 551 |

¹ Includes components of Settlement and clearing accounts and Other of CHF 376 million in scope of ECL as of 31 December 2021 (CHF 535 million as of 31 December 2020). Refer to Note 9d for more information.

Note 16b Other liabilities

| <i>CHF million</i> | 31.12.21 | 31.12.20 |
|---|--------------|--------------|
| Deferral position for hedging instruments | 213 | 246 |
| Settlement and clearing accounts | 960 | 679 |
| VAT and other indirect tax payables | 163 | 139 |
| Other | 536 | 731 |
| <i>of which: other payables due to UBS Group AG and subsidiaries in the UBS Group</i> | 345 | 534 |
| Total other liabilities | 1,872 | 1,794 |

Note 17 Pledged assets¹

| <i>CHF million</i> | 31.12.21 | | 31.12.20 | |
|---------------------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|
| | Carrying amount of pledged assets | Effective commitment | Carrying amount of pledged assets | Effective commitment |
| Mortgage loans ² | 14,010 | 9,915 | 15,538 | 10,984 |
| Due from customers ³ | 1,668 | 1,606 | 1,921 | 1,820 |
| Total pledged assets | 15,678 | 11,521 | 17,460 | 12,804 |

¹ Excluding securities financing transactions. Refer to Note 7 for more information on securities financing transactions. ² These pledged mortgage loans serve as collateral for existing liabilities against Swiss central mortgage institutions and for existing covered bond issuances. Of these pledged mortgage loans, approximately CHF 1.6 billion as of 31 December 2021 (approximately CHF 1.9 billion as of 31 December 2020) could be withdrawn or used for future liabilities or covered bond issuances without breaching existing collateral requirements. ³ Related to COVID-19 loans granted under the program established by the Swiss Federal Council pledged to the Swiss National Bank.

Note 18 Maturity structure of financial instruments

| <i>CHF million</i> | At sight | Cancellable | Due within 1 month | Due between 1 and 3 months | Due between 3 and 12 months | Due between 1 and 5 years | Due after 5 years | Perpetual / Not applicable | Total |
|---|----------------|---------------|-----------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------|----------------------------------|----------------|
| Assets | | | | | | | | | |
| Cash and balances at central banks | 82,990 | 0 | | 0 | 0 | 0 | 0 | 0 | 82,990 |
| Due from banks | 2,257 | 0 | 505 | 570 | 519 | 31 | 68 | 0 | 3,951 |
| Receivables from securities financing transactions | 0 | 1,114 | 3,232 | 612 | 0 | 0 | 0 | 0 | 4,958 |
| Due from customers | 272 | 9,087 | 16,593 | 6,795 | 8,983 | 9,763 | 3,504 | 0 | 54,997 |
| Mortgage loans | 0 | 46,089 | 6,102 | 5,438 | 14,206 | 49,493 | 38,241 | 0 | 159,569 |
| Trading portfolio assets | 1,833 | 0 | | 0 | 0 | 0 | 0 | 0 | 1,833 |
| Derivative financial instruments | 1,901 | 0 | | 0 | 0 | 0 | 0 | 0 | 1,901 |
| Financial investments | 9 | 0 | 856 | 1,768 | 1,812 | 4,055 | 513 | 19 | 9,030 |
| Total assets / financial instruments as of 31.12.21 | 89,262 | 56,290 | 27,287 | 15,183 | 25,520 | 63,342 | 42,327 | 19 | 319,229 |
| Total assets / financial instruments as of 31.12.20 | 87,879 | 42,226 | 24,675 | 18,192 | 26,542 | 77,261 | 38,682 | 25 | 315,482 |
| Liabilities | | | | | | | | | |
| Due to banks ¹ | 6,426 | 1,629 | 171 | 6,130 | 31 | 7,703 | 3,150 | 5,387 | 30,628 |
| Payables from securities financing transactions | 0 | 450 | 29 | 1 | 0 | 0 | 0 | 0 | 480 |
| Due to customers | 203,618 | 56,501 | 864 | 95 | 79 | 28 | 7 | 0 | 261,192 |
| Trading portfolio liabilities | 339 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 339 |
| Derivative financial instruments | 1,459 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,459 |
| Loans from central mortgage institutions | | 0 | 53 | 263 | 510 | 3,918 | 3,880 | 0 | 8,624 |
| Total liabilities / financial instruments as of 31.12.21 | 211,841 | 58,579 | 1,117 | 6,489 | 619 | 11,649 | 7,038 | 5,387 | 302,721 |
| Total liabilities / financial instruments as of 31.12.20 | 207,722 | 62,005 | 6,809 | 504 | 735 | 10,004 | 8,428 | 5,176 | 301,383 |

¹ Due to banks with maturity above one year and Perpetual mainly relates to loss-absorbing capacity-eligible positions.

Note 19 Assets and liabilities by domestic and foreign origin in accordance with the domicile principle

| CHF million | 31.12.21 | | 31.12.20 | |
|--|----------------|---------------|----------------|---------------|
| | Domestic | Foreign | Domestic | Foreign |
| Assets | | | | |
| Cash and balances at central banks | 82,990 | 0 | 81,148 | 0 |
| Due from banks | 437 | 3,513 | 245 | 3,153 |
| Receivables from securities financing transactions | 2,600 | 2,358 | 1,265 | 2,301 |
| Due from customers | 24,136 | 30,862 | 22,485 | 27,409 |
| Mortgage loans | 159,567 | 2 | 156,401 | 16 |
| Trading portfolio assets | 1,781 | 52 | 1,800 | 38 |
| Derivative financial instruments | 1,071 | 829 | 1,680 | 1,115 |
| Financial investments | 559 | 8,471 | 497 | 15,928 |
| Accrued income and prepaid expenses | 110 | 126 | 88 | 140 |
| Investments in subsidiaries and other participations | 96 | 0 | 95 | 0 |
| Property, equipment and software | 699 | 0 | 473 | 0 |
| Other assets | 366 | 28 | 513 | 39 |
| Total assets | 274,413 | 46,242 | 266,690 | 50,139 |
| Liabilities | | | | |
| Due to banks | 26,963 | 3,664 | 26,488 | 4,200 |
| Payables from securities financing transactions | 79 | 400 | 114 | 388 |
| Due to customers | 196,678 | 64,514 | 197,282 | 62,510 |
| Trading portfolio liabilities | 23 | 316 | 25 | 272 |
| Derivative financial instruments | 733 | 726 | 693 | 835 |
| Loans from central mortgage institutions | 8,624 | 0 | 8,577 | 0 |
| Accrued expenses and deferred income | 1,035 | 21 | 727 | 23 |
| Other liabilities | 1,804 | 69 | 1,724 | 70 |
| Provisions | 259 | 11 | 249 | 17 |
| Total liabilities | 236,197 | 69,722 | 235,880 | 68,314 |
| Equity | | | | |
| Share capital | 10 | 0 | 10 | 0 |
| General reserve | 11,354 | 0 | 11,354 | 0 |
| Voluntary earnings reserve | 921 | 0 | 0 | 0 |
| Net profit / (loss) for the period | 2,452 | 0 | 1,271 | 0 |
| Total equity | 14,736 | 0 | 12,634 | 0 |
| Total liabilities and equity | 250,933 | 69,722 | 248,514 | 68,314 |

Note 20 Total assets by geographic location

| | 31.12.21 | | 31.12.20 | |
|---|----------------|------------|----------------|------------|
| | CHF million | % | CHF million | % |
| Assets | | | | |
| Switzerland | 274,413 | 86 | 266,690 | 84 |
| Europe, Middle East and Africa | 30,572 | 10 | 31,200 | 10 |
| <i>of which: Germany</i> | 3,137 | 1 | 4,366 | 1 |
| <i>of which: Qatar</i> | 2,989 | 1 | 2,442 | 1 |
| <i>of which: Luxembourg</i> | 2,928 | 1 | 1,757 | 1 |
| <i>of which: United Kingdom</i> | 2,684 | 1 | 3,365 | 1 |
| Americas | 13,267 | 4 | 13,032 | 4 |
| <i>of which: United States</i> | 5,001 | 2 | 4,752 | 1 |
| <i>of which: British Virgin Islands</i> | 3,274 | 1 | 3,075 | 1 |
| Asia Pacific | 2,404 | 1 | 5,907 | 2 |
| <i>of which: Singapore</i> | 654 | 0 | 547 | 0 |
| <i>of which: Japan</i> | 41 | 0 | 3,639 | 1 |
| Total assets | 320,656 | 100 | 316,829 | 100 |

Note 21 Country risk of total assets

The table below provides a breakdown of total non-Swiss assets by credit rating. These credit ratings reflect the sovereign credit rating of the country to which the ultimate risk of the underlying asset is related. The ultimate country of risk for unsecured loan positions is the domicile of the immediate borrower or, in the case of a legal entity, the domicile of the ultimate parent entity. For collateralized or guaranteed positions, the ultimate country of risk is the domicile of the provider of the collateral or guarantor or, if applicable, the domicile of the ultimate parent entity of the provider of the collateral or guarantor.

For mortgage loans, the ultimate country of risk is the country where the real estate is located. Similarly, the ultimate country of risk for property and equipment is the country where the property and equipment are located. Assets for which Switzerland is the ultimate country of risk are provided separately in order to reconcile them to total balance sheet assets.

› Refer to the “Risk management and control” section of the UBS Group AG Annual Report 2021 for more information

| Classification | Internal UBS rating | Description | Moody's Investors Service | S&P | Fitch | 31.12.21 | | 31.12.20 | |
|---------------------|---------------------|----------------------|---------------------------|-------------|-------------|----------------|------------|----------------|------------|
| | | | | | | CHF million | % | CHF million | % |
| Low risk | 0 and 1 | Investment grade | Aaa | AAA | AAA | 22,812 | 7 | 23,467 | 7 |
| | 2 | | Aa1 to Aa3 | AA+ to AA- | AA+ to AA- | 8,994 | 3 | 10,009 | 3 |
| | 3 | | A1 to A3 | A+ to A- | A+ to A- | 5,107 | 2 | 6,699 | 2 |
| Medium risk | 4 | | Baa1 to Baa2 | BBB+ to BBB | BBB+ to BBB | 4,201 | 1 | 5,281 | 2 |
| | 5 | | Baa3 | BBB- | BBB- | 973 | 0 | 1,236 | 0 |
| | 6 | Sub-investment grade | Ba1 | BB+ | BB+ | 607 | 0 | 344 | 0 |
| High risk | 7 | | Ba2 | BB | BB | 75 | 0 | 470 | 0 |
| | 8 | | Ba3 | BB- | BB- | 210 | 0 | 236 | 0 |
| | 9 | | B1 | B+ | B+ | 201 | 0 | 514 | 0 |
| Very high risk | 10 | | B2 | B | B | 595 | 0 | 58 | 0 |
| | 11 | | B3 | B- | B- | 110 | 0 | 166 | 0 |
| | 12 | | Caa1 to Caa3 | | | 21 | 0 | 34 | 0 |
| | 13 | | Ca to C | CCC to C | CCC to C | 35 | 0 | 48 | 0 |
| Distressed | Default | Defaulted | | D | D | 14 | 0 | 22 | 0 |
| Subtotal | | | | | | 43,953 | 14 | 48,584 | 15 |
| Switzerland | | | | | | 276,702 | 86 | 268,245 | 85 |
| Total assets | | | | | | 320,656 | 100 | 316,829 | 100 |

Note 22 Assets and liabilities by the most significant currencies for the bank

| CHF million | 31.12.21 | | | | | Total |
|--|----------------|-----------------|-----------------|----------------|----------------|----------------|
| | CHF | USD | EUR | GBP | Other | |
| Assets | | | | | | |
| Cash and balances at central banks | 82,795 | 10 | 176 | 4 | 5 | 82,990 |
| Due from banks | 107 | 2,863 | 557 | 40 | 385 | 3,951 |
| Receivables from securities financing transactions | 3,368 | 53 | 627 | 910 | 0 | 4,958 |
| Due from customers | 16,145 | 22,608 | 14,229 | 973 | 1,041 | 54,997 |
| Mortgage loans | 157,347 | 2,156 | 64 | 0 | 1 | 159,569 |
| Trading portfolio assets | 29 | 32 | 7 | 4 | 1,763 | 1,833 |
| Derivative financial instruments | 1,901 | 0 | 0 | 0 | 0 | 1,901 |
| Financial investments | 559 | 5,228 | 3,182 | 62 | 0 | 9,030 |
| Accrued income and prepaid expenses | 127 | 71 | 33 | 2 | 3 | 236 |
| Investments in subsidiaries and other participations | 96 | 0 | 0 | 0 | 0 | 96 |
| Property, equipment and software | 699 | 0 | 0 | 0 | 0 | 699 |
| Other assets | 141 | 229 | 17 | 3 | 6 | 395 |
| Total assets shown on the balance sheet | 263,313 | 33,249 | 18,892 | 1,998 | 3,203 | 320,656 |
| Delivery entitlements from spot exchange, forward forex and forex options transactions | 13,322 | 20,116 | 12,490 | 3,743 | 7,615 | 57,286 |
| Total assets | 276,635 | 53,366 | 31,382 | 5,741 | 10,819 | 377,941 |
| Liabilities | | | | | | |
| Due to banks | 26,562 | 2,136 | 725 | 150 | 1,054 | 30,628 |
| Payables from securities financing transactions | 22 | 400 | 57 | 1 | 0 | 480 |
| Due to customers | 170,771 | 47,052 | 30,850 | 5,775 | 6,743 | 261,192 |
| Trading portfolio liabilities | 22 | 228 | 32 | 40 | 17 | 339 |
| Derivative financial instruments | 1,459 | 0 | 0 | 0 | 0 | 1,459 |
| Loans from central mortgage institutions | 8,621 | 2 | 1 | 0 | 1 | 8,624 |
| Accrued expenses and deferred income | 1,019 | 28 | 8 | 0 | 1 | 1,056 |
| Other liabilities | 850 | 804 | 171 | 33 | 15 | 1,872 |
| Provisions | 237 | 17 | 15 | 0 | 0 | 271 |
| Total liabilities shown on the balance sheet | 209,563 | 50,666 | 31,860 | 5,999 | 7,830 | 305,919 |
| Equity | | | | | | |
| Share capital | 10 | 0 | 0 | 0 | 0 | 10 |
| General reserve | 11,354 | 0 | 0 | 0 | 0 | 11,354 |
| Voluntary earning reserve | 921 | 0 | 0 | 0 | 0 | 921 |
| Net profit / (loss) for the period | 2,452 | 0 | 0 | 0 | 0 | 2,452 |
| Total equity shown in balance sheet | 14,736 | 0 | 0 | 0 | 0 | 14,736 |
| Total liabilities and equity shown on the balance sheet | 224,299 | 50,666 | 31,860 | 5,999 | 7,830 | 320,656 |
| Delivery obligations from spot exchange, forward forex and forex options transactions | 12,630 | 20,476 | 12,812 | 3,772 | 7,595 | 57,286 |
| Total equity and liabilities | 236,929 | 71,142 | 44,672 | 9,772 | 15,426 | 377,941 |
| Net position per currency as of 31.12.21 | 39,706 | (17,777) | (13,291) | (4,031) | (4,607) | 0 |
| Net position per currency as of 31.12.20 | 26,808 | (11,554) | (10,935) | (2,990) | (1,308) | 22 |

Note 23 Loans from central mortgage institutions

Contractual maturity of carrying amount

| <i>CHF million</i> | 2022 | 2023 | 2024 | 2025 | 2026 | Thereafter | Total 31.12.21 | Total 31.12.20 |
|------------------------------|---------|---------|---------|---------|---------|------------|-------------------|-------------------|
| Non-subordinated debt | | | | | | | | |
| Fixed-rate | 826 | 918 | 977 | 1,069 | 953 | 3,880 | 8,624 | 8,577 |
| Interest rates (range in %) | 0.0–3.4 | 0.1–2.2 | 0.1–2.4 | 0.2–1.8 | 0.3–2.8 | 0.1–2.7 | | |
| Total | 826 | 918 | 977 | 1,069 | 953 | 3,880 | 8,624 | 8,577 |

Note 24a Share capital

| | 31.12.21 | | | 31.12.20 | | |
|-------------------------------------|-------------------------|---------------------|---------------------------------------|-------------------------|------------------|---------------------------------------|
| | Nominal value in CHF | Number of shares | <i>of which: dividend bearing</i> | Nominal value in CHF | Number of shares | <i>of which: dividend bearing</i> |
| Share capital ¹ | 10,000,000 | 100,000,000 | 100,000,000 | 10,000,000 | 100,000,000 | 100,000,000 |
| <i>of which: shares outstanding</i> | 10,000,000 | 100,000,000 | 100,000,000 | 10,000,000 | 100,000,000 | 100,000,000 |

¹ Registered shares issued.

UBS Switzerland AG's share capital is fully paid up. Each share has a nominal value of CHF 0.10 and entitles the holder to one vote at the meeting of the shareholders of UBS Switzerland AG, if entered into the share register as having the right to vote, as well as a proportionate share of distributed dividends. UBS Switzerland AG does not apply any restrictions or limitations on the transferability of shares.

Non-distributable reserves

Non-distributable reserves consist of 50% of the share capital of UBS Switzerland AG, amounting to CHF 5 million as of 31 December 2021.

Note 24b Significant shareholders

The sole direct shareholder of UBS Switzerland AG is UBS AG, which holds 100% of UBS Switzerland AG shares. These shares are entitled to voting rights. Indirect shareholders of UBS Switzerland AG, who do not have voting rights, include UBS Group AG, which holds 100% of UBS AG shares. Included in the table below are also direct shareholders of UBS Group AG (acting in their own name or in their capacity as nominees for other investors or beneficial owners) that were registered in the UBS Group AG share register with 3% or more of the share capital of

UBS Group AG as of 31 December 2021 or as of 31 December 2020.

The shares and share capital of UBS Switzerland AG held by indirect shareholders shown in the table below represent their relative holding of UBS Group AG shares. They do not have voting rights in UBS Switzerland AG.

» Refer to Note 23 of the UBS Group AG standalone financial statements in the UBS Group AG Annual Report 2021 for more information about significant shareholders of UBS Group AG

| <i>CHF million, except where indicated</i> | 31.12.21 | | 31.12.20 | |
|--|--------------------|-----------------|--------------------|-----------------|
| | Share capital held | Shares held (%) | Share capital held | Shares held (%) |
| Significant direct shareholder of UBS Switzerland AG | | | | |
| UBS AG | 10 | 100 | 10 | 100 |
| Significant indirect shareholders of UBS Switzerland AG | | | | |
| UBS Group AG | 10 | 100 | 10 | 100 |
| Chase Nominees Ltd., London | 1 | 9 | 1 | 10 |
| DTC (Cede & Co.), New York ¹ | 1 | 6 | 1 | 5 |
| Nortrust Nominees Ltd., London | 0 | 5 | 1 | 5 |

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

Note 25 Swiss pension plan

| a) Liabilities related to Swiss pension plan | | |
|--|------------|------------|
| <i>CHF million</i> | 31.12.21 | 31.12.20 |
| Provision for Swiss pension plan | 0 | 0 |
| Bank accounts at UBS and UBS debt instruments held by Swiss pension fund | 94 | 108 |
| UBS derivative financial instruments held by Swiss pension fund | 64 | 68 |
| Total liabilities related to Swiss pension plan | 157 | 176 |

b) Swiss pension plan

| <i>CHF million</i> | As of or for the year ended | |
|---|-----------------------------|------------|
| | 31.12.21 | 31.12.20 |
| Pension plan surplus ¹ | 3,701 | 3,255 |
| Economic benefit / (obligation) of UBS Switzerland AG | 0 | 0 |
| Change in economic benefit / (obligation) recognized in the income statement | 0 | 0 |
| Employer contributions in the period recognized in the income statement | 295 | 294 |
| Performance awards-related employer contributions accrued | 25 | 23 |
| Total pension expense recognized in the income statement within Personnel expenses | 320 | 317 |

¹ The pension plan surplus is determined in accordance with FER 26 and consists of the reserve for the fluctuation in asset value. The surplus did not represent an economic benefit for UBS Switzerland AG in accordance with FER 16 both as of 31 December 2021 and 31 December 2020. Refer to Note 2 for more information.

The Swiss pension plan had no employer contribution reserve both as of 31 December 2021 and 31 December 2020.

Note 26 Related parties

Transactions with related parties are conducted at internally agreed transfer prices, at arm's length or, with respect to loans, fixed advances and mortgages to non-independent members of the governing bodies in the ordinary course of business, on substantially the same terms and conditions that are available to other employees, including interest rates and collateral, and

neither involve more than the normal risk of collectability nor contain any other unfavorable features for the firm. Independent members of the governing bodies are granted loans and mortgages in the ordinary course of business at general market conditions.

| <i>CHF million</i> | 31.12.21 | | 31.12.20 | |
|--|------------------|----------------|------------------|----------------|
| | Amounts due from | Amounts due to | Amounts due from | Amounts due to |
| Qualified shareholders ¹ | 4,966 | 25,931 | 4,922 | 25,384 |
| <i>of which: due from / to banks</i> | 3,741 | 24,677 | 3,452 | 24,339 |
| <i>of which: receivables / payables from securities financing transactions</i> | 908 | 30 | 1,202 | 166 |
| <i>of which: due from / to customers</i> | 55 | 460 | 51 | 96 |
| Subsidiaries ² | 138 | 27 | 148 | 42 |
| <i>of which: due from / to customers</i> | 137 | 27 | 124 | 42 |
| Affiliated entities ³ | 329 | 1,185 | 266 | 1,238 |
| <i>of which: due from / to banks</i> | 251 | 684 | 122 | 749 |
| <i>of which: due from / to customers</i> | 5 | 269 | 1 | 247 |
| Members of governing bodies ⁴ | 52 | | 53 | |
| External auditors | | 1 | | |
| Other related parties ⁵ | 228 | 114 | 468 | 79 |

¹ Qualified shareholders of UBS Switzerland AG are UBS Group AG and UBS AG. ² Subsidiaries of UBS Switzerland AG are UBS Card Center AG, TopCard Service AG and UBS Hypotheken AG. ³ Affiliated entities of UBS Switzerland AG are all direct and indirect subsidiaries of UBS Group AG including subsidiaries of UBS AG. ⁴ Members of governing bodies consist of the members of the Board of Directors and Group Executive Board of UBS Group AG and the members of the Board of Directors and Executive Board of UBS Switzerland AG and UBS AG. ⁵ As of 31 December 2021, a guarantee of CHF 6 million (31 December 2020: CHF 8 million) is reported off-balance sheet as a contingent liability under Credit guarantees and similar instruments.

Note 27 Fiduciary transactions

| <i>CHF million</i> | 31.12.21 | 31.12.20 |
|---|---------------|---------------|
| Fiduciary deposits | 21,873 | 32,419 |
| <i>of which: placed with third-party banks</i> | 6,602 | 8,536 |
| <i>of which: placed with subsidiaries and affiliated entities</i> | 15,271 | 23,883 |
| Fiduciary loans | 184 | 16 |
| Total fiduciary transactions | 22,057 | 32,435 |

Fiduciary transactions encompass customer deposits and loans transactions entered into or granted by UBS Switzerland AG that result in holding or placing assets and liabilities on behalf of individuals, trusts, defined benefit plans and other institutions. Unless the recognition criteria for the assets and liabilities are satisfied, these assets and liabilities and the related income and expense are excluded from UBS Switzerland AG's balance sheet and income statement, but disclosed in this Note as off-balance

sheet fiduciary transactions. Client deposits that are initially placed as fiduciary transactions with UBS Switzerland AG may be recognized on UBS Switzerland AG's balance sheet in situations in which the deposit is subsequently placed within UBS Switzerland AG. In such cases, these deposits are not reported in the table above.

Note 28a Invested assets and net new money

| <i>CHF billion</i> | As of or for the year ended | |
|---|-----------------------------|------------|
| | 31.12.21 | 31.12.20 |
| Discretionary assets | 130 | 107 |
| Other invested assets | 585 | 541 |
| Total invested assets (double counts included) | 715 | 648 |
| <i>of which: double counts</i> | 1 | 0 |
| Net new money (double counts included) | 23 | 27 |

Note 28b Development of invested assets

| <i>CHF billion</i> | 31.12.21 | 31.12.20 |
|---|------------|------------|
| Total invested assets (including double counts) at the beginning of the year | 648 | 616 |
| Net new money inflows / (outflows) | 23 | 27 |
| Market movements (including dividends and interests) | 52 | 25 |
| Currency effects | 2 | (20) |
| Other effects | (9) | 0 |
| <i>of which: acquisitions / divestments</i> | 0 | 0 |
| Total invested assets (including double counts) at the end of the year¹ | 715 | 648 |

¹ There were invested assets double counts of CHF 1 billion as of 31 December 2021 and there were no double counts as of 31 December 2020.

› Refer to Note 32 of the UBS Group AG consolidated financial statements in the UBS Group AG Annual Report 2021 for more information

Note 29 Events after the reporting period

Russia's invasion of Ukraine

Russia's invasion of Ukraine on 24 February 2022 has triggered disruptions and uncertainties in the markets and the global economy, as well as coordinated implementation of sanctions by Switzerland, the United States, the European Union, the United Kingdom and others against Russia, Russian entities and nationals. These events, together with potential counter-sanctions and other measures taken by Russia, impact UBS Switzerland AG's businesses.

UBS Switzerland AG's direct country risk exposure to Russia was approximately CHF 0.3 billion across its business divisions as of 31 December 2021. This exposure has been reduced since year-end 2021. In addition, UBS Switzerland AG is currently monitoring settlement risk on certain open transactions with Russian banks and non-bank counterparties or Russian underlyings. As of 3 March 2022, UBS Switzerland AG also had

approximately CHF 0.1 billion of indirect exposure arising from reliance on Russian assets as collateral on Lombard lending and other secured financing in Global Wealth Management.

UBS Switzerland AG continues to closely monitor related effects on its financial statements, including estimated direct and indirect impacts on expected credit loss calculations and on fair value measurement of assets, liabilities and off-balance sheet exposures. The situation continues to evolve and broader implications for other counterparties of UBS Switzerland AG, including financial institutions, are not possible to assess at this time; however, there were no material adverse effects on UBS Switzerland AG's financial statements as of 4 March 2022.

› Refer to **"Top and emerging risks" and "Country risk" in the "Risk management and control" section and to "Performance in the financial services industry is affected by market conditions and the macroeconomic climate" in the "Risk factors" section of the UBS Group AG Annual Report 2021 for more information**



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To the General Meeting of
UBS Switzerland AG, Zurich

Basel, 4 March 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of UBS Switzerland AG, which comprise the balance sheet, income statement and notes (pages 1 to 30), for the year ended 31 December 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

A handwritten signature in blue ink that reads 'Jan Marxfeld'.

Jan Marxfeld
Licensed audit expert
(Auditor in charge)

A handwritten signature in blue ink that reads 'F. de Gara'.

Francesco de Gara
Licensed audit expert

UBS Switzerland AG standalone regulatory information

UBS Switzerland AG standalone regulatory information

Key metrics of the fourth quarter of 2021

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

During the fourth quarter of 2021, common equity tier 1 (CET1) capital increased by CHF 0.4 billion to CHF 12.6 billion, mainly reflecting operating profit that was partly offset by additional accruals for dividends. Risk-weighted assets (RWA) decreased by CHF 3.5 billion to CHF 106.4 billion, primarily due to a decrease in the RWA floor adjustment, mainly driven by refined collateral allocation. Leverage ratio exposure increased by CHF 1 billion to CHF 340 billion, mainly driven by higher cash and balances at central banks and lending balances.

In the fourth quarter of 2021, the liquidity coverage ratio (LCR) of UBS Switzerland AG, which is a Swiss SRB, was 143%,

remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA) in connection with the Swiss Emergency Plan. Average high-quality liquid assets (HQLA) decreased by CHF 1.0 billion to CHF 91.3 billion, driven by lower average cash balances due to a net deposit decrease. Average total net cash outflows decreased by CHF 0.4 billion to CHF 64.1 billion.

As of 31 December 2021, the net stable funding ratio (NSFR) of UBS Switzerland AG was 142%, remaining above the prudential requirements communicated by FINMA. The available stable funding decreased by CHF 4.4 billion to CHF 225 billion, mainly due to a decrease in customer deposits. Required stable funding increased by CHF 1.2 billion to CHF 158 billion, mainly due to higher lending. ▲

Quarterly |

KM1: Key metrics

CHF million, except where indicated

| | 31.12.21 | 30.9.21 | 30.6.21 | 31.3.21 | 31.12.20 |
|---|----------|---------|---------|---------|----------|
| Available capital (amounts) | | | | | |
| 1 Common Equity Tier 1 (CET1) | 12,609 | 12,199 | 12,312 | 12,417 | 12,234 |
| 1a Fully loaded ECL accounting model CET1 ¹ | 12,608 | 12,198 | 12,311 | 12,416 | 12,233 |
| 2 Tier 1 | 17,996 | 17,596 | 17,705 | 17,819 | 17,410 |
| 2a Fully loaded ECL accounting model Tier 1 ¹ | 17,995 | 17,595 | 17,704 | 17,818 | 17,409 |
| 3 Total capital | 17,996 | 17,596 | 17,705 | 17,819 | 17,410 |
| 3a Fully loaded ECL accounting model total capital ¹ | 17,995 | 17,595 | 17,704 | 17,818 | 17,409 |
| Risk-weighted assets (amounts) | | | | | |
| 4 Total risk-weighted assets (RWA) | 106,399 | 109,941 | 109,602 | 110,194 | 107,253 |
| 4a Minimum capital requirement ² | 8,512 | 8,795 | 8,768 | 8,816 | 8,580 |
| 4b Total risk-weighted assets (pre-floor) | 93,437 | 93,839 | 93,853 | 93,149 | 92,164 |
| Risk-based capital ratios as a percentage of RWA | | | | | |
| 5 CET1 ratio (%) | 11.85 | 11.10 | 11.23 | 11.27 | 11.41 |
| 5a Fully loaded ECL accounting model CET1 ratio (%) ¹ | 11.85 | 11.10 | 11.23 | 11.27 | 11.41 |
| 6 Tier 1 ratio (%) | 16.91 | 16.00 | 16.15 | 16.17 | 16.23 |
| 6a Fully loaded ECL accounting model Tier 1 ratio (%) ¹ | 16.91 | 16.00 | 16.15 | 16.17 | 16.23 |
| 7 Total capital ratio (%) | 16.91 | 16.00 | 16.15 | 16.17 | 16.23 |
| 7a Fully loaded ECL accounting model total capital ratio (%) ¹ | 16.91 | 16.00 | 16.15 | 16.17 | 16.23 |
| 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 (%) | 0.02 | 0.02 | 0.02 | 0.02 | 0.01 |
| 9a Additional countercyclical buffer for Swiss mortgage loans (%) | | | | | |
| 10 Bank G-SIB and / or D-SIB additional requirements (%) ³ | | | | | |
| 11 Total of bank CET1 specific buffer requirements (%) | 2.52 | 2.52 | 2.52 | 2.52 | 2.51 |
| 12 CET1 available after meeting the bank's minimum capital requirements (%) | 7.35 | 6.60 | 6.73 | 6.77 | 6.91 |
| Basel III leverage ratio⁴ | | | | | |
| 13 Total Basel III leverage ratio exposure measure | 339,788 | 338,636 | 341,991 | 344,925 | 335,251 |
| 14 Basel III leverage ratio (%) | 5.30 | 5.20 | 5.18 | 5.17 | 5.19 |
| 14a Fully loaded ECL accounting model Basel III leverage ratio (%) ¹ | 5.30 | 5.20 | 5.18 | 5.17 | 5.19 |
| Liquidity coverage ratio (LCR)⁵ | | | | | |
| 15 Total high-quality liquid assets (HQLA) | 91,304 | 92,341 | 97,744 | 96,366 | 91,909 |
| 16 Total net cash outflow | 64,084 | 64,491 | 65,177 | 65,829 | 62,074 |
| 16a of which: cash outflows | 88,771 | 89,154 | 93,457 | 94,489 | 89,430 |
| 16b of which: cash inflows | 24,687 | 24,663 | 28,280 | 28,660 | 27,355 |
| 17 LCR (%) | 143 | 143 | 150 | 146 | 148 |
| Net stable funding ratio (NSFR)⁶ | | | | | |
| 18 Total available stable funding | 225,239 | 229,666 | | | |
| 19 Total required stable funding | 158,072 | 156,849 | | | |
| 20 NSFR (%) | 142 | 146 | | | |

¹ The fully loaded ECL accounting model excludes 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 on the next page. ⁴ The leverage ratio exposure and leverage ratios for the respective period in 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19. Refer to the "Introduction and basis for preparation" and "UBS Switzerland AG standalone" sections of our 31 December 2020 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. ⁵ 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 66 data points in the fourth quarter of 2021 and 65 data points in the third quarter of 2021. For the prior quarter data points, please refer to the respective Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. ⁶ 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 needed to fulfill the NSFR requirement of UBS AG. Refer to the "Introduction and basis for preparation" section of our 31 December 2021 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. ▲

Swiss SRB going and gone concern requirements and information

Quarterly I 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 2021, the going concern capital and leverage ratio requirements for UBS Switzerland AG standalone were 14.32%, including a countercyclical buffer of 0.02%, and 5.00%, respectively.

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

The Swiss SRB framework and requirements applicable to UBS Switzerland AG standalone are the same as those applicable to UBS Group AG consolidated, with the exception of a lower gone concern requirement, corresponding to 62% of the Group's gone concern requirement (before applicable reductions). ▲

- » Refer to the "Introduction and basis for preparation" section of our 31 December 2021 Pillar 3 report for more information about the reactivation of the Swiss countercyclical buffer
- » Refer to "Additional information" in the "Capital, liquidity and funding, and balance sheet" section of the UBS Group AG Annual Report 2021 for more information about the joint liability of UBS AG and UBS Switzerland AG

Quarterly I

Swiss SRB going and gone concern requirements and information

| As of 31.12.21 | RWA | | LRD | |
|---|--------------------|---------|-------------------|---------|
| CHF million, except where indicated | in % | | in % | |
| Required going concern capital | | | | |
| Total going concern capital | 14.32 ¹ | 15,237 | 5.00 ¹ | 16,989 |
| Common equity tier 1 capital | 10.02 | 10,661 | 3.50 | 11,893 |
| of which: minimum capital | 4.50 | 4,788 | 1.50 | 5,097 |
| of which: buffer capital | 5.50 | 5,852 | 2.00 | 6,796 |
| of which: countercyclical buffer | 0.02 | 21 | | |
| Maximum additional tier 1 capital | 4.30 | 4,575 | 1.50 | 5,097 |
| of which: additional tier 1 capital | 3.50 | 3,724 | 1.50 | 5,097 |
| of which: additional tier 1 buffer capital | 0.80 | 851 | | |
| Eligible going concern capital | | | | |
| Total going concern capital | 16.91 | 17,996 | 5.30 | 17,996 |
| Common equity tier 1 capital | 11.85 | 12,609 | 3.71 | 12,609 |
| Total loss-absorbing additional tier 1 capital | 5.06 | 5,387 | 1.59 | 5,387 |
| of which: high-trigger loss-absorbing additional tier 1 capital | 5.06 | 5,387 | 1.59 | 5,387 |
| Required gone concern capital² | | | | |
| Total gone concern loss-absorbing capacity | 8.87 | 9,433 | 3.10 | 10,533 |
| of which: base requirement | 7.97 | 8,483 | 2.79 | 9,480 |
| of which: additional requirement for market share and LRD | 0.89 | 950 | 0.31 | 1,053 |
| Eligible gone concern capital | | | | |
| Total gone concern loss-absorbing capacity | 10.20 | 10,853 | 3.19 | 10,853 |
| TLAC-eligible senior unsecured debt | 10.20 | 10,853 | 3.19 | 10,853 |
| Total loss-absorbing capacity | | | | |
| Required total loss-absorbing capacity | 23.19 | 24,670 | 8.10 | 27,523 |
| Eligible total loss-absorbing capacity | 27.11 | 28,849 | 8.49 | 28,849 |
| Risk-weighted assets / leverage ratio denominator | | | | |
| Risk-weighted assets | | 106,399 | | |
| Leverage ratio denominator | | | | 339,788 |

¹ Includes applicable add-ons of 1.44% for RWA and 0.50% for 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 loss-absorbing capacity

Quarterly I

Swiss SRB going and gone concern information

| <i>CHF million, except where indicated</i> | 31.12.21 | 30.9.21 | 31.12.20 |
|--|----------|---------|----------------------|
| Eligible going concern capital | | | |
| Total going concern capital | 17,996 | 17,596 | 17,410 |
| Total tier 1 capital | 17,996 | 17,596 | 17,410 |
| Common equity tier 1 capital | 12,609 | 12,199 | 12,234 |
| Total loss-absorbing additional tier 1 capital | 5,387 | 5,396 | 5,176 |
| <i>of which: high-trigger loss-absorbing additional tier 1 capital</i> | 5,387 | 5,396 | 5,176 |
| Eligible gone concern capital | | | |
| Total gone concern loss-absorbing capacity | 10,853 | 10,876 | 10,824 |
| TLAC-eligible senior unsecured debt | 10,853 | 10,876 | 10,824 |
| Total loss-absorbing capacity | | | |
| Total loss-absorbing capacity | 28,849 | 28,472 | 28,234 |
| Risk-weighted assets / leverage ratio denominator | | | |
| Risk-weighted assets | 106,399 | 109,941 | 107,253 |
| Leverage ratio denominator | 339,788 | 338,636 | 335,251 ¹ |
| Capital and loss-absorbing capacity ratios (%) | | | |
| Going concern capital ratio | 16.9 | 16.0 | 16.2 |
| <i>of which: common equity tier 1 capital ratio</i> | 11.9 | 11.1 | 11.4 |
| Gone concern loss-absorbing capacity ratio | 10.2 | 9.9 | 10.1 |
| Total loss-absorbing capacity ratio | 27.1 | 25.9 | 26.3 |
| Leverage ratios (%)¹ | | | |
| Going concern leverage ratio | 5.3 | 5.2 | 5.2 |
| <i>of which: common equity tier 1 leverage ratio</i> | 3.7 | 3.6 | 3.6 |
| Gone concern leverage ratio | 3.2 | 3.2 | 3.2 |
| Total loss-absorbing capacity leverage ratio | 8.5 | 8.4 | 8.4 |

¹ The leverage ratio denominator (LRD) and leverage ratios for the respective period in 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19. Refer to the "Introduction and basis for preparation" section and to the "UBS Switzerland AG standalone" section of our 31 December 2020 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information.



Leverage ratio information

Quarterly I

Swiss SRB leverage ratio denominator

| CHF billion | 31.12.21 | 30.9.21 | 31.12.20 ¹ |
|---|--------------|--------------|-----------------------|
| Leverage ratio denominator | | | |
| Swiss GAAP total assets | 320.7 | 319.2 | 316.8 |
| Difference between Swiss GAAP and IFRS total assets | 2.9 | 3.3 | 4.5 |
| Less: derivative exposures and SFTs ² | (9.6) | (11.1) | (10.6) |
| On-balance sheet exposures (excluding derivative exposures and SFTs) | 313.9 | 311.4 | 310.7 |
| Derivative exposures | 4.3 | 4.8 | 5.7 |
| Securities financing transactions | 5.4 | 6.2 | 3.8 |
| Off-balance sheet items | 16.5 | 16.5 | 15.2 |
| Items deducted from Swiss SRB tier 1 capital | (0.3) | (0.3) | (0.2) |
| Total exposures (leverage ratio denominator) | 339.8 | 338.6 | 335.3 |

¹ The respective period in 2020 does not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19. Refer to the "Introduction and basis for preparation" section and to "Application of the temporary COVID-19-related FINMA exemption of central bank sight deposits" in the "Going and gone concern requirements and eligible capital" section of our 31 December 2020 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors, for more information. ² The exposures consist of derivative financial instruments, cash collateral receivables on derivative instruments, receivables from SFTs, and margin loans, as well as prime brokerage receivables and financial assets at fair value not held for trading, both related to SFTs. These exposures are presented separately under Derivative exposures and Securities financing transactions in this table.



Capital instruments

Quarterly I

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 | UBS Switzerland AG, Switzerland |
| 1a | Instrument number | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 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 millions, as of most recent reporting date) ¹ | CHF 10.0 | CHF 1,000 | CHF 825 | USD 425 | CHF 475 | CHF 500 | CHF 700 | CHF 675 | CHF 825 |
| 9 | Par value of instrument (currency in millions) | CHF 10.0 | CHF 1,000 | CHF 825 | USD 425 | 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 | 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 | First optional repayment date: 12 December 2023 | First optional repayment date: 12 December 2023 | 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)

| 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 SOFR Compound + 561 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, Switzerland. 4 As applied in UBS Switzerland AG's financial statements under Swiss GAAP.

Climate risk

Annual 1 Our climate strategy and governance are determined and overseen at Group level. Similarly, we identify and manage climate risks, including climate-related financial risks, in our own operations, balance sheet, client assets and supply chain on Group level.

In 2021, we further embedded climate risk into the UBS risk appetite framework and operational risk appetite statement. To protect our clients' and our own assets from climate-related risks, we continue to drive the integration of climate-related risk into our standard risk management framework and processes.

In 2021 we have introduced selected climate-related metrics for the legal entity UBS Switzerland AG, which are presented along with respective metrics applicable to UBS Group in the UBS Group AG Annual Report 2021. ▲

- › Refer to **“Our focus on sustainability and climate”** of the **“How we create value for our stakeholders”** section and to **“Sustainability and climate risk”** of the **“Risk management and control”** section of the **UBS Group AG Annual Report 2021** for more information
- › Refer to **“Climate strategy”** in the **“Taking action on a net-zero future – our climate report”** section of the **Sustainability Report 2021**, available from **11 March 2022** under **“Annual reporting”** at ubs.com/investors, for more information

Notice to investors | This report and the information contained herein are provided solely for information purposes, and are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this report. Refer to UBS's Annual Report 2020, available at ubs.com/investors, for additional information.

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

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

UBS Group AG
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CH-8098 Zurich

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

UBS Group AG

By: /s/ Christopher Castello
Name: Christopher Castello
Title: Group Controller and
Chief Accounting Officer

By: /s/ David Kelly
Name: David Kelly
Title: Managing Director

UBS AG

By: /s/ Christopher Castello
Name: Christopher Castello
Title: Controller and Chief
Accounting Officer

By: /s/ David Kelly
Name: David Kelly
Title: Managing Director

Date: March 7, 2022