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2022 Dodd-Frank Act Annual Stress Test (DFAST)

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June 23rd, 2022

Cautionary Statement

This 2022 Dodd-Frank Act Stress Test Disclosure presents stress test results conducted by UBS Americas Holding LLC ("AH" or "Americas Holding") in accordance with the regulation, issued by the Board of Governors of the Federal Reserve System (the “Federal Reserve”), which implements the Dodd-Frank Act Stress Testing (“DFAST”) requirements for covered companies. The results summarized in this presentation contain forward-looking projections prepared by Americas Holding LLC, based on the hypothetical, severely adverse economic scenario prescribed by the Federal Reserve and summarized in this presentation. The estimates also reflect certain required assumptions regarding Americas Holding's capital actions. The quantitative outputs and qualitative discussion herein should not be viewed as forecasts of expected pre-provision net revenue ("PPNR"), income, capital, risk-weighted assets ("RWAs"), capital or leverage ratios outcomes as a measure of the solvency or actual financial performance or condition of Americas Holding LLC. Instead, the outputs and discussions are estimates from forward-looking exercises that consider possible outcomes based on hypothetical, highly adverse economic scenarios and therefore are more adverse than expected results.

The outputs of the analyses and the discussion contained herein may not align with those produced by the Federal Reserve Board or other financial institutions conducting similar exercises, even if similar hypothetical stress scenarios were used, due to differences in methodologies and assumptions used to produce those outputs.

Requirements for Annual Dodd-Frank Act Stress Test

- The stress testing regulation of the Board of Governors of the Federal Reserve System ("Federal Reserve") requires Category III firms to publicly disclose the results of its company-run stress test every other year[1], under the Federal Reserve's Supervisory Severely Adverse Stress Test scenario, within 15 days of the date the Federal Reserve discloses their DFAST results.
- Covered companies must disclose capital and leverage ratios projected by the company under the Federal Reserve's Supervisory Severely Adverse Stress Test scenario which describes the hypothetical evolution of certain macroeconomic and market variables consistent with a severely adverse recession. The principal assumptions in the 2022 Supervisory Severely Adverse Stress Test scenario are described on page 4.
- The planning horizon begins with UBS Americas Holding LLC's ("AH LLC") actual position as of December 31st, 2021 and includes a nine-quarter forecast beginning with the first quarter of 2022 and ending with the first quarter of 2024.
- AH LLC is required to assume the following capital actions (the "Company-run Stress Test Capital Actions") to estimate its projected capital level and ratios over the nine-quarter forecast horizon[2]:
- Under § 252.54, a covered company is required to make the following assumptions regarding its capital actions over the planning horizon:

1. The covered company will not pay any dividends on any instruments that qualify as common equity tier 1 capital;
2. The covered company will make payments on instruments that qualify as additional tier 1 capital or tier 2 capital equal to the stated dividend, interest, or principal due on such instrument;
3. The covered company will not make a redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory capital ratio; and
4. The covered company will not make any issuances of common stock or preferred stock

- The results of AH LLC's stress test, under the Federal Reserve's Severely Adverse Stress Test scenario assuming the Company-run Stress Test Capital Actions enumerated above, are presented on pages 5 - 9.
- The AH LLC has not adopted CECL Under Stress, so the application of this accounting standard is not reflected in the overall forecasts.
- Lastly, based on AH LLC's current level of trading activity, AH LLC is not subject to the Global Market Shock ("GMS") component for CCAR 2022.

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1 See Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations, Federal Reserve System, Nov 2019.
2 See 12 CFR 252.56(b).

Description of the Federal Reserve Board's Supervisory Severely Adverse Stress Test Scenario

The severely adverse scenario is characterized by a severe global recession accompanied by a period of heightened stress in commercial real estate markets and corporate debt markets.

The U.S. unemployment rate climbs to a peak of 10 percent in the third quarter of 2023, a 5-3/4 percentage point increase relative to its fourth-quarter 2021 level. This year's scenario features a sharp decline in real GDP in 2022 followed by a robust recovery. Real GDP declines more than 3-1/2 percent from the fourth quarter of 2021 to its trough in the first quarter of 2023. The rising unemployment and the rapid decline in aggregate demand for goods and services lead to significantly reduced inflationary pressures. CPI inflation falls from an annual rate of 8-1/4 percent at the end of 2021 to an annual rate of about 1-1/4 percent in the third quarter of 2022 and then gradually increases above 1-1/2 percent by the end of the scenario.

Short-term interest rates as measured by the 3-month Treasury rate remain near zero throughout the scenario. Long-term interest rates as measured by the 10-year Treasury yield drop to 3/4 percent during the first quarter of 2022 and remain unchanged in the second and third quarters of 2022, after which they gradually rise to 1-1/2 percent by the end of the scenario. Because short-term interest rates remain near zero, the path of the yield curve slope, as defined by the difference between the 10-year Treasury yield and the 3-month Treasury rate, follows that of long-term interest rates.

Conditions in corporate bond markets deteriorate markedly. The spread between yields on investment-grade corporate bonds and yields on 10-year Treasury securities widens to 5-3/4 percentage points by mid–2022, an increase of close to 4-3/4 percentage points relative to the fourth quarter of 2021. Corporate bond spreads then gradually decline to 2-1/4 percentage points by the end of the scenario. The spread between mortgage rates and 10-year Treasury yields widens to 3 percentage points by mid–2022 before declining to slightly above 1-1/2 percentage points at the end of the scenario.

Asset prices drop sharply in the severely adverse scenario. Equity prices fall 55 percent from the fourth quarter of 2021 through the fourth quarter of 2022, accompanied by a rise in the VIX, which reaches a peak value of 75 in the second quarter of 2022. House prices and commercial real estate prices also experience large declines. At their trough at the end of 2023, house prices are 28-1/2 percent below their level at the end of 2021. Commercial real estate prices experience larger declines, reaching a level in the fourth quarter of 2023 that is nearly 40 percent below the level at the end of 2021.

Source: https://www.federalreserve.gov/publications/2022-Stress-Test-Scenarios.htm

Risk Based Capital Ratio, RWA and Leverage Ratio Projections

Actual Q4 2021 and Projected through Q1 2024 Risk Based Capital and Leverage Ratios[1] and RWAs[2] Under the Federal Reserve Board's Supervisory Severely Adverse Scenario

Regulatory Ratio	Actual Ratio at 12/31/21[2]	Projected Stressed Ratios at 3/31/24	Projected Stressed Minimum Ratios	Federal Reserve Board Regulatory Minimums
Common Equity Tier 1 Ratio (%)	17.8	14.1	14.1	4.5
Tier 1 Capital Ratio (%)	23.4	19.6	19.6	6.0
Total Capital Ratio (%)	23.5	19.9	19.9	8.0
Tier 1 Leverage Ratio (%)	9.1	6.5	6.5	4.0
Supplementary Leverage Ratio (%)	8.0	6.3	5.8	3.0

RWAs		
in USD billions	Actual RWAs at 12/31/21	Projected Stressed RWAs at 3/31/24
US Basel III RWAs	73.0	74.0

[1]The capital ratios are calculated using capital action assumptions prescribed under the Dodd-Frank Act stress testing requirement. Minimum reflects the lowest value for each ratio over the nine-quarter forecast horizon for the period Q1 2022 through Q1 2024.
[2]As reported in UBS Americas Holding LLC Form FR Y-9C as of December 31, 2021.

Projected PPNR, Losses & Net (Loss)/Income before Taxes – Q1 2022 through Q1 2024

Under the Federal Reserve Board's Supervisory Severely Adverse Scenario

in USD millions	Cumulative Results Over 9 Quarters	% of Average Assets
PPNR[1]	($667)	(0.4%)
Less: Provision for Loan and Lease Losses	$451	
Realized Losses on Securities (AFS/HTM)	$155	
Trading and Counterparty Losses[2]	$194	
Other Losses[3]	$163	
Net Income Before Taxes	($1,630)	(0.7%)

[1]Pre-provision net revenue includes losses from operational-risk events.

[2]Trading and counterparty losses include mark-to-market and CVA (Credit Valuation Adjustment) losses and losses arising from the counterparty default scenario component applied to derivatives and securities lending and repurchase agreement activities.

[3]Other losses/gains includes projected change in fair value of loans held for sale and loans held for investment measured under the fair value option, goodwill impairment losses and other non-credit losses.

Projected Loan Losses by Type of Loan – Q1 2022 through Q1 2024

Under the Federal Reserve Board's Supervisory Severely Adverse Scenario

Loan Type[1] in USD millions	Cumulative Loan Losses Over 9 Quarters	Portfolio Loss Rates Over 9 Quarters
Estimated Loan Losses	$402	0.5%
First Lien Mortgages, Domestic	$125	0.6%
Junior Lien Mortgages, Domestic	$0	0.0%
Commercial and Industrial	$8	0.1%
Commercial Real Estate	$57	2.8%
Credit Cards	$22	8.6%
Other Consumer	$56	0.2%
Other Loans	$134	1.5%

[1]Loan categories follow FR Y-14A reporting requirements. Average loan balance used to calculate portfolio loss rates excludes loans held for sale and loans held for investment under the fair value option, and are calculated over nine quarters.

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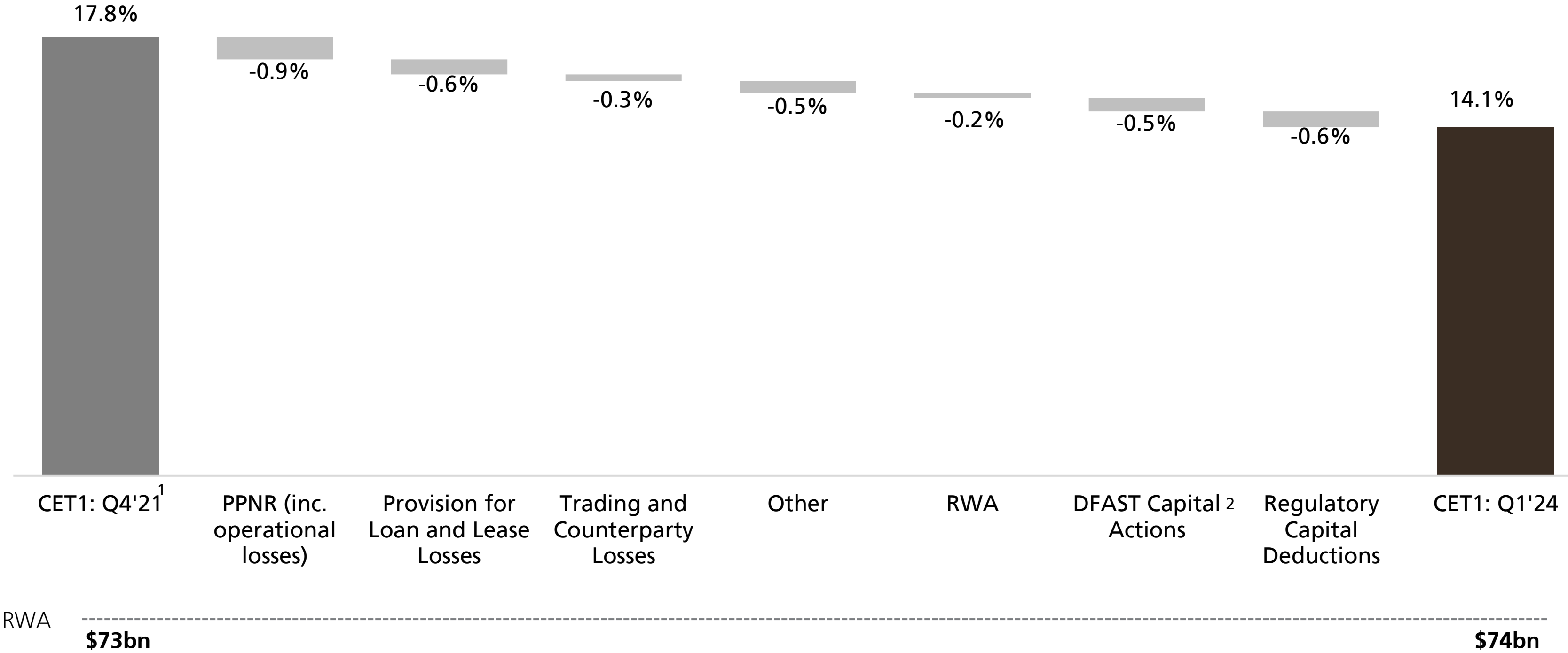
Key Drivers of Common Equity Tier 1 Capital Ratio (“CET1”) – Severely Adverse Test Scenario

Under the Federal Reserve's Supervisory Severely Adverse Stress Test Scenario

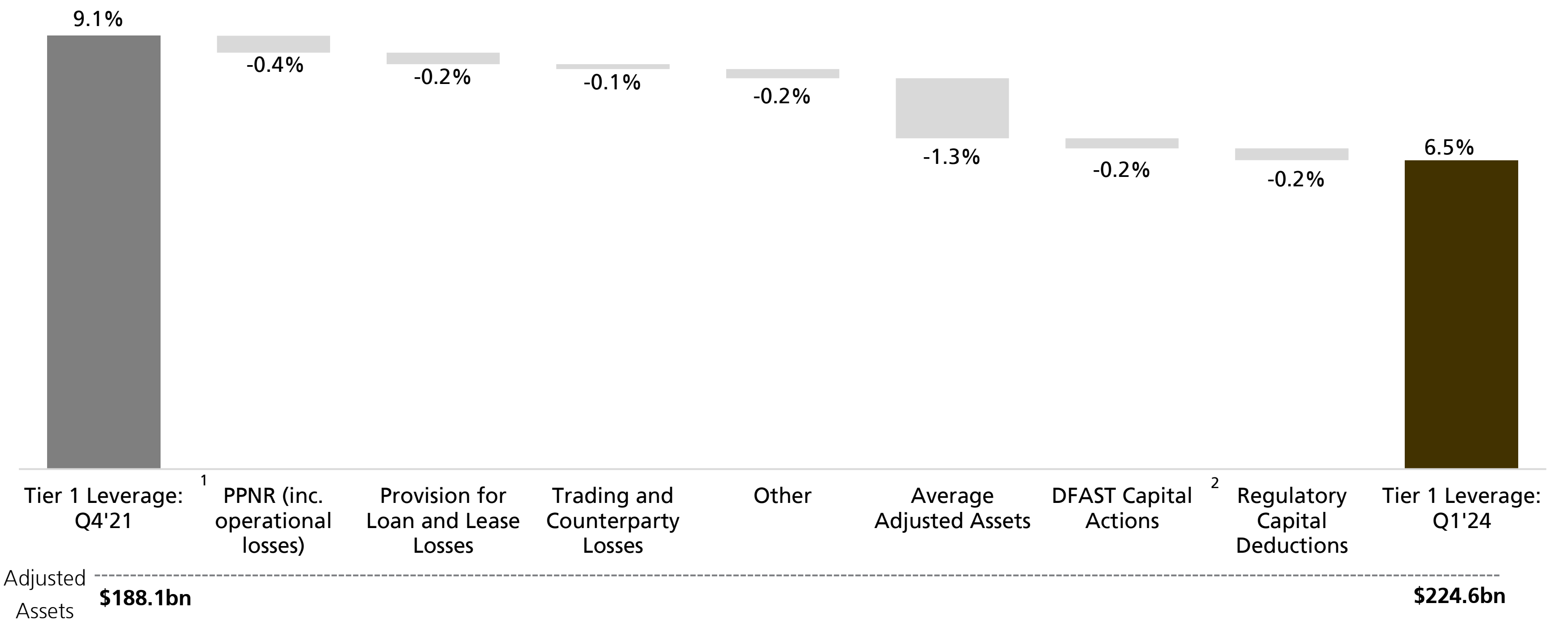


[1]As reported in UBS Americas Holding LLC Form FR Y-9C as of December 31, 2021

[2]Dodd Frank Capital Actions reflect cash dividends in accordance with the assumptions prescribed in the Dodd-Frank Act Stress Testing Capital Actions, which are outlined on page 3 of this presentation.

Key Drivers of Tier 1 Leverage Ratio

Under the Federal Reserve's Supervisory Severely Adverse Stress Test Scenario



[1]As reported in UBS Americas Holding LLC Form FR Y-9C as of December 31, 2021

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Material risks impacting capital adequacy assessment projections

The below material risks are those inherent in the Firm's business activities and its capital stress tests reflect these risks:

Business/Strategic Risk	The potential negative impact on earnings from lower-than-expected business volumes and/or margins, to the extent they are not offset by a decrease in expenses.
Compliance, Conduct and Operational Risk	Compliance risk the financial or reputational risk incurred by AH LLC by not adhering to the applicable laws, rules and regulations, local and international best practice and AH LLC's own internal standards. It also includes financial crime risk. Conduct risk is the conduct of the firm or its individuals unfairly impacting clients or counterparties, undermining the integrity of the financial system or impairing effective competition to the detriment of consumers. Operational risk arises from inadequate or failed internal processes, people and systems, or external causes which have an impact to UBS, its clients or the markets in which it operates.
Credit Risk	The risk of loss resulting from the failure of a client or counterparty to meet its contractual obligations toward AH LLC. This risk arises from a variety of business activities, including lending, trading and contingent liabilities, and incorporates country risk.
Legal Risk[1]	The risk of AH LLC being held liable for a breach of applicable law, rule or regulation, contractual or other legal obligations, or inability or failure to enforce or protect contractual or non-contractual rights sufficiently to protect AH LLC's interests. It also includes the failure to adequately develop, supervise and resource internal and external legal teams and failure to adequately manage any potential, threatened and commenced litigation and legal proceedings.
Market Risk	The risk of loss resulting from adverse movements in market variables. Market variables include observable variables, such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, and variables that may be unobservable or indirectly observable, such as volatilities and correlations.
Model Risk	The risk of adverse consequences (e.g., financial loss, loss due to legal matters, operational loss, biased business decisions or reputational damage), resulting from decisions based on incorrect/inadequate or misused model outputs and reports. Model risk may result from several sources: inputs, methodology, implementation, and use.
Pension Risk	The risk of a negative impact on our capital as a result of deteriorating funded status from decreases in the fair value of assets held in the defined benefit pension funds and/or changes in the value of defined benefit pension obligations, due to changes in actuarial assumptions and/or changes to plan designs.
Reputational Risk[2]	The risk of damage to our reputation from the point of view of our stakeholders, such as clients, shareholders, staff and the general public.
Treasury Risk	The risk of increased cost or reduced access to funding sources. It includes liquidity risk, funding risk and interest rate risk in the banking book.

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1 Legal risks are captured under the Compliance, Conduct and Operational Risk category.
2 Losses from historical events that may have caused reputational risk are generally captured through the firm's operational loss forecasting framework.

Forecasting Methodologies

- AH LLC's projected capital ratios under the Company-Run Supervisory Severely Adverse Scenario (described on page 4) reflect the effect of the hypothetical macroeconomic and market environment on sources and uses of capital as well as market, credit and operational risk loss projections.
- AH LLC developed the following forecast methodologies to estimate the impact of the hypothetical assumptions over the nine-quarter forecast time horizon.

PPNR:

- AH LLC's forecast reflects a detailed process in which each major business developed a projection of PPNR over the nine-quarter forecast horizon using a mix of quantitative models, qualitative estimates, and expert judgment-driven approaches.

Losses:

- AH LLC's loss projection processes and methodologies consider all identified material risks. These estimation methodologies project the IHC's material exposures to credit, market, and operational risks. The estimation of losses is a key component of the capital planning process and is executed using both quantitative and qualitative projection methodologies.
- Losses for the banking book are mainly calculated through an expected loss framework, using stressed probability of default, loss given default and exposure at default. Losses for AH LLC's securities-backed lending portfolio are calculated through security-level revaluation of collateral followed by an approximation of the margining process.
- Operational Risk's methodology to project operational losses employs a quantitative approach based on historical losses and a qualitative approach based on estimates of forward-looking losses.
- Trading and Counterparty losses are derived as a function of the 9-quarter macroeconomic scenario on the trading and counterparty exposures.

Balance Sheet:

- Balance sheet forecasts were developed based on a product-specific projection approach using quantitative regression-based models, which are sensitive to the macroeconomic factors and project behaviors associated with the Supervisory Severely Adverse scenario conditions, which are supported by expert judgment-based assumptions.

Risk-Weighted Assets ("RWAs"):

- RWAs are projected under the Basel III standardized approach.
- Credit Risk RWA: Risk weights as prescribed by regulatory rules are applied to projected balances.
- Market Risk RWA: Simulation calculations and forecasting frameworks are used, as appropriate, to project computation of RWA for general Value at Risk ("VaR"), stressed VaR, specific risk add-ons, and De Minimis exposures.

Capital Position:

- AH LLC's capital position was projected by aggregating revenue, loss estimates, balance sheet and RWA projections as outlined above and deriving their respective impacts on the levels of CET1 Capital, Tier 1 Capital and Total Capital and their respective ratios on a quarterly basis over the nine-quarter forecast horizon.