



# UBS Switzerland AG

Standalone financial statements and regulatory information  
for the year ended 31 December 2020



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# UBS Switzerland AG standalone financial statements (audited)

## Income statement

CHF million	Note	For the year ended	
		31.12.20	31.12.19
Interest and discount income <sup>1</sup>		3,182	3,301
Interest and dividend income from financial investments		111	159
Interest expense <sup>2</sup>		(226)	(405)
Gross interest income		3,067	3,055
Credit loss (expense) / release	2b, 9	(470)	(18)
Net interest income		2,597	3,038
Fee and commission income from securities and investment business		3,430	3,347
Credit-related fees and commissions		175	164
Other fee and commission income		679	804
Fee and commission expense		(776)	(817)
Net fee and commission income		3,509	3,498
Net trading income	3	792	864
Net income from disposal of financial investments		68	25
Dividend income from investments in subsidiaries and other participations		16	15
Income from real estate holdings		(1)	(1)
Sundry ordinary income		220	264
Sundry ordinary expenses		(15)	(15)
Other income from ordinary activities		287	289
Total operating income		7,185	7,688
Personnel expenses	4	2,014	1,940
General and administrative expenses	5	3,215	3,257
Subtotal operating expenses		5,229	5,197
Depreciation and impairment of property, equipment and software		57	38
Amortization and impairment of goodwill and other intangible assets		263	1,050
Changes in provisions and other allowances and losses		41	66
Total operating expenses		5,590	6,351
Operating profit		1,595	1,337
Tax expense / (benefit)	6	324	299
<b>Net profit / (loss) for the period<sup>3</sup></b>		<b>1,271</b>	<b>1,039</b>

<sup>1</sup> Interest and discount income includes negative interest income on financial assets of CHF 70 million and CHF 140 million for the years ended 31 December 2020 and 31 December 2019, respectively. <sup>2</sup> Interest expense includes negative interest expense on financial liabilities of CHF 276 million and CHF 209 million for the years ended 31 December 2020 and 31 December 2019, respectively. <sup>3</sup> Net profit 2020 and 2019 does not include the share of profit from a portion of Global Wealth Management international business, see Note 2c.

## Balance sheet

CHF million	Note	31.12.20	31.12.19
<b>Assets</b>			
Cash and balances at central banks		81,148	58,984
Due from banks	9	3,399	4,466
Receivables from securities financing transactions	7	3,565	12,136
Due from customers	8, 9	49,894	39,575
Mortgage loans	8, 9	156,418	152,591
Trading portfolio assets	10	1,838	1,679
Derivative financial instruments	11	2,794	2,085
Financial investments	12	16,425	11,928
Accrued income and prepaid expenses		228	189
Investments in subsidiaries and other participations	13, 14	95	68
Property, equipment and software	15	473	372
Goodwill and other intangible assets	16	0	263
Other assets	17	551	678
<b>Total assets</b>		<b>316,829</b>	<b>285,014</b>
<i>of which: subordinated assets</i>		<i>1</i>	<i>1</i>
<b>Liabilities</b>			
Due to banks		30,688	27,344
<i>of which: total loss-absorbing capacity eligible</i>		<i>16,000</i>	<i>15,626</i>
Payables from securities financing transactions	7	501	547
Due to customers		259,792	231,693
Trading portfolio liabilities	10	297	371
Derivative financial instruments	11	1,528	1,092
Loans from central mortgage institutions	24	8,577	8,308
Accrued expenses and deferred income		751	748
Other liabilities	17	1,794	2,099
Provisions	9	266	139
<b>Total liabilities</b>		<b>304,194</b>	<b>272,341</b>
<b>Equity</b>			
Share capital	25	10	10
General reserve		11,354	11,624
<i>of which: statutory capital reserve</i>		<i>11,354</i>	<i>11,624</i>
<i>of which: capital contribution reserve</i>		<i>11,354</i>	<i>11,624</i>
Net profit / (loss) for the period		1,271	1,039
<b>Total equity</b>		<b>12,634</b>	<b>12,673</b>
<b>Total liabilities and equity</b>		<b>316,829</b>	<b>285,014</b>
<i>of which: subordinated liabilities<sup>1</sup></i>		<i>16,022</i>	<i>4,729</i>
<i>of which: subject to mandatory conversion and / or debt waiver</i>		<i>16,022</i>	<i>4,729</i>

<sup>1</sup> Group-internal instruments are required to be contractually subordinated in order to be eligible as gone concern loss-absorbing capacity in accordance with the revised Capital Adequacy Ordinance effective 1 January 2020.

**Balance sheet (continued)**

<i>CHF million</i>	<b>31.12.20</b>	31.12.19
<b>Off-balance sheet items</b>		
<b>Contingent liabilities, gross</b>	<b>8,961</b>	12,338
Sub-participations	<b>(1,068)</b>	(1,120)
<b>Contingent liabilities, net</b>	<b>7,893</b>	11,218
<i>of which: guarantees to third parties related to subsidiaries</i>	<b>14</b>	10
<i>of which: credit guarantees and similar instruments</i>	<b>2,443</b>	5,023
<i>of which: performance guarantees and similar instruments</i>	<b>2,402</b>	2,302
<i>of which: documentary credits</i>	<b>3,033</b>	3,882
<b>Irrevocable commitments, gross</b>	<b>17,090</b>	10,580
Sub-participations	<b>0</b>	(4)
<b>Irrevocable commitments, net</b>	<b>17,090</b>	10,576
<i>of which: loan commitments</i>	<b>16,212</b>	9,700
<i>of which: payment commitment related to deposit insurance</i>	<b>879</b>	876
<b>Forward starting transactions<sup>1</sup></b>	<b>250</b>	0
<i>of which: reverse repurchase agreements</i>	<b>250</b>	0
<b>Liabilities for calls on shares and other equity instruments</b>	<b>50</b>	43

<sup>1</sup> 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 2020 to 30 June 2021 to be CHF 879 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 2020, the joint liability of UBS Switzerland AG for contractual obligations of UBS AG amounted to CHF 9 billion, compared with CHF 17 billion as of 31 December 2019. 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 2020, 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	Net profit / (loss) for the period	Total equity
<b>Balance as of 1 January 2020</b>	<b>10</b>	<b>11,624</b>	<b>1,039</b>	<b>12,673</b>
Capital increase		0		0
Dividends and other distributions		(271)	(1,039)	(1,309)
Net profit / (loss) for the period			1,271	1,271
<b>Balance as of 31 December 2020</b>	<b>10</b>	<b>11,354</b>	<b>1,271</b>	<b>12,634</b>

## Statement of proposed appropriation of total profit and dividend distribution

The Board of Directors proposes that the Annual General Meeting of Shareholders (AGM) on 7 April 2021 approve the appropriation of total profit and an ordinary dividend distribution of CHF 350 million out of total profit as follows:

<i>CHF million</i>	For the year ended
	<b>31.12.20</b>
Net profit for the period	1,271
Profit / (loss) carried forward	0
<b>Total profit available for appropriation</b>	<b>1,271</b>
<b>Appropriation of total profit</b>	
Appropriation to voluntary earnings reserve	(921)
Dividend distribution	(350)
<b>Profit / (loss) carried forward</b>	<b>0</b>

## Note 1 Name, legal form and registered office

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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

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### a) Significant accounting policies

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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 single-entity 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 2020. Major differences between the Swiss GAAP requirements and International Financial Reporting Standards are described in Note 35 of 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 2020 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 2020.

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 2020 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 2020 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 2020 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 of the consolidated financial statements of UBS Group AG.

- › Refer to the UBS Group AG Annual Report 2020 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 a FER 26 basis).

› Refer to Note 26 for more information

### Goodwill

As part of the business transfer to UBS Switzerland AG, mainly of the Personal & Corporate Banking and Wealth Management businesses booked in Switzerland, from UBS AG effective 1 April 2015, UBS Switzerland AG recognized goodwill of CHF 5,250 million. This goodwill has been fully amortized on a straight-line basis over five years ending in March 2020.

### 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)

### 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 USD, UBS Switzerland AG provides certain notes disclosures that would otherwise be covered by the disclosure dispensation; i.e., notes 13, 14, 15, 16, 19, 20, 21, 23 and 24.

### b) Changes in accounting policies

#### Allowances and provisions for expected credit losses

Under amended Swiss GAAP (the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks"), 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 existing approach for impaired financial instruments. UBS Switzerland AG has chosen to early adopt the new ECL requirements as of 31 December 2020.

##### *Policy applicable from 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 of the consolidated financial statements of UBS Group AG.

- › Refer to the UBS Group AG Annual Report 2020 for more information

For the payment commitment related to deposit insurance, an alternative simple conservative approach is applied.

The impact from the adoption of Swiss GAAP ECL was an expense of CHF 348 million recognized in *Credit loss (expense) / release* in the income statement for the year ended 31 December 2020.

- › Refer to Note 9 for more information

While the new ECL approach for non-impaired financial instruments is applied since 31 December 2020, the policy for impaired financial instruments, as outlined in the next paragraph, continues to apply.

##### *Policy applicable prior to 31 December 2020*

UBS applies a single definition of default for determining the probability of default of its obligors. A claim is impaired and an allowance or provision for credit losses is recognized when objective evidence demonstrates that a loss event has occurred after the initial recognition and that the loss event has an effect on future cash flows that can be reliably estimated (incurred loss approach). UBS Switzerland AG considers a claim to be impaired if it will be unable to collect all amounts due on it based on the original contractual terms as a result of credit deterioration of the issuer or counterparty. Impairment under the incurred loss approach is in line with ECL for credit-impaired claims in stage 3 under IFRS, as outlined in Note 1 to the consolidated financial statements of UBS Group AG included in the UBS Group AG Annual Report 2020. A claim can be a loan or receivable or other debt instrument held to maturity measured at amortized cost, a debt instrument available for sale measured at the lower of amortized cost or market value, or a commitment, such as a letter of credit, a guarantee or a similar instrument.

- › Refer to the UBS Group AG Annual Report 2020 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*.

Apart from the new ECL requirements, the amended Swiss GAAP rules remained materially unchanged from the previously applicable FINMA Circular 2015/1 "Accounting – banks".

### c) Other events

#### 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 effective date 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	
	31.12.20	31.12.19
Global Wealth Management	392	413
Personal & Corporate Banking	359	427
Other business divisions and Group Functions	41	24
<b>Total net trading income</b>	<b>792</b>	<b>864</b>

### Note 3b Net trading income by underlying risk category

<i>CHF million</i>	For the year ended	
	31.12.20	31.12.19
Interest rate instruments (including funds)	42	23
Foreign exchange instruments	707	810
Equity instruments (including funds)	(4)	(2)
Credit instruments	1	4
Precious metals / commodities	46	29
<b>Total net trading income</b>	<b>792</b>	<b>864</b>

### Note 4 Personnel expenses

<i>CHF million</i>	For the year ended	
	31.12.20	31.12.19
Salaries	1,207	1,199
Variable compensation – performance awards	329	377
Variable compensation – other	11	8
Contractors	1	2
Social security	104	100
Post-employment benefit plans	317	208
Other personnel expenses	46	45
<b>Total personnel expenses</b>	<b>2,014</b>	<b>1,940</b>

As of 31 December 2020, UBS Switzerland AG employed 9,107 personnel (31 December 2019: 9,226) on a full-time equivalent basis.

**Note 5 General and administrative expenses**

CHF million	For the year ended	
	31.12.20	31.12.19
Occupancy	2	1
Rent and maintenance of IT equipment	2	2
Communication and market data services	45	48
Administration	2,819	2,793
<i>of which: shared services costs charged by UBS Group AG and subsidiaries in the UBS Group</i>	2,741	2,712
Marketing and public relations	78	105
Travel and entertainment	54	84
Fees to audit firms	8	9
<i>of which: financial and regulatory audits</i>	8	8
<i>of which: audit-related services</i>	0	0
Other professional fees	61	70
Outsourcing of IT and other services	147	145
<b>Total general and administrative expenses</b>	<b>3,215</b>	<b>3,257</b>

**Note 6 Taxes**

CHF million	For the year ended	
	31.12.20	31.12.19
Income tax expense / (benefit)	304	278
<i>of which: current</i>	304	278
<i>of which: deferred</i>		0
Capital tax	20	20
<b>Total tax expense / (benefit)</b>	<b>324</b>	<b>299</b>

For 2020, 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 19.3% (2019: 21.1%).

**Note 7 Securities financing transactions**

CHF billion	31.12.20	31.12.19
<b>On-balance sheet</b>		
Receivables from securities financing transactions, gross	7.6	14.1
Netting of securities financing transactions	(4.0)	(1.9)
Receivables from securities financing transactions, net	3.6	12.1
Payables from securities financing transactions, gross	4.5	2.5
Netting of securities financing transactions	(4.0)	(1.9)
Payables from securities financing transactions, net	0.5	0.5
Assets pledged as collateral in connection with securities financing transactions	8.0	6.6
<i>of which: financial investments</i>	8.0	6.6
<i>of which: assets that may be sold or repledged by counterparties</i>	3.8	2.9
<b>Off-balance sheet</b>		
Fair value of assets received as collateral in connection with securities financing transactions	92.4	107.7
<i>of which: repledged</i>	82.3	87.9
<i>of which: sold in connection with short sale transactions</i>	0.3	0.4

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

CHF million	31.12.20					31.12.19				
	Secured			Unsecured	Total	Secured			Unsecured	Total
	Secured by collateral		Secured by other credit enhancements <sup>2</sup>			Secured by collateral		Secured by other credit enhancements <sup>2</sup>		
	Real estate	Other collateral <sup>1</sup>				Real estate	Other collateral <sup>1</sup>			
<b>On-balance sheet</b>										
Due from customers, gross	1,533	35,237	2,938	10,738	50,446	1,294	26,604	987	11,145	40,030
Mortgage loans, gross	156,553				156,553	152,591				152,591
of which: residential mortgages	134,291				134,291	130,502				130,502
of which: office and business premises mortgages	9,452				9,452	9,804				9,804
of which: industrial premises mortgages	2,958				2,958	2,722				2,722
of which: other mortgages	9,852				9,852	9,563				9,563
<b>Total on-balance sheet, gross</b>	<b>158,086</b>	<b>35,237</b>	<b>2,938</b>	<b>10,738</b>	<b>206,999</b>	<b>153,885</b>	<b>26,604</b>	<b>987</b>	<b>11,145</b>	<b>192,621</b>
Allowances	(135)	(3)	0	(550)	(687)	0	0	0	(454)	(454)
<b>Total on-balance sheet, net</b>	<b>157,951</b>	<b>35,234</b>	<b>2,938</b>	<b>10,189</b>	<b>206,312</b>	<b>153,885</b>	<b>26,604</b>	<b>987</b>	<b>10,690</b>	<b>192,166</b>
<b>Off-balance sheet</b>										
Contingent liabilities, gross	189	1,900	1,348	5,525	8,961	169	2,533	1,259	8,377	12,338
Irrevocable commitments, gross	959	2,121	2,090	11,921	17,090	833	525	223	9,000	10,580
Forward starting reverse repurchase and securities borrowing transactions		250			250					
Liabilities for calls on shares and other equities				50	50				43	43
<b>Total off-balance sheet</b>	<b>1,147</b>	<b>4,271</b>	<b>3,437</b>	<b>17,496</b>	<b>26,352</b>	<b>1,002</b>	<b>3,057</b>	<b>1,482</b>	<b>17,420</b>	<b>22,961</b>

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

## Note 8b Impaired financial instruments

CHF million	31.12.20					31.12.19				
	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	1		0		1	1		0	
Amounts due from customers	1,110	456	441	213		851	454	355	41	
Mortgage loans	718		718			769		769		
Guarantees and loan commitments	288	23	109	156		161	31	15	115	
<b>Total impaired financial instruments</b>	<b>2,117</b>	<b>480</b>	<b>1,268</b>	<b>369</b>		<b>1,782</b>	<b>487</b>	<b>1,139</b>	<b>156</b>	

**Note 9a Allowances**

<i>CHF million</i>	Balance as of 31 December 2019	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 December 2020
Default risk relating to on-balance sheet exposures	456	481	(112)	(145)	27	7	(13)	701
<i>of which: incurred credit losses</i>	456	236	(112)	(145)	27	7	(11)	457
<i>of which: expected credit losses<sup>1</sup></i>		246					(2)	244
<b>Total allowances</b>	456	481	(112)	(145)	27	7	(13)	701

<sup>1</sup> 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 December 2019	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 December 2020
Default risk related to off-balance sheet items and other credit lines	31	104	(2)			(7)	(1)	125
<i>of which: incurred credit losses</i>	31	2	(2)			(7)	0	23
<i>of which: expected credit losses<sup>1</sup></i>		102					(1)	101
Operational risks	2	1	0	0	0		0	3
Litigation, regulatory and similar matters <sup>2</sup>	68	49	(7)	(9)	1		0	102
Restructuring	0	27	(6)	(17)		(1)	0	3
Employee benefits	18	3	(4)			1		18
Other	19	3	(4)	(2)			0	16
<b>Total provisions</b>	139	186	(23)	(28)	1	(7)	(1)	266

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

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

<i>CHF million</i>	31.12.20							
	Total	Carrying amount <sup>1</sup>			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
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 <sup>2</sup>	535	535	0		0	0	0	0
<b>Total on-balance sheet financial assets in scope of ECL</b>	<b>295,188</b>	<b>278,593</b>	<b>15,221</b>	<b>1,374</b>	<b>(701)</b>	<b>(77)</b>	<b>(167)</b>	<b>(457)</b>

<b>Off-balance sheet (in scope of ECL)</b>	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
Other 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
<b>Total off-balance sheet financial instruments and other credit lines in scope of ECL</b>	<b>53,139</b>	<b>45,749</b>	<b>7,102</b>	<b>288</b>	<b>(125)</b>	<b>(50)</b>	<b>(52)</b>	<b>(23)</b>
<b>Total allowances and provisions</b>					<b>(825)</b>	<b>(127)</b>	<b>(219)</b>	<b>(480)</b>

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

## Note 9d Financial assets subject to credit risk by rating category

### 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)
<b>Financial instruments measured at amortized cost</b>									
<b>Cash and balances at central banks</b>	<b>81,148</b>		<b>0</b>		<b>0</b>		<b>81,148</b>		<b>81,148</b>
<i>of which: stage 1</i>	<i>81,148</i>		<i>0</i>		<i>0</i>		<i>81,148</i>		<i>81,148</i>
<b>Due from banks</b>	<b>136</b>	<b>1,828</b>	<b>803</b>	<b>617</b>	<b>28</b>	<b>1</b>	<b>3,412</b>	<b>(13)</b>	<b>3,399</b>
<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>
<b>Receivables from securities financing transactions</b>	<b>370</b>	<b>900</b>	<b>792</b>	<b>1,504</b>			<b>3,565</b>	<b>0</b>	<b>3,565</b>
<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>
<b>Due from customers</b>	<b>1,300</b>	<b>35,780</b>	<b>5,936</b>	<b>4,869</b>	<b>1,451</b>	<b>1,110</b>	<b>50,446</b>	<b>(552)</b>	<b>49,894</b>
<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>
<b>Mortgage loans</b>	<b>1,115</b>	<b>61,667</b>	<b>41,180</b>	<b>37,476</b>	<b>14,398</b>	<b>718</b>	<b>156,553</b>	<b>(135)</b>	<b>156,418</b>
<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>
<b>Accrued income and prepaid expenses</b>	<b>39</b>	<b>22</b>	<b>5</b>	<b>147</b>	<b>14</b>	<b>1</b>	<b>228</b>	<b>0</b>	<b>228</b>
<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>
<b>Other assets</b>		<b>30</b>	<b>0</b>	<b>505</b>			<b>536</b>	<b>0</b>	<b>535</b>
<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>									
<b>Total assets in scope of ECL</b>	<b>84,108</b>	<b>100,227</b>	<b>48,715</b>	<b>45,117</b>	<b>15,890</b>	<b>1,830</b>	<b>295,888</b>	<b>(701)</b>	<b>295,188</b>

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

<i>CHF million</i>	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)		
<b>Off-balance sheet (in scope of ECL)</b>								
<b>Contingent liabilities, gross</b>	<b>522</b>	<b>2,951</b>	<b>3,168</b>	<b>2,110</b>	<b>73</b>	<b>139</b>	<b>8,961</b>	<b>(45)</b>
<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)
<b>Irrevocable commitments, gross</b>	<b>1,035</b>	<b>6,407</b>	<b>4,943</b>	<b>4,355</b>	<b>281</b>	<b>69</b>	<b>17,090</b>	<b>(37)</b>
<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	
<b>Forward starting transactions (securities financing transactions)</b>				<b>250</b>			<b>250</b>	<b>0</b>
<i>of which: stage 1</i>				250			250	0
<b>Other credit lines</b>	<b>476</b>	<b>3,320</b>	<b>4,573</b>	<b>6,305</b>	<b>7,650</b>	<b>80</b>	<b>22,405</b>	<b>(41)</b>
<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	
<b>Irrevocable committed prolongation of existing loans</b>	<b>17</b>	<b>1,673</b>	<b>1,242</b>	<b>984</b>	<b>517</b>	<b>0</b>	<b>4,433</b>	<b>(2)</b>
<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	
<b>Total off-balance sheet financial instruments and other credit lines</b>	<b>2,051</b>	<b>14,350</b>	<b>13,925</b>	<b>14,004</b>	<b>8,521</b>	<b>288</b>	<b>53,139</b>	<b>(125)</b>

› Refer to Note 9 of the UBS Group AG consolidated financial statements in the UBS Group AG Annual Report 2020 for more information on ECL in accordance with IFRS

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

<i>CHF million</i>	31.12.20	31.12.19
<b>Assets</b>		
Trading portfolio assets	<b>1,838</b>	1,679
<i>of which: debt instruments<sup>1</sup></i>	<b>24</b>	14
<i>of which: listed</i>	<b>9</b>	8
<i>of which: equity instruments</i>	<b>25</b>	37
<i>of which: precious metals and other physical commodities</i>	<b>1,789</b>	1,628
<b>Total assets measured at fair value</b>	<b>1,838</b>	1,679
<i>of which: fair value derived using a valuation model</i>	<b>31</b>	39
<i>of which: securities eligible for repurchase transactions in accordance with liquidity regulations<sup>2</sup></i>	<b>6</b>	2
<b>Liabilities</b>		
Trading portfolio liabilities	<b>297</b>	371
<i>of which: debt instruments<sup>1</sup></i>	<b>62</b>	125
<i>of which: listed</i>	<b>53</b>	102
<i>of which: equity instruments</i>	<b>235</b>	246
<b>Total liabilities measured at fair value</b>	<b>297</b>	371
<i>of which: fair value derived using a valuation model</i>	<b>218</b>	325

<sup>1</sup> Includes money market paper. <sup>2</sup> 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

	31.12.20			31.12.19		
	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>						
<b>Interest rate contracts</b>						
Forwards <sup>1</sup>	51	45	8	34	27	17
Swaps	2,054	1,679	125	1,910	1,579	139
<i>of which: designated in hedge accounting relationships</i>	501	200	32	422	193	23
Over-the-counter (OTC) options	70	70	7	64	74	8
<b>Total</b>	<b>2,175</b>	<b>1,794</b>	<b>140</b>	<b>2,009</b>	<b>1,679</b>	<b>164</b>
<b>Foreign exchange contracts</b>						
Forwards	418	405	31	324	312	34
Interest and currency swaps	1,532	1,266	140	599	745	100
Over-the-counter (OTC) options	243	243	28	110	109	27
<b>Total</b>	<b>2,194</b>	<b>1,913</b>	<b>198</b>	<b>1,033</b>	<b>1,166</b>	<b>160</b>
<b>Equity / index contracts</b>						
Forwards	86	80	8	31	22	3
Swaps	73	73	1	29	29	1
Over-the-counter (OTC) options	184	184	4	91	91	3
Exchange-traded options	462	462	0	332	332	0
<b>Total</b>	<b>805</b>	<b>798</b>	<b>13</b>	<b>483</b>	<b>474</b>	<b>8</b>
<b>Credit derivative contracts</b>						
Credit default swaps	26	32	1	1	8	0
<b>Total</b>	<b>26</b>	<b>32</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>0</b>
<b>Commodity, precious metals and other contracts</b>						
Forwards	19	19	1	7	7	1
Swaps	23	23	2	25	24	1
Over-the-counter (OTC) options	374	374	13	558	558	22
<b>Total</b>	<b>416</b>	<b>415</b>	<b>16</b>	<b>590</b>	<b>589</b>	<b>24</b>
<b>Total before netting</b>	<b>5,616</b>	<b>4,952</b>	<b>368</b>	<b>4,115</b>	<b>3,917</b>	<b>357</b>
<i>of which: trading derivatives</i>	5,115	4,753		3,694	3,724	
<i>of which: fair value derived using a valuation model</i>	4,997	4,644		3,643	3,684	
<i>of which: derivatives designated in hedge accounting relationships</i>	501	200		422	193	
<i>of which: fair value derived using a valuation model</i>	501	200		422	193	
Netting with cash collateral payables / receivables	0	(603)		0	(795)	
Replacement value netting	(2,821)	(2,821)		(2,030)	(2,030)	
<b>Total after netting</b>	<b>2,794</b>	<b>1,528</b>		<b>2,085</b>	<b>1,092</b>	
<i>of which: with bank and broker-dealer counterparties</i>	269	482		120	444	
<i>of which: other client counterparties</i>	2,525	1,046		1,965	648	

<sup>1</sup> Includes forward rate agreements.

**Note 12a Financial investments by instrument type**

CHF million	31.12.20		31.12.19	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt instruments	16,400	16,626	11,874	11,911
<i>of which: held to maturity</i>	5,075	5,276	5,620	5,634
<i>of which: available for sale</i>	11,326	11,350	6,255	6,277
Equity instruments	10	25	21	47
Property	15	15	33	33
<b>Total financial investments</b>	<b>16,425</b>	<b>16,665</b>	<b>11,928</b>	<b>11,991</b>
<i>of which: securities eligible for repurchase transactions in accordance with liquidity regulations<sup>1</sup></i>	<i>16,002</i>	<i>16,223</i>	<i>10,458</i>	<i>10,493</i>

<sup>1</sup> 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	31.12.20	31.12.19
<b>Internal UBS rating<sup>1</sup></b>		
0–1	9,340	10,270
2–3	7,061	1,604
4–5		
6–8		
9–13		
Non-rated		
<b>Total financial investments</b>	<b>16,400</b>	<b>11,874</b>

<sup>1</sup> Refer to Note 22 for more information.

**Note 13 Investments in subsidiaries and other participations**

CHF million	31.12.20	31.12.19
<b>Historical cost</b>		
Balance at the beginning of the year	77	69
Additions	27	8
Balance at the end of the year	104	77
<b>Accumulated value adjustments and changes in book value</b>		
Balance at the beginning of the year	(9)	(9)
Balance at the end of the year	(9)	(9)
<b>Net book value</b>		
Book value at the beginning of the year	68	60
<b>Book value at the end of the year</b>	<b>95</b>	<b>68</b>
<i>of which: without market value</i>	<i>95</i>	<i>68</i>
<i>of which: other participations</i>	<i>72</i>	<i>53</i>
<i>of which: Pfandbriefbank</i>	<i>63</i>	<i>47</i>
<i>of which: TWINT AG</i>	<i>7</i>	<i>6</i>
<i>of which: subsidiaries</i>	<i>23</i>	<i>15</i>

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

				31.12.20			
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 336	19	19	65	–
Pfandbriefbank schweizerischer Hypothekarinstitute AG	Switzerland	Personal & Corporate Banking	CHF 1,000,000	9	9	89,334	–
SwissSign Group AG	Switzerland	Personal & Corporate Banking	CHF 12,500	6	6	766	–

## 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 <sup>1</sup>	31.12.20	31.12.19
<b>Historical cost</b>						
Balance at the beginning of the year	8	297	97	99	501	333
Additions	0	0	3	153	157	172
Disposals / write-offs <sup>2</sup>	(1)		(1)		(2)	(3)
Reclassifications		162		(162)		
Balance at the end of the year	8	459	100	90	657	501
<b>Accumulated depreciation</b>						
Balance at the beginning of the year	4	39	85		129	94
Depreciation	2	48	7		57	38
Disposals / write-offs <sup>2</sup>	(1)		(1)		(2)	(3)
Balance at the end of the year	5	88	92		184	129
<b>Net book value</b>						
Net book value at the beginning of the year	4	257	12	99	372	238
Net book value at the end of the year	3	371	9	90	473	372

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

### Operating lease commitments

<i>CHF million</i>	31.12.20
<b>Expenses for operating leases to be recognized in:</b>	
2021	177
2022	164
2023	152
2024	72
2025	34
2026 and thereafter	138
<b>Total commitments for minimum payments under operating leases</b>	<b>737</b>

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

**Note 16 Goodwill<sup>1</sup>**
**At historical cost less accumulated amortization**

<i>CHF million</i>	31.12.20	31.12.19
<b>Historical cost</b>		
Balance at the beginning of the year	5,250	5,250
Balance at the end of the year	5,250	5,250
<b>Accumulated amortization</b>		
Balance at the beginning of the year	4,988	3,938
Amortization	263	1,050
Balance at the end of the year	5,250	4,988
<b>Net book value</b>		
Net book value at the beginning of the year	263	1,313
Net book value at the end of the year		263

<sup>1</sup> Refer to Note 2 for more information about goodwill.

**Note 17a Other assets**

<i>CHF million</i>	31.12.20	31.12.19
Settlement and clearing accounts	409	466
VAT and other indirect tax receivables	12	16
Other	130	195
<i>of which: other receivables due from UBS Group AG and subsidiaries in the UBS Group</i>	113	179
<b>Total other assets<sup>1</sup></b>	<b>551</b>	<b>678</b>

<sup>1</sup> Includes components of Settlement and clearing accounts and Other of CHF 535 million in scope of ECL. Refer to Note 9c for more information.

**Note 17b Other liabilities**

<i>CHF million</i>	31.12.20	31.12.19
Deferral position for hedging instruments	246	133
Settlement and clearing accounts	679	1,054
VAT and other indirect tax payables	139	130
Other	731	782
<i>of which: other payables due to UBS Group AG and subsidiaries in the UBS Group</i>	534	519
<b>Total other liabilities</b>	<b>1,794</b>	<b>2,099</b>

**Note 18 Pledged assets<sup>1</sup>**

<i>CHF million</i>	31.12.20		31.12.19	
	Carrying amount of pledged assets	Effective commitment	Carrying amount of pledged assets	Effective commitment
Mortgage loans <sup>2</sup>	15,538	10,984	17,193	10,737
Due from customers <sup>3</sup>	1,921	1,820	0	0
<b>Total pledged assets</b>	<b>17,460</b>	<b>12,804</b>	<b>17,193</b>	<b>10,737</b>

<sup>1</sup> Excluding securities financing transactions. Refer to Note 7 for more information on securities financing transactions. <sup>2</sup> 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 1.9 billion as of 31 December 2020 (approximately CHF 5.4 billion as of 31 December 2019) could be withdrawn or used for future liabilities or covered bond issuances without breaching existing collateral requirements. <sup>3</sup> Related to COVID-19 loans granted under the program established by the Swiss Federal Council pledged to the Swiss National Bank.

## Note 19 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
<b>Assets</b>									
Cash and balances at central banks	81,148								81,148
Due from banks	1,829	0	472	593	465	19	20		3,399
Receivables from securities financing transactions		1,508	1,284	525	249				3,565
Due from customers	269	7,682	15,080	6,484	7,112	11,106	2,160		49,894
Mortgage loans		33,035	6,430	6,940	13,289	61,280	35,443		156,418
Trading portfolio assets	1,838								1,838
Derivative financial instruments	2,794								2,794
Financial investments			1,409	3,649	5,427	4,856	1,059	25	16,425
<b>Total assets / financial instruments as of 31 December 2020</b>	<b>87,879</b>	<b>42,226</b>	<b>24,675</b>	<b>18,192</b>	<b>26,542</b>	<b>77,261</b>	<b>38,682</b>	<b>25</b>	<b>315,482</b>
<b>Total assets / financial instruments as of 31 December 2019</b>	<b>66,230</b>	<b>41,266</b>	<b>26,818</b>	<b>13,203</b>	<b>22,114</b>	<b>78,818</b>	<b>34,941</b>	<b>54</b>	<b>283,444</b>
<b>Liabilities</b>									
Due to banks <sup>1</sup>	6,564	1,842	6,107	135	40	6,174	4,650	5,176	30,688
Payables from securities financing transactions		333	168						501
Due to customers	199,334	59,830	310	234	35	39	10		259,792
Trading portfolio liabilities	297								297
Derivative financial instruments	1,528								1,528
Loans from central mortgage institutions			223	135	661	3,790	3,767		8,577
<b>Total liabilities / financial instruments as of 31 December 2020</b>	<b>207,722</b>	<b>62,005</b>	<b>6,809</b>	<b>504</b>	<b>735</b>	<b>10,004</b>	<b>8,428</b>	<b>5,176</b>	<b>301,383</b>
<b>Total liabilities / financial instruments as of 31 December 2019</b>	<b>130,067</b>	<b>107,395</b>	<b>7,131</b>	<b>647</b>	<b>845</b>	<b>8,034</b>	<b>10,525</b>	<b>4,711</b>	<b>269,356</b>

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

**Note 20 Assets and liabilities by domestic and foreign origin in accordance with the domicile principle**

CHF million	31.12.20		31.12.19	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Cash and balances at central banks	81,148	0	58,984	0
Due from banks	245	3,153	1,563	2,902
Receivables from securities financing transactions	1,265	2,301	1,099	11,037
Due from customers	22,485	27,409	19,352	20,223
Mortgage loans	156,401	16	152,572	19
Trading portfolio assets	1,800	38	1,639	39
Derivative financial instruments	1,680	1,115	1,144	941
Financial investments	497	15,928	1,202	10,727
Accrued income and prepaid expenses	88	140	89	100
Investments in subsidiaries and other participations	95	0	68	
Property, equipment and software	473		372	
Goodwill and other intangible assets			263	
Other assets	513	39	604	73
<b>Total assets</b>	<b>266,690</b>	<b>50,139</b>	<b>238,952</b>	<b>46,062</b>
<b>Liabilities</b>				
Due to banks	26,488	4,200	24,160	3,185
Payables from securities financing transactions	114	388	139	408
Due to customers	197,282	62,510	182,880	48,812
Trading portfolio liabilities	25	272	43	327
Derivative financial instruments	693	835	505	587
Loans from central mortgage institutions	8,577		8,308	
Accrued expenses and deferred income	727	23	728	19
Other liabilities	1,724	70	1,899	200
Provisions	249	17	138	1
<b>Total liabilities</b>	<b>235,880</b>	<b>68,314</b>	<b>218,802</b>	<b>53,540</b>
<b>Equity</b>				
Share capital	10		10	
General reserve	11,354		11,624	
Net profit / (loss) for the period	1,271		1,039	
<b>Total equity</b>	<b>12,634</b>		<b>12,673</b>	
<b>Total liabilities and equity</b>	<b>248,514</b>	<b>68,314</b>	<b>231,475</b>	<b>53,540</b>

## Note 21 Total assets by geographic location

CHF million	31.12.20		31.12.19	
	CHF million	%	CHF million	%
<b>Assets</b>				
Switzerland	266,690	84	238,952	84
Europe, Middle East and Africa	31,200	10	30,264	11
<i>of which: Germany</i>	4,366	1	3,804	1
<i>of which: United Kingdom</i>	3,365	1	11,649	4
Americas	13,032	4	13,237	5
<i>of which: United States</i>	4,752	1	5,236	2
<i>of which: British Virgin Islands</i>	3,075	1	2,834	1
Asia Pacific	5,907	2	2,561	1
<i>of which: Japan</i>	3,639	1	75	0
<b>Total assets</b>	<b>316,829</b>	<b>100</b>	<b>285,014</b>	<b>100</b>

## Note 22 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 is 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 2020 for more information

Classification	Internal UBS rating	Description	Moody's Investors Service			31.12.20		31.12.19	
			Standard & Poor's	Fitch	CHF million	%	CHF million	%	
Low risk	0 and 1	Investment grade	Aaa	AAA	AAA	23,467	7	23,331	8
	2		Aa1 to Aa3	AA+ to AA-	AA+ to AA-	10,009	3	11,960	4
	3		A1 to A3	A+ to A-	A+ to A-	6,699	2	2,027	1
Medium risk	4		Baa1 to Baa2	BBB+ to BBB	BBB+ to BBB	5,281	2	3,479	1
	5		Baa3	BBB-	BBB-	1,236	0	928	0
High risk	6	Sub-investment grade	Ba1	BB+	BB+	344	0	544	0
	7		Ba2	BB	BB	470	0	372	0
	8		Ba3	BB-	BB-	236	0	37	0
	9		B1	B+	B+	514	0	578	0
Very high risk	10		B2	B	B	58	0	97	0
	11		B3	B-	B-	166	0	23	0
	12		Caa			34	0	102	0
	13		Ca to C	CCC to C	CCC to C	48	0	46	0
Distressed	Default	Defaulted		D	D	22	0	6	0
<b>Subtotal</b>						<b>48,584</b>	<b>15</b>	<b>43,530</b>	<b>15</b>
Switzerland						268,245	85	241,483	85
<b>Total assets</b>						<b>316,829</b>	<b>100</b>	<b>285,014</b>	<b>100</b>

**Note 23 Assets and liabilities by the most significant currencies for the bank**

CHF million	31.12.20					Total
	CHF	USD	EUR	GBP	other	
<b>Assets</b>						
Cash and balances at central banks	80,961	8	169	4	7	81,148
Due from banks	690	1,985	392	10	322	3,399
Receivables from securities financing transactions	1,863	178	321	1,204		3,565
Due from customers	15,503	18,516	13,824	1,096	954	49,894
Mortgage loans	154,453	1,902	61	0	1	156,418
Trading portfolio assets	8	32	6	0	1,792	1,838
Derivative financial instruments	2,794					2,794
Financial investments	497	7,512	4,764	75	3,577	16,425
Accrued income and prepaid expenses	107	83	34	2	2	228
Investments in subsidiaries and other participations	95					95
Property, equipment and software	473					473
Other assets	199	239	106	2	6	551
<b>Total assets shown on the balance sheet</b>	<b>257,644</b>	<b>30,453</b>	<b>19,678</b>	<b>2,394</b>	<b>6,660</b>	<b>316,829</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	10,715	22,570	13,343	4,227	7,790	58,645
<b>Total assets</b>	<b>268,359</b>	<b>53,023</b>	<b>33,021</b>	<b>6,621</b>	<b>14,450</b>	<b>375,474</b>
<b>Liabilities</b>						
Due to banks	26,236	2,068	1,087	191	1,106	30,688
Payables from securities financing transactions	19	406	77	0		501
Due to customers	179,672	38,681	29,139	5,160	7,140	259,792
Trading portfolio liabilities	25	154	72	26	20	297
Derivative financial instruments	1,528					1,528
Loans from central mortgage institutions	8,557	19	0			8,577
Accrued expenses and deferred income	710	32	7	0	0	751
Other liabilities	1,438	282	66	1	6	1,794
Provisions	223	19	24	0	0	266
<b>Total liabilities shown on the balance sheet</b>	<b>218,409</b>	<b>41,659</b>	<b>30,473</b>	<b>5,379</b>	<b>8,274</b>	<b>304,194</b>
<b>Equity</b>						
Share capital	10					10
General reserve	11,354					11,354
Net profit / (loss) for the period	1,271					1,271
<b>Total equity shown on the balance sheet</b>	<b>12,634</b>					<b>12,634</b>
<b>Total liabilities and equity shown on the balance sheet</b>	<b>231,043</b>	<b>41,659</b>	<b>30,473</b>	<b>5,379</b>	<b>8,274</b>	<b>316,829</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	10,507	22,917	13,483	4,231	7,484	58,623
<b>Total equity and liabilities</b>	<b>241,551</b>	<b>64,577</b>	<b>43,956</b>	<b>9,611</b>	<b>15,758</b>	<b>375,452</b>
<b>Net position per currency as of 31 December 2020</b>	<b>26,808</b>	<b>(11,554)</b>	<b>(10,935)</b>	<b>(2,990)</b>	<b>(1,308)</b>	<b>22</b>
<b>Net position per currency as of 31 December 2019</b>	<b>10,490</b>	<b>303</b>	<b>(6,204)</b>	<b>(984)</b>	<b>(3,588)</b>	<b>16</b>



## Note 24 Loans from central mortgage institutions

### Contractual maturity of carrying amount

<i>CHF million</i>	2021	2022	2023	2024	2025	Thereafter	Total 31.12.20	Total 31.12.19
<b>Non-subordinated debt</b>								
Fixed-rate	1,019	822	919	979	1,071	3,767	8,577	8,308
Interest rates (range in %)	0.0–2.4	0.1–3.4	0.1–2.2	0.1–2.4	0.2–1.8	0.1–2.8		
<b>Total</b>	1,019	822	919	979	1,071	3,767	8,577	8,308

## Note 25a Share capital

	31.12.20			31.12.19		
	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 <sup>1</sup>	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

<sup>1</sup> 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 UBS Switzerland AG shareholders' meeting, 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 2020.

## Note 25b 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 2020 or as of 31 December 2019.

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.

» Refer to Note 23 of the UBS Group AG standalone financial statements in the UBS Group AG Annual Report 2020 for more information on significant shareholders of UBS Group AG

<i>CHF million, except where indicated</i>	31.12.20		31.12.19	
	Share capital held	Shares held (%)	Share capital held	Shares held (%)
<b>Significant direct shareholder of UBS Switzerland AG</b>				
UBS AG	10	100	10	100
<b>Significant indirect shareholders of UBS Switzerland AG</b>				
UBS Group AG	10	100	10	100
Chase Nominees Ltd., London	1	10	1	11
DTC (Cede & Co.), New York <sup>1</sup>	1	5	1	8
Nortrust Nominees Ltd., London	1	5	1	5

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

**Note 26 Swiss pension plan**
**a) Liabilities related to Swiss pension plan**

<i>CHF million</i>	31.12.20	31.12.19
Provision for Swiss pension plan	0	0
Bank accounts at UBS and UBS debt instruments held by Swiss pension fund	108	74
UBS derivative financial instruments held by Swiss pension fund	68	13
<b>Total liabilities related to Swiss pension plan</b>	<b>176</b>	<b>87</b>

**b) Swiss pension plan**

<i>CHF million</i>	As of or for the year ended	
	31.12.20	31.12.19
Pension plan surplus <sup>1</sup>	3,255	2,675
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	294	183
Performance awards-related employer contributions accrued	23	25
<b>Total pension expense recognized in the income statement within Personnel expenses</b>	<b>317</b>	<b>208</b>

<sup>1</sup> 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 2020 and 31 December 2019. Refer to Note 2 for more information.

The Swiss pension plan had no employer contribution reserve both as of 31 December 2020 and 31 December 2019.

**Note 27 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>	31.12.20		31.12.19	
	Amounts due from	Amounts due to	Amounts due from	Amounts due to
Qualified shareholders <sup>1</sup>	4,922	25,384	16,042	24,101
<i>of which: due from / to banks</i>	3,452	24,339	5,574	23,148
<i>of which: receivables / payables from securities financing transactions</i>	1,202	166	10,256	0
<i>of which: due from / to customers</i>	51	96	51	138
Subsidiaries <sup>2</sup>	148	42	142	52
<i>of which: due from / to customers</i>	124	42	141	52
Affiliated entities <sup>3</sup>	266	1,238	385	978
<i>of which: due from / to banks</i>	122	749	222	481
<i>of which: due from / to customers</i>	1	247	1	278
Members of governing bodies <sup>4</sup>	53		49	
Other related parties <sup>5</sup>	468	79	950	96

<sup>1</sup> Qualified shareholders of UBS Switzerland AG are UBS Group AG and UBS AG. <sup>2</sup> Subsidiaries of UBS Switzerland AG are UBS Card Center AG, TopCard Service AG and UBS Hypotheken AG. <sup>3</sup> Affiliated entities of UBS Switzerland AG are all direct and indirect subsidiaries of UBS Group AG including subsidiaries of UBS AG. <sup>4</sup> 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. <sup>5</sup> As of 31 December 2020, a guarantee of CHF 8 million (31 December 2019: CHF 1,547 million) is reported off-balance sheet as a contingent liability under Credit guarantees and similar instruments.

## Note 28 Fiduciary transactions

<i>CHF million</i>	31.12.20	31.12.19
Fiduciary deposits	32,419	55,520
<i>of which: placed with third-party banks</i>	8,536	15,461
<i>of which: placed with subsidiaries and affiliated entities</i>	23,883	40,059
Fiduciary loans	16	
<b>Total fiduciary transactions</b>	<b>32,435</b>	<b>55,520</b>

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 29a Invested assets and net new money

<i>CHF billion</i>	As of or for the year ended	
	31.12.20	31.12.19
Fund assets managed	0	0
Discretionary assets	107	103
Other invested assets	541	513
<b>Total invested assets (double counts included)</b>	<b>648</b>	<b>616</b>
<i>of which: double counts</i>	0	0
<b>Net new money (double counts included)</b>	<b>27</b>	<b>18</b>

## Note 29b Development of invested assets

<i>CHF billion</i>	31.12.20	31.12.19
Total invested assets (including double counts) at the beginning of the year	616	554
Net new money inflows / (outflows)	27	18
Market movements (including dividends and interests)	25	56
Currency effects	(20)	(7)
Other effects	0	(5)
<i>of which: acquisitions / (divestments)</i>	0	0
<b>Total invested assets (including double counts) at the end of the year<sup>1</sup></b>	<b>648</b>	<b>616</b>

<sup>1</sup> As of 31 December 2020 and 31 December 2019 there were no invested assets double counts.

› Refer to Note 32 of the UBS Group AG consolidated financial statements in the UBS Group AG Annual Report 2020 for more information



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To the General Meeting of  
UBS Switzerland AG, Zurich

Basel, 4 March 2021

## 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 25), for the year ended 31 December 2020.

### 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 2020 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 para. 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



Jan Marxfeld  
Licensed audit expert  
(Auditor in charge)



Francesco de Gara  
Licensed audit expert

**Enclosures**

- ▶ Financial statements (balance sheet, income statement and notes)



# UBS Switzerland AG standalone regulatory information

## UBS Switzerland AG standalone regulatory information

## Key metrics of the fourth quarter of 2020

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

During the fourth quarter of 2020, common equity tier 1 (CET1) capital increased by CHF 0.2 billion, mainly as a result of operating profit, partly offset by additional accruals for dividends. Tier 1 capital increased by CHF 0.7 billion, reflecting a new issuance of CHF 500 million of an additional tier 1 capital instrument and the aforementioned increase in the CET1 capital.

Risk-weighted assets (RWA) remained largely stable at CHF 107.3 billion. Leverage ratio exposure increased by CHF 8.1 billion, mainly driven by on-balance sheet exposures excluding securities financing transactions and derivatives.

Average high-quality liquid assets (HQLA) increased by CHF 4.7 billion, driven by greater average cash balances. Average total net cash outflows increased by CHF 2.1 billion, due to increased net cash outflows in average customer deposit outflows. ▲

## Quarterly I

## KM1: Key metrics

CHF million, except where indicated

	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
<b>Available capital (amounts)</b>					
1 Common equity tier 1 (CET1)	12,234	11,992	11,776	11,427	10,895
1a Fully loaded ECL accounting model CET1 <sup>1</sup>	12,233	11,989	11,774	11,422	10,890
2 Tier 1	17,410	16,683	16,479	16,137	15,606
2a Fully loaded ECL accounting model tier 1 <sup>1</sup>	17,409	16,680	16,476	16,132	15,601
3 Total capital	17,410	16,683	16,479	16,137	15,606
3a Fully loaded ECL accounting model total capital <sup>1</sup>	17,409	16,680	16,476	16,132	15,601
<b>Risk-weighted assets (amounts)</b>					
4 Total risk-weighted assets (RWA)	107,253	107,066	105,304	104,489	99,667
4a Minimum capital requirement <sup>2</sup>	8,580	8,565	8,424	8,359	7,973
4b Total risk-weighted assets (pre-floor)	92,164	92,755	92,740	92,981	89,234
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Common equity tier 1 ratio (%)	11.41	11.20	11.18	10.94	10.93
5a Fully loaded ECL accounting model CET1 ratio (%) <sup>1</sup>	11.41	11.20	11.18	10.93	10.93
6 Tier 1 ratio (%)	16.23	15.58	15.65	15.44	15.66
6a Fully loaded ECL accounting model tier 1 ratio (%) <sup>1</sup>	16.23	15.58	15.65	15.44	15.65
7 Total capital ratio (%)	16.23	15.58	15.65	15.44	15.66
7a Fully loaded ECL accounting model total capital ratio (%) <sup>1</sup>	16.23	15.58	15.65	15.44	15.65
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.50	2.50	2.50	2.50	2.50
9 Countercyclical buffer requirement (%)	0.01	0.01	0.01	0.01	0.01
9a Additional countercyclical buffer for Swiss mortgage loans (%)					0.57
10 Bank G-SIB and / or D-SIB additional requirements (%) <sup>3</sup>					
11 Total of bank CET1-specific buffer requirements (%)	2.51	2.51	2.51	2.51	2.51
12 CET1 available after meeting the bank's minimum capital requirements (%)	6.91	6.70	6.68	6.44	6.43
<b>Basel III leverage ratio<sup>4</sup></b>					
13 Total Basel III leverage ratio exposure measure	335,251	327,113	323,068	317,071	302,304
14 Basel III leverage ratio (%)	5.19	5.10	5.10	5.09	5.16
14a Fully loaded ECL accounting model Basel III leverage ratio (%) <sup>1</sup>	5.19	5.10	5.10	5.09	5.16
<b>Liquidity coverage ratio<sup>5</sup></b>					
15 Total HQLA	91,909	87,254	85,180	74,602	67,105
16 Total net cash outflow	62,074	59,930	61,847	53,059	51,561
17 LCR (%)	148	146	138	141	130

<sup>1</sup> 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."

<sup>2</sup> Calculated as 8% of total RWA, based on total capital minimum requirements, excluding CET1 buffer requirements. <sup>3</sup> Swiss SRB going and gone concern requirements and information for UBS Switzerland AG are provided on the next page. <sup>4</sup> Leverage ratio exposures and leverage ratios for the respective periods in 2020 do not reflect the effects of the temporary exemption that has been granted by FINMA in connection with COVID-19. Refer to the "Introduction and basis for preparation" section of the 31 December 2020 Pillar 3 report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), and to "Application of the temporary COVID-19-related FINMA exemption of central bank sight deposits" in this section for more information. <sup>5</sup> Calculated based on quarterly average. Refer to "Liquidity coverage ratio" in this section for more information.



## Swiss SRB going and gone concern requirements and information

**Quarterly** | 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 2020, the going concern capital and leverage ratio requirements for UBS Switzerland AG standalone were 13.95%, including a countercyclical buffer of 0.01%, and 4.875%, respectively. The gone concern requirements were 8.64% for the RWA-based requirement and 3.02% 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 effective from 1 January 2020, corresponding to 62% of the Group's gone concern requirement (before applicable reductions). ▲

In connection with COVID-19, the Swiss Financial Market Supervisory Authority (FINMA) has permitted banks to temporarily exclude central bank sight deposits from the LRD for the purpose of calculating going concern ratios. This exemption applied until 1 January 2021. Applicable dividends or similar distributions approved by shareholders after 25 March 2020 reduce the relief by the LRD equivalent of the capital distribution, except where dividends are paid to a regulated Swiss parent company or to an unregulated Swiss parent company that in turn pays no dividend. UBS Switzerland AG was eligible to reduce its LRD by USD 80 billion to USD 255 billion as of 31 December 2020.

- › Refer to the **“Introduction and basis for preparation”** section of the **31 December 2020 Pillar 3 report, available under “Pillar 3 disclosures”** at [ubs.com/investors](https://ubs.com/investors), for more information about **loss-absorbing capacity, leverage ratio requirements and gone concern rebate**
- › Refer to **“Additional information”** in the **“Capital, liquidity and funding, and balance sheet”** section of our **Annual Report 2020** 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 31.12.20	RWA		LRD <sup>1</sup>	
<i>CHF million, except where indicated</i>	in %		in %	
<b>Required going concern capital</b>				
<b>Total going concern capital</b>	<b>13.95<sup>2</sup></b>	<b>14,961</b>	<b>4.88<sup>2</sup></b>	<b>16,343</b>
<b>Common equity tier 1 capital</b>	<b>9.65</b>	<b>10,349</b>	<b>3.38</b>	<b>11,315</b>
<i>of which: minimum capital</i>	<i>4.50</i>	<i>4,826</i>	<i>1.50</i>	<i>5,029</i>
<i>of which: buffer capital</i>	<i>5.14</i>	<i>5,513</i>	<i>1.88</i>	<i>6,286</i>
<i>of which: countercyclical buffer</i>	<i>0.01</i>	<i>9</i>		
<b>Maximum additional tier 1 capital</b>	<b>4.30</b>	<b>4,612</b>	<b>1.50</b>	<b>5,029</b>
<i>of which: additional tier 1 capital</i>	<i>3.50</i>	<i>3,754</i>	<i>1.50</i>	<i>5,029</i>
<i>of which: additional tier 1 buffer capital</i>	<i>0.80</i>	<i>858</i>		
<b>Eligible going concern capital</b>				
<b>Total going concern capital</b>	<b>16.23</b>	<b>17,410</b>	<b>5.19</b>	<b>17,410</b>
Common equity tier 1 capital	11.41	12,234	3.65	12,234
<b>Total loss-absorbing additional tier 1 capital</b>	<b>4.83</b>	<b>5,176</b>	<b>1.54</b>	<b>5,176</b>
<i>of which: high-trigger loss-absorbing additional tier 1 capital</i>	<i>4.83</i>	<i>5,176</i>	<i>1.54</i>	<i>5,176</i>
<b>Required gone concern capital<sup>3</sup></b>				
<b>Total gone concern loss-absorbing capacity</b>	<b>8.64</b>	<b>9,270</b>	<b>3.02</b>	<b>10,133</b>
<i>of which: base requirement</i>	<i>7.97</i>	<i>8,551</i>	<i>2.79</i>	<i>9,354</i>
<i>of which: additional requirement for market share and LRD</i>	<i>0.67</i>	<i>718</i>	<i>0.23</i>	<i>779</i>
<b>Eligible gone concern capital</b>				
<b>Total gone concern loss-absorbing capacity</b>	<b>10.09</b>	<b>10,824</b>	<b>3.23</b>	<b>10,824</b>
<b>TLAC-eligible senior unsecured debt</b>	<b>10.09</b>	<b>10,824</b>	<b>3.23</b>	<b>10,824</b>
<b>Total loss-absorbing capacity</b>				
<b>Required total loss-absorbing capacity</b>	<b>22.59</b>	<b>24,230</b>	<b>7.90</b>	<b>26,476</b>
<b>Eligible total loss-absorbing capacity</b>	<b>26.32</b>	<b>28,234</b>	<b>8.42</b>	<b>28,234</b>
<b>Risk-weighted assets / leverage ratio denominator</b>				
Risk-weighted assets		<b>107,253</b>		
Leverage ratio denominator				<b>335,251</b>

1 LRD-based requirements and the LRD presented in this table do not reflect the effects of the temporary exemption that has been granted by FINMA in connection with COVID-19. Refer to the "Introduction and basis for preparation" section of the 31 December 2020 Pillar 3 report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information. The effects of the temporary exemption granted by FINMA in connection with COVID-19 are presented on the next page. 2 Includes applicable add-ons of 1.08% for RWA and 0.375% for LRD. 3 From 1 January 2020 onward, 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.

## Application of the temporary COVID-19-related FINMA exemption of central bank sight deposits

The table below summarizes the effects of the temporary COVID-19-related FINMA exemption on our Swiss SRB going concern capital requirements and information. The FINMA exemption rules that applied until 1 January 2021 had no effect on our Swiss SRB going concern capital requirements and ratios.

The LRD is the same under Swiss SRB and BCBS rules, therefore the LRD after the aforementioned temporary FINMA exemption under BCBS rules is identical to the Swiss SRB number presented in the table below. The BCBS Basel III leverage ratio was 6.83% after considering the temporary FINMA exemption.

Quarterly I

### Swiss SRB going concern requirements and information including temporary FINMA exemption

As of 31.12.20	LRD	
<i>CHF million, except where indicated</i>	in %	
<b>Leverage ratio denominator before temporary exemption</b>		<b>335,251</b>
Effective relief		<b>(80,494)</b>
<i>of which: central bank sight deposits eligible for relief</i>		<b>(80,494)</b>
<b>Leverage ratio denominator after temporary exemption</b>		<b>254,757</b>
<b>Required going concern capital</b>		
<b>Total going concern capital</b>	<b>4.88</b>	<b>12,419</b>
Common equity tier 1 capital	3.38	8,598
<b>Eligible going concern capital</b>		
<b>Total going concern capital</b>	<b>6.83</b>	<b>17,410</b>
Common equity tier 1 capital	4.80	12,234

## Swiss SRB loss-absorbing capacity

Quarterly I

## Swiss SRB going and gone concern information

CHF million, except where indicated	31.12.20	30.9.20	31.12.19
<b>Eligible going concern capital</b>			
Total going concern capital	17,410	16,683	15,606
Total tier 1 capital	17,410	16,683	15,606
Common equity tier 1 capital	12,234	11,992	10,895
Total loss-absorbing additional tier 1 capital	5,176	4,692	4,711
of which: high-trigger loss-absorbing additional tier 1 capital	5,176	4,692	4,711
<b>Eligible gone concern capital</b>			
Total gone concern loss-absorbing capacity	10,824	10,863	10,915
TLAC-eligible senior unsecured debt	10,824	10,863	10,915
<b>Total loss-absorbing capacity</b>			
Total loss-absorbing capacity	28,234	27,547	26,521
<b>Risk-weighted assets / leverage ratio denominator</b>			
Risk-weighted assets	107,253	107,066	99,667
Leverage ratio denominator <sup>1</sup>	335,251	327,113	302,304
<b>Capital and loss-absorbing capacity ratios (%)</b>			
Going concern capital ratio	16.2	15.6	15.7
of which: common equity tier 1 capital ratio	11.4	11.2	10.9
Gone concern loss-absorbing capacity ratio	10.1	10.1	11.0
Total loss-absorbing capacity ratio	26.3	25.7	26.6
<b>Leverage ratios (%)<sup>1</sup></b>			
Going concern leverage ratio	5.2	5.1	5.2
of which: common equity tier 1 leverage ratio	3.6	3.7	3.6
Gone concern leverage ratio	3.2	3.3	3.6
Total loss-absorbing capacity leverage ratio	8.4	8.4	8.8

<sup>1</sup> Leverage ratio denominators (LRDs) and leverage ratios in this table do not reflect the effects of the temporary exemption that has been granted by FINMA in connection with COVID-19. Refer to the "Introduction and basis for preparation" section of the 31 December 2020 Pillar 3 report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information. The effects of the temporary exemption granted by FINMA in connection with COVID-19 are presented in the preceding table.



## Leverage ratio information

Quarterly I

### Swiss SRB leverage ratio denominator<sup>1</sup>

<i>CHF billion</i>	31.12.20	30.9.20	31.12.19
<b>Leverage ratio denominator</b>			
Swiss GAAP total assets	316.8	307.9	285.0
Difference between Swiss GAAP and IFRS total assets	4.5	4.3	3.6
Less: derivative exposures and SFTs <sup>2</sup>	(10.6)	(9.5)	(17.3)
<b>On-balance sheet exposures (excluding derivative exposures and SFTs)</b>	<b>310.7</b>	<b>302.8</b>	<b>271.3</b>
Derivative exposures	5.7	6.2	4.4
Securities financing transactions	3.8	3.0	12.7
Off-balance sheet items	15.2	15.3	14.2
Items deducted from Swiss SRB tier 1 capital	(0.2)	(0.2)	(0.3)
<b>Total exposures (leverage ratio denominator)</b>	<b>335.3</b>	<b>327.1</b>	<b>302.3</b>

<sup>1</sup> This table does not reflect the effects of the temporary exemption granted by FINMA in connection with COVID-19. Refer to the "Introduction and basis for preparation" section of the 31 December 2020 Pillar 3 report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), and to "Application of the temporary COVID-19-related FINMA exemption of central bank sight deposits" in this section for more information. <sup>2</sup> Consists of derivative financial instruments, cash collateral receivables on derivative instruments, receivables from securities financing transactions, and margin loans, as well as prime brokerage receivables and financial assets at fair value not held for trading, both related to securities financing transactions, in accordance with the regulatory scope of consolidation, which are presented separately under Derivative exposures and Securities financing transactions in this table.

## Liquidity coverage ratio

Quarterly I In the fourth quarter of 2020, the liquidity coverage ratio (LCR) of UBS Switzerland AG, which is a Swiss SRB, was 148%, remaining above the prudential requirement communicated by FINMA in connection with the Swiss Emergency Plan. ▲

Quarterly I

### Liquidity coverage ratio

<i>CHF billion, except where indicated</i>	Weighted value <sup>1</sup>	
	Average 4Q20 <sup>2</sup>	Average 4Q19 <sup>2</sup>
High-quality liquid assets	92	67
Total net cash outflows	62	52
<i>of which: cash outflows</i>	89	84
<i>of which: cash inflows</i>	27	33
<b>Liquidity coverage ratio (%)</b>	<b>148</b>	<b>130</b>

<sup>1</sup> Calculated after the application of haircuts and inflow and outflow rates, as well as, where applicable, caps on Level 2 assets and cash inflows. <sup>2</sup> Calculated based on an average of 63 data points in the fourth quarter of 2020 and 64 data points in the fourth quarter of 2019.

## 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
1a Instrument number	1	2	3	4	5	6	7	8
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			
<b>Regulatory treatment</b>								
4 Transitional Basel III rules <sup>1</sup>	CET1 – Going concern capital				Additional tier 1 capital			
5 Post-transitional Basel III rules <sup>2</sup>	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 <sup>3</sup>						
8 Amount recognized in regulatory capital (currency in millions, as of most recent reporting date) <sup>1</sup>	CHF 10.0	CHF 1,500	CHF 500	CHF 1,000	CHF 825	USD 425	CHF 475	CHF 500
9 Par value of instrument	CHF 10.0	CHF 1,500	CHF 500	CHF 1,000	CHF 825	USD 425	CHF 475	CHF 500
10 Accounting classification <sup>4</sup>	Equity attributable to UBS Switzerland AG shareholders	Due to banks held at amortized cost						
11 Original date of issuance	–	1 April 2015	11 March 2016	18 December 2017	12 December 2018	12 December 2018	11 December 2019	29 October 2020
12 Perpetual or dated	–	Perpetual						
13 Original maturity date	–	–						
14 Issuer call subject to prior supervisory approval	–	Yes						
15 Optional call date, contingent call dates and redemption amount	–	First optional repayment date: 1 April 2020	First optional repayment date: 11 March 2021	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
		Repayable at any time after the first optional repayment date.						
		Repayment subject to FINMA approval. Optional repayment amount: principal amount, together with any accrued and unpaid interest thereon						
16 Subsequent call dates, if applicable	–	Early repayment possible due to a tax or regulatory event. Repayment due to tax event subject to FINMA approval. Repayment amount: principal amount, together with accrued and unpaid interest						

Quarterly I

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

Coupons									
17	Fixed or floating dividend / coupon	–	Floating						
18	Coupon rate and any related index	–	6-month CHF LIBOR + 370 bps per annum semi-annually	3-month CHF LIBOR + 459 bps per annum quarterly	3-month CHF LIBOR + 250 bps per annum quarterly	3-month CHF LIBOR + 489 bps per annum quarterly	3-month USD LIBOR + 547 bps per annum quarterly	3-month CHF LIBOR + 433 bps per annum quarterly	3-month CHF SARON + 397 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, all obligations of UBS Switzerland AG that are unsubordinated or that are subordinated and do not rank junior, such as all classes of share capital, or at par, such as tier 1 instruments						
36	Non-compliant transitioned features	–	–						
37	If yes, specify non-compliant features	–	–						

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

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**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.





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