UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

Date: August 31, 2023

UBS AG

(Registrant's Name)

Bahnhofstrasse 45, 8001 Zurich, Switzerland
Aeschenvorstadt 1, 4051 Basel, Switzerland

(Address of principal executive offices)

Commission File Number: 1-15060

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

Form 20-F ☒ Form 40-F ☐

This Form 6-K consists of (a) the Second Quarter 2023 Report of UBS AG and (b) the updated Risk Factors relating to UBS AG, which appears immediately following this page.

UBS AG

Second quarter 2023 report

Corporate calendar UBS AG

Publication of the third quarter 2023 report:	Tuesday, 7 November 2023
Publication of the fourth quarter 2023 report:	Tuesday, 6 February 2024

Publication dates of future quarterly and annual reports and results are made available as part of the corporate calendar of UBS AG at ubs.com/investors.

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UBS AG consolidated key figures

UBS AG consolidated key figures

	As of or for the quarter ended				As of or year-to-date	
USD m, except where indicated	30.6.23	31.3.23	31.12.22	30.6.22	30.6.23	30.6.22
Results						
Total revenues	8,468	8,844	8,078	9,036	17,313	18,529
Credit loss expense / (release)	16	38	7	7	54	25
Operating expenses	6,997	7,350	6,282	6,577	14,346	13,492
Operating profit / (loss) before tax	1,456	1,456	1,788	2,452	2,912	5,012
Net profit / (loss) attributable to shareholders	1,120	1,004	1,518	1,964	2,124	3,968
Profitability and growth[1]						
Return on equity (%)	8.0	7.0	10.9	13.9	7.5	13.9
Return on equity (excluding integration-related expenses) (%)[2]	10.0					
Return on tangible equity (%)	9.1	7.8	12.3	15.7	8.4	15.6
Return on tangible equity (excluding integration-related expenses) (%)[2]	11.2					
Return on common equity tier 1 capital (%)	10.4	9.4	14.3	18.7	9.9	19.0
Return on common equity tier 1 capital (excluding integration-related expenses) (%)[2]	12.9					
Return on leverage ratio denominator, gross (%)	3.3	3.5	3.2	3.4	3.4	3.5
Cost / income ratio (%)	82.6	83.1	77.8	72.8	82.9	72.8
Cost / income ratio (excluding integration-related expenses) (%)[2]	78.5					
Net profit growth (%)	(43.0)	(49.9)	20.9	2.6	(46.5)	9.5
Net profit growth (%) (excluding integration-related expenses) (%)[2]	(29.3)					
Resources						
Total assets	1,096,318	1,056,758	1,105,436	1,112,474	1,096,318	1,112,474
Equity attributable to shareholders	52,922	58,386	56,598	54,746	52,922	54,746
Common equity tier 1 capital[3]	43,300	42,801	42,929	42,317	43,300	42,317
Risk-weighted assets[3]	323,406	321,224	317,823	313,448	323,406	313,448
Common equity tier 1 capital ratio (%)[3]	13.4	13.3	13.5	13.5	13.4	13.5
Going concern capital ratio (%)[3]	17.0	17.2	17.2	18.0	17.0	18.0
Total loss-absorbing capacity ratio (%)[3]	33.0	33.5	32.0	32.8	33.0	32.8
Leverage ratio denominator[3]	1,048,313	1,018,023	1,029,561	1,024,811	1,048,313	1,024,811
Common equity tier 1 leverage ratio (%)[3]	4.13	4.20	4.17	4.13	4.13	4.13
Other						
Invested assets (USD bn)[1,4,5]	4,310	4,184	3,981	3,933	4,310	3,933
Personnel (full-time equivalents)	47,889	48,105	47,628	46,807	47,889	46,807

1 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 2 Refer to the "UBS AG consolidated performance" section of this report for more information about integration-related expenses. 3 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of this report for more information. 4 Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Refer to "Note 31 Invested assets and net new money" in the "UBS AG consolidated financial statements" section of the Annual Report 2022 for more information. 5 Comparative figures have been restated to include invested assets from associates in the Asset Management business division, to better reflect the business strategy.

Alternative performance measures

An alternative performance measure (an APM) is a financial measure of historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable recognized accounting standards or in other applicable regulations. A number of APMs are reported in UBS's external reports (annual, quarterly and other reports). APMs are used to provide a more complete picture of operating performance and to reflect management's view of the fundamental drivers of the business results. A definition of each APM, the method used to calculate it and the information content are presented under "Alternative performance measures" in the appendix to this report. These APMs may qualify as non-GAAP measures as defined by US Securities and Exchange Commission (SEC) regulations.

UBS AG

Management report

Terms used in this report, unless the context requires otherwise

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

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

Recent developments

Acquisition of Credit Suisse

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG (the Transaction).

The acquisition followed a request from the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA) to both firms to duly consider the Transaction in order to restore necessary confidence in the stability of the Swiss economy and banking system and to serve the best interests of the shareholders and stakeholders of UBS and Credit Suisse. As a result of further negotiations and supported by distinct government guarantees and measures, the firms subsequently entered into a merger agreement on 19 March 2023.

Upon the completion of the Transaction, each outstanding, registered Credit Suisse Group AG share converted to the right to receive, subject to the payment of certain fees to the Credit Suisse Depositary in the case of Credit Suisse American depositary shares (ADS), a merger consideration consisting of 1/22.48 UBS Group AG shares. In aggregate, Credit Suisse Group AG shareholders received 5.1% of the outstanding UBS Group AG shares on the acquisition date, with a purchase price of USD 3.7bn.

As part of the integration, we plan to simplify our legal structure, including the merger of UBS AG and Credit Suisse AG planned for 2024. We aim to substantially complete the integration for the Group by the end of 2026.

Integration of Credit Suisse (Schweiz)

After a thorough evaluation, we have determined to integrate Credit Suisse Schweiz AG with UBS Switzerland AG through a merger of the two banks. We believe the combined bank will be a stronger partner for our clients, the Swiss economy and communities and will produce greater value for shareholders. The combination will allow us to maintain our combined lending capacity in Switzerland and our risk discipline and culture.

We plan to complete the merger of the banks in 2024 and target client migration to a combined platform in 2025.

Regulatory and legal developments

Introduction of a public liquidity backstop in Switzerland

In May 2023, the Swiss Federal Council (the SFC) launched a consultation on the introduction of a public liquidity backstop (the PLB) for systemically important banks (SIBs) which was initially implemented as part of the emergency ordinance issued in connection with Credit Suisse Group. The proposed legislative changes aim to establish the PLB instrument as part of ordinary law in order to enable the Swiss government and the Swiss National Bank to support an SIB domiciled in Switzerland with liquidity in the process of resolution, in line with other financial centers. The introduction of the PLB is intended to increase the confidence of market participants in the ability of SIBs to become successfully recapitalized and remain solvent in a crisis.

In addition to the PLB, the proposed legislative changes would enact into ordinary law additional provisions contained in the emergency ordinance of March 2023, including mandated clawback of variable compensation in the event that government support is provided to an SIB.

The final proposals are expected to be presented to the Swiss Parliament by the SFC in September 2023, and, if adopted, legislative changes are expected to come into force by January 2025.

Further developments regarding the acquisition of Credit Suisse Group by UBS

The Swiss Federal Department of Finance (the FDF) is undertaking a review of the circumstances that led to the acquisition of the Credit Suisse Group by UBS. In May 2023, it convened a group of experts on banking stability to work on strategic considerations regarding the role of banks and the national framework related to the stability of the Swiss financial center. The group of experts is expected to present its findings to the FDF in the third quarter of 2023. The experts' findings will be considered by the SFC in its bi-annual too-big-to-fail (TBTF) review report by April 2024.

In June 2023, the Swiss Parliament formed a parliamentary inquiry committee that is mandated to investigate the legitimacy, expediency and effectiveness of the management of the competent authorities and bodies in the context of the Credit Suisse Group crisis. The committee will report to the Swiss Parliament on the results of its investigation and will propose measures to remedy any identified deficiencies.

Both the findings of the group of experts and the conclusions by the inquiry committee may include potentially significant recommendations, which could result in more stringent regulation.

Swiss electorate votes in favor of a new Climate and Innovation Act

In June 2023, the Swiss electorate voted in favor of the new Climate and Innovation Act. The act defines a net-zero-by-2050 target for Switzerland, including interim targets for selected sectors of the Swiss economy. In addition, each Switzerland-domiciled company is required to set a net-zero target by 1 January 2025. The act also contains provisions for public funding to replace aged heating systems in buildings and for application of innovative technologies within companies. Article 9 of the act requires the financial sector to make an effective contribution to the transition to net zero and sets the general goal of the alignment of financial resources to climate-friendly outcomes. Specific measures to achieve the targets will be proposed in the CO_2 Act, which is currently under revision in Parliament.

Swiss electorate votes in favor of the implementation of global minimum taxation in Switzerland

In June 2023, the Swiss electorate voted in favor of the introduction of a minimum corporate tax rate as stipulated by the Global Anti-Base Erosion Model Rules (Pillar Two) of the Organisation for Economic Co-operation and Development. The amendment will be implemented by way of an ordinance of the SFC and will provide a minimum tax rate of 15% as of 1 January 2024 for Swiss companies with global earnings above EUR 750m. UBS does not expect the implementation of global minimum taxation in Switzerland to materially impact its effective tax rate.

Sanctions related to the Russia–Ukraine war

In August 2023, the SFC announced that Switzerland is implementing further EU sanctions against Russia following the EU taking new measures against Russia as part of the EU's 11th sanctions package, which was partially adopted by Switzerland in June 2023 by expanding the sanction lists concerning Russia. As part of the 11th sanctions package, the EU has created a specific legal basis for an instrument to prevent the evasion of sanctions. The SFC is determined to take effective action against the evasion of sanctions and will examine the implementation of this instrument in the event of its actual application by the EU. In addition, Switzerland is joining the EU in imposing sanctions at Moldova's request. UBS's sanctions programs are designed to comply with sanctions across multiple jurisdictions, including those imposed by the United Nations, Switzerland, the EU, the UK and the US.

Recent events in the US banking market

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

In addition, in June 2023, the FDIC issued a proposal to recover certain losses sustained in the resolution of uninsured deposits held by the now-closed banks, as required under existing banking regulations. The proposal would impose a special assessment on covered banks based on their respective levels of uninsured deposits above a certain threshold and based on a proposed assessment rate. UBS Bank USA would be impacted by this proposal once finalized.

Federal Reserve Board releases stress test results

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

US authorities consult on final Basel III implementation

In July 2023, US banking regulators, including the FRB, the FDIC and the Office of the Comptroller of the Currency (the OCC), issued a public consultation on a proposal that would implement the final components of the Basel III capital standards for US banking organizations and foreign-owned intermediate holding companies, such as UBS Americas Holding LLC. Among others, the proposed rules would end the use of the internal model approach for credit risk by the largest banking organizations and would introduce instead a new standardized approach. In addition, the proposed rules for operational risks would replace the advanced measurement approach with a standardized measure. The proposal calls for a three-year transition period, starting on 1 July 2025, and full implementation by 1 July 2028. The impact on UBS will depend on new or revised regulatory interpretations, changes in business growth, market conditions and other factors.

The International Sustainability Standards Board issues global sustainability disclosure standards

In June 2023, the International Sustainability Standards Board (the ISSB) finalized its first set of requirements for corporate disclosures regarding sustainability matters: IFRS S1 and IFRS S2. IFRS S1 addresses the disclosure of a company's sustainability-related risks and opportunities. IFRS S2 addresses the disclosures for the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities and the entity's strategy for managing risks and opportunities. The standards incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (the TCFD). These ISSB standards will be available for use from January 2024. UBS's implementation of the standards will depend, among other factors, on whether the standards are adopted in jurisdictions in which UBS files financial reports.

European Commission presents a new retail investor strategy

In May 2023, the European Commission presented draft legislative proposals aimed at empowering retail investors to make investment decisions that are aligned with their needs and preferences and ensuring that they are treated fairly and duly protected. The proposals also aim to encourage greater participation in EU capital markets and to enable a greater volume of funds to flow more easily into EU capital markets. The package revises EU capital markets rules, which, once agreed and in force, could have significant implications and require significant implementation efforts by UBS.

EU physical presence requirement for cross-border banking services

In June 2023, legislators in the EU reached a provisional agreement on amendments to the Capital Requirements Regulation and the Capital Requirements Directive. The provisional agreement includes, alongside measures to implement the remaining elements of the Basel III standard, a framework that would require non-EU firms to establish a physical presence within the EU when providing certain banking services to EU-domiciled clients and counterparties (including deposit-taking and commercial lending), unless they are subject to an exemption. The changes will affect the cross-border provision of certain banking services and will require UBS to adapt its approaches to providing such services to clients in the EU. The requirement is expected to become effective in 2026, with grandfathering provisions for contracts already in existence at the date of introduction.

The revised Swiss Data Protection Act

The revised Swiss Federal Data Protection Act and the corresponding Federal Data Protection Ordinance will enter into force on 1 September 2023. The revised law represents a fundamental reform that strengthens the rights of consumers regarding their data by enhancing the transparency and accountability rules for companies processing data, among other measures. In addition, it seeks to align Swiss data protection law with the EU General Data Protection Regulation, in order to ensure continued cross-border transmission of data with EU Member States.

US Executive compensation rules

In October 2022, the Securities and Exchange Commission (the SEC) adopted rules requiring US national securities exchanges, including the New York Stock Exchange (the NYSE) and Nasdaq, to adopt listing standards that require issuers to adopt and enforce a policy to recover from executive officers incentive compensation received based on attainment of a financial reporting measure in the event that the issuer is required to prepare an accounting restatement of financial statements due to material non-compliance with financial reporting requirements. The SEC approved the listing standards promulgated by the NYSE and Nasdaq in June 2023 and the clawback policy requirement comes into effect as of 1 December 2023. Under the listing standards, an issuer must recover the amount of incentive-based compensation that would not have been received if it had been determined based on the restated financial information. UBS Group AG and UBS AG each have securities listed on US national securities exchanges and intend to adopt a policy to comply with the listing standards.

Other developments

Organizational changes

On 9 May 2023, Todd Tuckner was appointed a member of the Group Executive Board (the GEB) with immediate effect, and announced as the successor to Sarah Youngwood as Group Chief Financial Officer, effective from 12 June 2023.

Beatriz Martin Jimenez joined the GEB on 9 May 2023 and was appointed Head Non-Core and Legacy and President UBS EMEA effective from 12 June 2023. She also remains UBS Chief Executive for the UK.

Michelle Bereaux has been appointed Group Integration Officer and Stefan Seiler has been appointed Group Head Human Resources & Group Corporate Services, effective 12 June 2023. Both also became members of the GEB on 9 May 2023.

To further support the successful integration of Credit Suisse, Michael Dargan has been appointed Group Chief Operations and Technology Officer and continues as a member of the GEB.

The above organizational changes also apply on a UBS AG consolidated level.

UBS AG consolidated performance

Income statement

	For the quarter ended			% change from		Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Net interest income	1,305	1,388	1,634	(6)	(20)	2,694	3,380
Other net income from financial instruments measured at fair value through profit or loss	2,337	2,673	1,620	(13)	44	5,009	3,845
Net fee and commission income	4,589	4,628	4,785	(1)	(4)	9,217	10,169
Other income	237	155	996	53	(76)	392	1,135
Total revenues	8,468	8,844	9,036	(4)	(6)	17,313	18,529
Credit loss expense / (release)	16	38	7	(59)	136	54	25
Personnel expenses	3,847	3,898	3,762	(1)	2	7,745	7,996
General and administrative expenses	2,443	2,983	2,364	(18)	3	5,425	4,597
Depreciation, amortization and impairment of non-financial assets	707	469	451	51	57	1,176	900
Operating expenses	6,997	7,350	6,577	(5)	6	14,346	13,492
Operating profit / (loss) before tax	1,456	1,456	2,452	0	(41)	2,912	5,012
Tax expense / (benefit)	332	445	478	(25)	(31)	776	1,026
Net profit / (loss)	1,124	1,012	1,974	11	(43)	2,136	3,986
Net profit / (loss) attributable to non-controlling interests	4	8	10	(48)	(59)	12	18
Net profit / (loss) attributable to shareholders	1,120	1,004	1,964	12	(43)	2,124	3,968
Comprehensive income							
Total comprehensive income	539	1,804	965	(70)	(44)	2,343	844
Total comprehensive income attributable to non-controlling interests	1	13	(17)	(93)		14	9
Total comprehensive income attributable to shareholders	538	1,791	982	(70)	(45)	2,329	835

UBS AG consolidated performance as reported and excluding integration-related expenses

	For the quarter ended
USD m	30.6.23
Total revenues	8,468
Credit loss expense / (release)	16
Total operating expenses (as reported)	6,997
of which: integration-related expenses	*347*
Total operating expenses (excluding integration-related expenses)	6,649
Operating profit / (loss) before tax (as reported)	1,456
Operating profit / (loss) before tax (excluding integration-related expenses)	1,803

Integration-related expenses primarily relate to USD 214m of impairment charges in respect of software projects in progress, resulting from a reprioritization of software development activity in the context of the integration of Credit Suisse.

Results: 2Q23 vs 2Q22

Operating profit before tax decreased by USD 996m, or 41%, to USD 1,456m, reflecting a decrease in total revenues and an increase in operating expenses. Total revenues decreased by USD 568m, or 6%, to USD 8,468m, partly offset by favorable foreign currency effects. Other income decreased by USD 759m, largely due to the prior-year quarter including an USD 848m gain in Asset Management on the sale of a joint venture. In addition, net fee and commission income decreased by USD 196m. These effects were partly offset by a USD 388m increase in combined net interest income and other net income from financial instruments measured at fair value through profit or loss. Operating expenses increased by USD 420m, or 6%, to USD 6,997m, which included unfavorable foreign currency effects. This increase was mainly due to a USD 256m increase in depreciation, amortization and impairment of non-financial assets, primarily relating to impairment of software projects. Additionally, personnel expenses increased by USD 85m, and there was a USD 79m increase in general and administrative expenses.

Total revenues: 2Q23 vs 2Q22

Net interest income and other net income from financial instruments measured at fair value through profit or loss

Total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 388m to USD 3,642m, mainly driven by Personal & Corporate Banking, Global Wealth Management and Group Functions, partly offset by the Investment Bank.

Personal & Corporate Banking increased by USD 310m to USD 952m, largely due to higher net interest income, mainly driven by higher deposit margins, which resulted from rising interest rates, and higher loan revenues, partly offset by lower deposit fees. The prior-year quarter also included a benefit from the Swiss National Bank deposit exemption.

Global Wealth Management increased by USD 172m to USD 1,721m, largely reflecting higher net interest income, mainly driven by higher deposit margins, which resulted from rising interest rates, more than offsetting the effects of lower average deposit volumes and lower loan revenues, which reflected lower average loan volumes and margins.

Group Functions was negative USD 231m, compared with negative USD 293m, mainly reflecting the net effects of accounting asymmetries, including hedge accounting ineffectiveness, within Group Treasury, partly offset by higher funding costs within Group Services related to deferred tax assets (DTAs).

The Investment Bank decreased by USD 156m to USD 1,209m. Derivatives & Solutions decreased by USD 251m, driven by Equity Derivatives, Rates and Foreign Exchange, due to lower levels of volatility and client activity, partly offset by an increase in Credit revenues. This was partly offset by a USD 65m increase in Financing, mainly from higher revenues in Equity Financing, primarily reflecting the impact of higher rates. In addition, there was a USD 25m increase in Global Banking, mainly reflecting higher revenues from Leveraged Capital Markets.

› **Refer to "Note 3 Net interest income" in the "Consolidated financial statements" section of this report for more information about net interest income**

Net interest income and other net income from financial instruments measured at fair value through profit or loss

	For the quarter ended			% change from		Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	876	962	1,278	(9)	(31)	1,837	2,614
Net interest income from financial instruments measured at fair value through profit or loss and other	430	426	356	1	21	856	766
Other net income from financial instruments measured at fair value through profit or loss	2,337	2,673	1,620	(13)	44	5,009	3,845
Total	3,642	4,061	3,254	(10)	12	7,703	7,226
Global Wealth Management	1,721	1,803	1,549	(5)	11	3,524	2,992
of which: net interest income	*1,443*	*1,491*	*1,268*	*(3)*	*14*	*2,934*	*2,409*
of which: transaction-based income from foreign exchange and other intermediary activity [1]	*278*	*312*	*282*	*(11)*	*(1)*	*589*	*583*
Personal & Corporate Banking	952	834	642	14	48	1,786	1,307
of which: net interest income	*823*	*705*	*522*	*17*	*58*	*1,529*	*1,057*
of which: transaction-based income from foreign exchange and other intermediary activity [1]	*128*	*129*	*120*	*0*	*7*	*257*	*251*
Asset Management	(9)	(6)	(10)	47	(10)	(14)	(11)
Investment Bank [2]	1,209	1,656	1,365	(27)	(11)	2,866	3,371
Global Banking	*56*	*73*	*31*	*(24)*	*80*	*128*	*146*
Global Markets	*1,154*	*1,583*	*1,334*	*(27)*	*(14)*	*2,737*	*3,225*
Group Functions	(231)	(227)	(293)	2	(21)	(458)	(434)

1 Mainly includes spread-related income in connection with client-driven transactions, foreign currency translation effects and income and expenses from precious metals, which are included in the income statement line Other net income from financial instruments measured at fair value through profit or loss. The amounts reported on this line are one component of Transaction-based income in the management discussion and analysis in the "Global Wealth Management" and "Personal & Corporate Banking" sections of this report. 2 Investment Bank information is provided at the business-line level rather than by financial statement reporting line, in order to reflect the underlying business activities, which is consistent with the structure of the management discussion and analysis in the "Investment Bank" section of this report.

Net fee and commission income

Net fee and commission income decreased by USD 196m to USD 4,589m.

Net brokerage fees decreased by USD 74m to USD 745m, reflecting lower volumes of cash equities in the Execution Services business in the Investment Bank and due to lower levels of client activity in Global Wealth Management, particularly in the Americas and Asia Pacific.

M&A and corporate finance fees decreased by USD 64m to USD 156m, largely reflecting lower revenues from merger and acquisition transactions in the Global Banking business in the Investment Bank.

Investment fund fees and fees for portfolio management and related services decreased by USD 54m and USD 44m, respectively, driven by Global Wealth Management and Asset Management, mainly reflecting negative market performance, as well as margin compression in Asset Management.

› **Refer to "Note 4 Net fee and commission income" in the "Consolidated financial statements" section of this report for more information**

Other income

Other income was USD 237m, compared with USD 996m in the prior-year quarter. The decrease was largely driven by the prior-year quarter including an USD 848m gain in Asset Management related to the sale of our shareholding in our Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc.

Credit loss expense / release: 2Q23 vs 2Q22

Total net credit loss expenses were USD 16m, compared with net credit loss expenses of USD 7m in the prior-year quarter, reflecting USD 10m net credit loss releases related to stage 1 and 2 positions and USD 26m net credit loss expenses related to stage 3 positions.

› **Refer to "Note 7 Expected credit loss measurement" in the "Consolidated financial statements" section of this report for more information**

Credit loss expense / (release)

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
For the quarter ended 30.6.23						
Stages 1 and 2	(4)	(11)	0	5	0	(10)
Stage 3	9	21	0	(4)	0	26
Total credit loss expense / (release)	5	10	0	1	0	16
For the quarter ended 31.3.23						
Stages 1 and 2	15	15	0	(5)	0	26
Stage 3	0	0	0	12	0	12
Total credit loss expense / (release)	**15**	**16**	**0**	**7**	**0**	**38**
For the quarter ended 30.6.22						
Stages 1 and 2	(8)	26	0	(2)	0	16
Stage 3	6	8	0	(26)	2	(9)
Total credit loss expense / (release)	**(3)**	**35**	**0**	**(28)**	**2**	**7**

Operating expenses: 2Q23 vs 2Q22

Operating expenses

	For the quarter ended			% change from		Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Personnel expenses	3,847	3,898	3,762	(1)	2	7,745	7,996
of which: salaries and variable compensation	*3,364*	*3,356*	*3,316*	*0*	*1*	*6,720*	*7,001*
of which: variable compensation – financial advisors [1]	*1,110*	*1,111*	*1,122*	*0*	*(1)*	*2,222*	*2,342*
General and administrative expenses	2,443	2,983	2,364	(18)	3	5,425	4,597
of which: net expenses for litigation, regulatory and similar matters	*55*	*721*	*220*	*(92)*	*(75)*	*776*	*277*
of which: other general and administrative expenses	*2,387*	*2,262*	*2,143*	*6*	*11*	*4,649*	*4,319*
Depreciation, amortization and impairment of non-financial assets	707	469	451	51	57	1,176	900
Total operating expenses	6,997	7,350	6,577	(5)	6	14,346	13,492

1 Consists of cash and deferred compensation awards and is based on compensable revenues and firm tenure using a formulaic approach. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

Personnel expenses

Personnel expenses increased by USD 85m to USD 3,847m, largely driven by higher salary costs, mainly reflecting annual salary adjustments, foreign currency effects and integration-related expenses in connection with the acquisition of the Credit Suisse Group, partly offset by lower variable compensation.

› **Refer to "Note 5 Personnel expenses" in the "Consolidated financial statements" section of this report for more information**

General and administrative expenses

General and administrative expenses increased by USD 79m to USD 2,443m, mostly driven by integration-related expenses and increases in shared services costs charged by other subsidiaries of UBS Group AG and other costs included in general and administrative expenses. These increases were partly offset by lower expenses for litigation, regulatory and similar matters.

We believe that the industry continues to operate in an environment in which expenses associated with litigation, regulatory and similar matters will remain elevated for the foreseeable future and we continue to be exposed to a number of significant claims and regulatory matters. The outcome of many of these matters, the timing of a resolution, and the potential effects of resolutions on our future business, financial results or financial condition are extremely difficult to predict.

› **Refer to "Note 6 General and administrative expenses" in the "Consolidated financial statements" section of this report for more information**
› **Refer to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information about litigation, regulatory and similar matters**
› **Refer to the "Regulatory and legal developments" and "Risk factors" sections of the Annual Report 2022 for more information about litigation, regulatory and similar matters on a UBS Group AG consolidated basis**

Depreciation, amortization and impairment of non-financial assets

Depreciation, amortization and impairment of non-financial assets increased by USD 256m to USD 707m, mainly driven by a USD 214m impairment of software projects in progress resulting from a reprioritization of software development activity in the context of the integration of Credit Suisse. Depreciation of internally developed software also increased, reflecting a higher level of capitalized cost.

Tax: 2Q23 vs 2Q22

Income tax expenses were USD 332m for the second quarter of 2023, representing an effective tax rate of 22.8%, compared with USD 478m and an effective tax rate of 19.5% for the prior-year quarter. Current tax expenses were USD 358m, compared with USD 342m, and relate to the taxable profits of UBS Switzerland AG and other entities. There was a net deferred tax benefit of USD 27m, compared with an expense of USD 136m in the prior-year quarter.

Excluding any potential effects from the remeasurement of DTAs in connection with the business planning process or that result from any material jurisdictional statutory tax rate changes that could be enacted, a tax rate for the remaining six months of 2023 of around 23% is expected for UBS AG and its consolidated subsidiaries.

Total comprehensive income attributable to shareholders

In the second quarter of 2023, total comprehensive income attributable to shareholders was USD 538m, reflecting net profit of USD 1,120m and other comprehensive income (OCI), net of tax, of negative USD 582m.

OCI related to cash flow hedges was negative USD 542m, mainly reflecting net unrealized losses on US dollar hedging derivatives resulting from increases in the relevant US dollar long-term interest rates.

OCI related to own credit on financial liabilities designated at fair value was negative USD 151m, primarily due to a tightening of UBS's own credit spreads, partly offset by a tax benefit of USD 61m.

Defined benefit plan OCI was negative USD 50m, mainly reflecting a tax expense of USD 37m and a negative pre-tax OCI in the Swiss pension plan of USD 14m.

Foreign currency translation OCI was USD 151m, mainly resulting from a strengthening of the Swiss franc against the US dollar.

› **Refer to "Statement of comprehensive income" in the "Consolidated financial statements" section of this report for more information**
› **Refer to "Reconciliation of IFRS equity to Swiss SRB common equity tier 1 capital" in the "Capital management" section of this report for more information about the effects of OCI on common equity tier 1 (CET1) capital**
› **Refer to "Note 20 Fair value measurement" in the "UBS AG consolidated financial statements" section of the Annual Report 2022 for more information about own credit on financial liabilities designated at fair value**
› **Refer to "Note 26 Post-employment benefit plans" in the "UBS AG consolidated financial statements" section of the Annual Report 2022 for more information about OCI related to defined benefit plans**

Sensitivity to interest rate movements

As of 30 June 2023, it is estimated that a parallel shift in yield curves by +100 basis points could lead to a combined increase in annual net interest income of approximately USD 1.2bn in Global Wealth Management and Personal & Corporate Banking in the first year after such a shift. Of this increase, approximately USD 0.7bn, USD 0.3bn and USD 0.1bn would result from changes in Swiss franc, US dollar and euro interest rates, respectively. A parallel shift in yield curves by −100 basis points could lead to a combined decrease in annual net interest income of approximately USD 1.1bn in Global Wealth Management and Personal & Corporate Banking in the first year after such a shift, showing similar currency contributions as for the aforementioned increase in rates.

These estimates are based on a hypothetical scenario of an immediate change in interest rates, equal across all currencies and relative to implied forward rates as of 30 June 2023 applied to the banking book. These estimates further assume no change to balance sheet size and structure, constant foreign exchange rates, and no specific management action. These estimates do not represent a forecast of net interest income and actual changes in net interest income could differ significantly from the amounts referred to above.

› **Refer to the "Risk management and control" section of this report for information about interest rate risk in the banking book**

Key figures and personnel

Below is an overview of selected key figures of UBS AG consolidated. For further information about key figures related to capital management, refer to the "Capital management" section of this report.

Cost / income ratio: 2Q23 vs 2Q22

The cost / income ratio was 82.6%, compared with 72.8%, mainly reflecting a decrease in total revenues and an increase in operating expenses.

Personnel: 2Q23 vs 1Q23

The number of personnel employed as of 30 June 2023 decreased by 216 to 47,889 (full-time equivalents).

Equity, CET1 capital and returns

	As of or for the quarter ended			Year-to-date	
USD m, except where indicated	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Net profit					
Net profit attributable to shareholders	1,120	1,004	1,964	2,124	3,968
Equity					
Equity attributable to shareholders	52,922	58,386	54,746	52,922	54,746
Less: goodwill and intangible assets	6,281	6,272	6,312	6,281	6,312
Tangible equity attributable to shareholders	46,640	52,113	48,434	46,640	48,434
Less: other CET1 deductions	3,341	9,312	6,117	3,341	6,117
CET1 capital	43,300	42,801	42,317	43,300	42,317
Returns					
Return on equity (%)	8.0	7.0	13.9	7.5	13.9
Return on equity (excluding integration-related expenses) (%)	10.0				
Return on tangible equity (%)	9.1	7.8	15.7	8.4	15.6
Return on tangible equity (excluding integration-related expenses) (%)	11.2				
Return on CET1 capital (%)	10.4	9.4	18.7	9.9	19.0
Return on CET1 capital (excluding integration-related expenses) (%)	12.9				

Common equity tier 1 capital: 2Q23 vs 1Q23

During the second quarter of 2023, CET1 capital increased by USD 0.5bn to USD 43.3bn, mainly reflecting operating profit before tax of USD 1.5bn, with associated current tax expenses of USD 0.4bn and positive effects from foreign currency translation of USD 0.2bn, partly offset by additional dividend accruals of USD 0.9bn.

Return on common equity tier 1 capital: 2Q23 vs 2Q22

The annualized return on CET1 capital was 10.4%, compared with 18.7%, driven by lower net profit attributable to shareholders and an increase in average CET1 capital.

Risk-weighted assets: 2Q23 vs 1Q23

Risk-weighted assets (RWA) increased by USD 2.2bn to USD 323.4bn, reflecting increases of USD 1.5bn from asset size and other movements, as well as USD 1.4bn from currency effects, partly offset by a decrease of USD 0.7bn from model updates.

Common equity tier 1 capital ratio: 2Q23 vs 1Q23
The CET1 capital ratio increased to 13.4% from 13.3%, reflecting the increase in CET1 capital, largely offset by the aforementioned increase in RWA.

Leverage ratio denominator: 2Q23 vs 1Q23
The leverage ratio denominator (the LRD) increased by USD 30.3bn to USD 1,048.3bn, driven by asset size and other movements of USD 24.7bn and currency effects of USD 5.6bn.

Common equity tier 1 leverage ratio: 2Q23 vs 1Q23
The CET1 leverage ratio decreased to 4.13% from 4.20%, due to the aforementioned increase in the LRD, partly offset by the increase in the CET1 capital.

Going concern leverage ratio: 2Q23 vs 1Q23
The going concern leverage ratio decreased to 5.2% from 5.4%, mainly due to the increase in the LRD.

Results 6M23 vs 6M22

Operating profit before tax decreased by USD 2,100m, or 42%, to USD 2,912m.

Total revenues decreased by USD 1,216m, or 7%, to USD 17,313m. Net fee and commission income decreased by USD 952m, largely due to lower portfolio management and related services and investment fund fees, in Global Wealth Management and Asset Management, mainly reflecting negative market performance. Net brokerage fees decreased, due to lower levels of client activity in the Investment Bank and in Global Wealth Management, and M&A and corporate finance fees decreased due to lower related revenues in the Global Banking business of the Investment Bank. Other income decreased by USD 743m, largely attributable to an USD 848m gain in Asset Management from the sale of a joint venture in the prior-year period. These decreases were partly offset by total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increasing by USD 477m, mainly due to increases in Global Wealth Management and Personal & Corporate Banking, both primarily reflecting the impact of higher interest rates on revenues from deposits and loans, partly offset by a decrease in the Investment Bank, due to lower levels of client activity and volatility, predominantly in the Derivatives & Solutions business. This decrease was partly offset by an increase in Financing, largely driven by higher revenue in Prime Brokerage, a recovery, and higher revenues in Equities Financing and Clearing.

Expected credit loss expenses were USD 54m, compared with expenses of USD 25m in the prior-year period.

Operating expenses increased by USD 854m, or 6%, to USD 14,346m. General and administrative expenses increased by USD 828m, mainly due to a USD 499m increase in expenses for litigation, regulatory and similar matters, driven by the USD 665m increase in provisions recognized in the first quarter of 2023 related to the US residential mortgage-backed securities litigation matter. In addition, shared services costs charged by other subsidiaries of UBS Group AG and legal and consulting fees increased, mainly reflecting integration-related expenses. Depreciation, amortization and impairment of non-financial assets increased by USD 276m, primarily relating to the aforementioned impairment of internally developed software. Depreciation of internally developed software also increased, reflecting a higher level of capitalized cost. These increases were largely offset by a USD 251m decrease in personnel expenses, mainly driven by lower variable compensation, including lower financial advisor compensation attributable to lower compensable revenues, partly offset by higher salary costs, mainly reflecting annual salary adjustments.

Outlook

Amid relatively robust economic growth data, and despite signs of abating inflation and decreasing wage pressures, central banks have continued to raise interest rates. Although improving, the outlook for economic growth, asset valuations and market volatility remains highly uncertain, and the effects of central bank tightening may have an impact on market liquidity. The implications of current geopolitical tensions and the ongoing Russia–Ukraine war add uncertainty to the macroeconomic outlook. Against this backdrop, in the second quarter of 2023 clients continued to diversify cash holdings by investing their deposits into higher yielding products, although at a slower pace. Client sentiment and activity levels remained muted, especially in the Americas and Asia Pacific.

The macroeconomic situation remains uncertain, as economic risk in China's economy and continuing concerns about inflation cloud growth in the US and developed financial markets. Although there are still geopolitical tensions, particularly stemming from US–China relations and the Russia–Ukraine war, we see improving sentiment and activity levels among our private clients. We expect positive net new asset flows in our asset–gathering businesses and some improvement in transaction volumes. Higher asset valuations are also expected to have a positive impact on our recurring net fee income year on year. We also expect net interest income will remain near to present levels in the current interest rate environment.

Business divisions and Group Functions

Management report

This section presents the divisional information for the business divisions of UBS AG as included in the UBS Group AG consolidated report, as the differences between the divisional scope on the UBS Group AG consolidated level and the UBS AG consolidated level were not material. The business divisions do not include results from Credit Suisse entities, as these are considered separate reporting segments for the second quarter of 2023. Group Functions information is on the UBS AG consolidated level.

Global Wealth Management

Global Wealth Management[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Results							
Net interest income	1,442	1,491	1,268	(3)	14	2,933	2,409
Recurring net fee income[2]	2,535	2,454	2,614	3	(3)	4,989	5,419
Transaction-based income[2]	749	843	793	(11)	(6)	1,592	1,747
Other income	10	4	2	173	388	14	5
Total revenues	4,736	4,792	4,677	(1)	1	9,528	9,581
Credit loss expense / (release)	5	15	(3)	(69)		20	(10)
Operating expenses	3,621	3,561	3,523	2	3	7,182	7,124
Business division operating profit / (loss) before tax	1,110	1,215	1,157	(9)	(4)	2,325	2,467
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(4.0)	(7.2)	(10.6)			(5.7)	(8.8)
Cost / income ratio (%)[2]	76.5	74.3	75.3			75.4	74.4
Average attributed equity (USD bn)	20.1	20.3	20.0	(1)	1	20.2	19.9
Return on attributed equity (%)[2]	22.1	23.9	23.2			23.0	24.7
Financial advisor compensation[3]	1,110	1,111	1,122	0	(1)	2,222	2,342
Net new fee-generating assets (USD bn)[2]	12.6	19.7	0.4			32.3	19.8
Fee-generating assets (USD bn)[2]	1,380	1,335	1,244	3	11	1,380	1,244
Fee-generating asset margin (bps)[2]	76.7	78.1	79.6			77.4	80.6
Net new money (USD bn)[2]	16.2	27.7	(17.6)			43.9	18.4
Invested assets (USD bn)[2]	3,037	2,962	2,811	3	8	3,037	2,811
Loans, gross (USD bn)[4]	220.4	223.8	227.1	(2)	(3)	220.4	227.1
Customer deposits (USD bn)[4]	336.1	330.3	349.3	2	(4)	336.1	349.3
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,5]	0.3	0.3	0.3			0.3	0.3
Advisors (full-time equivalents)	8,992	9,117	9,224	(1)	(3)	8,992	9,224

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. Since the second quarter of 2022, assets related to our Global Financial Intermediaries business have been excluded from fee-generating assets, given that fee-generating investment management products, such as mandates, are not central to this business. Furthermore, client commitments into closed-ended private-market investment funds are included as fee-generating assets once recurring fees are charged, rather than when commitments are funded. These changes have been applied prospectively. 3 Relates to licensed professionals with the ability to provide investment advice to clients in the Americas. Consists of cash and deferred compensation awards and is based on compensable revenues and firm tenure using a formulaic approach. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. Recruitment loans to financial advisors were USD 1,751m as of 30 June 2023. 4 Loans and Customer deposits in this table include customer brokerage receivables and payables, respectively, which are presented in a separate reporting line on the balance sheet. 5 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures. Excludes loans to financial advisors.

Results: 2Q23 vs 2Q22

Profit before tax decreased by USD 47m, or 4%, to USD 1,110m, mainly driven by higher operating expenses, partly offset by higher total revenues.

Total revenues

Total revenues increased by USD 59m, or 1%, to USD 4,736m, mainly reflecting higher net interest income, partly offset by lower recurring net fee and transaction-based income.

Net interest income increased by USD 174m, or 14%, to USD 1,442m, mainly driven by higher deposit margins, which resulted from rising interest rates, more than offsetting the effects of lower average deposit volumes and lower loan revenues, which reflected lower average loan volumes and margins.

Recurring net fee income decreased by USD 79m, or 3%, to USD 2,535m, mainly reflecting negative market performance, slightly offset by the impact from net new fee-generating assets over the past year, which were primarily in lower-margin products.

Transaction-based income decreased by USD 44m, or 6%, to USD 749m, mainly driven by lower levels of client activity, particularly in the Americas and Asia Pacific.

Credit loss expense / release

Net credit loss expenses were USD 5m, primarily related to stage 3 positions, compared with net releases of USD 3m in the second quarter of 2022.

Operating expenses

Operating expenses increased by USD 98m, or 3%, to USD 3,621m, mainly driven by unfavorable foreign currency effects, increases in technology expenses and personnel expenses, and integration-related expenses associated with the acquisition of the Credit Suisse Group. These were partly offset by lower provisions for litigation, regulatory and similar matters.

Invested assets: 2Q23 vs 1Q23

Invested assets increased by USD 75bn, or 3%, to USD 3,037bn, mainly driven by positive market performance of USD 57bn, net new money inflows of USD 16bn and positive foreign currency effects of USD 5bn.

Fee-generating assets: 2Q23 vs 1Q23

Fee-generating assets increased by USD 45bn, or 3%, to USD 1,380bn, driven by net positive market performance and foreign currency effects, as well as net new fee-generating asset inflows of USD 12.6bn, with positive flows across all regions.

Loans: 2Q23 vs 1Q23

Loans decreased by USD 3.4bn to USD 220.4bn, mainly driven by negative net new loans of USD 4.3bn, partly offset by positive foreign currency effects.

Customer deposits: 2Q23 vs 1Q23

Customer deposits increased by USD 5.8bn to USD 336.1bn, mainly driven by net inflows into fixed-term and savings deposit products, partly offset by continued shifts into money market funds and US-government securities.

Results: 6M23 vs 6M22

Profit before tax decreased by USD 142m, or 6%, to USD 2,325m, mainly reflecting higher operating expenses, lower total revenues and net credit loss expenses compared with net credit loss releases in the first half of 2022.

Total revenues decreased by USD 53m to USD 9,528m, with decreases in recurring net fee and transaction-based income partly offset by increases in net interest income.

Net interest income increased by USD 524m, or 22%, to USD 2,933m, mainly driven by higher deposit margins, which resulted from rising interest rates, more than offsetting the effects of lower average deposit volumes and lower loan revenues, which reflected lower average volumes and margins.

Recurring net fee income decreased by USD 430m, or 8%, to USD 4,989m, primarily driven by negative market performance.

Transaction-based income decreased by USD 155m, or 9%, to USD 1,592m, mainly driven by lower levels of client activity, particularly in Asia Pacific and the Americas.

Net credit loss expenses were USD 20m, compared with net releases of USD 10m in the first half of 2022.

Operating expenses increased by USD 58m to USD 7,182m, mostly driven by higher technology expenses, unfavorable foreign currency effects, integration-related expenses associated with the acquisition of the Credit Suisse Group, as well as increased redundancy, travel and entertainment, tax and regulatory expenses, and outsourcing expenses. These were partly offset by lower provisions for litigation, regulatory and similar matters.

Regional breakdown of performance measures

As of or for the quarter ended 30.6.23 *USD bn, except where indicated*	Americas[1]	Switzerland	EMEA[2]	Asia Pacific	Global Wealth Management[3]
Total revenues (USD m)	2,541	529	994	672	4,736
Operating profit / (loss) before tax (USD m)	300	237	359	218	1,110
Cost / income ratio (%)[4]	87.8	56.1	63.9	67.6	76.5
Loans, gross	98.0[5]	45.8	42.9	32.9	220.4
Net new loans	(1.9)	(0.5)	(1.1)	(0.9)	(4.3)
Fee-generating assets[4]	841	135	280	122	1,380
Net new fee-generating assets[4]	5.5	1.7	4.0	1.4	12.6
Net new fee-generating asset growth rate (%)[4]	2.7	5.2	5.9	4.7	3.8
Net new money[4]	(3.4)	15.3	2.5	1.8	16.2
Net new money growth rate (%)[4]	(0.8)	22.2	1.7	1.5	2.2
Invested assets[4]	1,720	296	577	441	3,037
Advisors (full-time equivalents)	6,071	678	1,351	826	8,992

1 Including the following business units: United States and Canada; and Latin America. 2 Including the following business units: Europe; and Middle East and Africa. 3 Including minor functions, which are not included in the four regions individually presented in this table, with USD 1m of total revenues, USD 3m of operating loss before tax, USD 0.7bn of loans, USD 0.1bn of net new loans, USD 0.8bn of fee-generating assets, USD 0.0bn of net new fee-generating asset inflows, USD 0.0bn of net new money inflows, USD 3bn of invested assets and 66 advisors in the second quarter of 2023. 4 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 5 Loans include customer brokerage receivables, which are presented in a separate reporting line on the balance sheet.

Regional comments 2Q23 vs 2Q22, except where indicated

Americas

Profit before tax decreased by USD 97m to USD 300m. Total revenues decreased by USD 98m, or 4%, to USD 2,541m, driven by decreases across net interest, transaction-based and recurring net fee income. The cost / income ratio increased to 87.8% from 85.0%. Loans decreased 2% compared with the first quarter of 2023, to USD 98.0bn, reflecting USD 1.9bn of negative net new loans. Net new money outflows were USD 3.4bn, impacted by seasonal tax outflows in the US. Net new fee-generating assets were USD 5.5bn.

Switzerland

Profit before tax increased by USD 19m to USD 237m. Total revenues increased by USD 55m, or 12%, to USD 529m, mainly driven by higher net interest income. The cost / income ratio increased to 56.1% from 54.1%. Loans were stable at USD 45.8bn compared with the first quarter of 2023, as USD 0.5bn of negative net new loans were offset by positive foreign currency effects. Net new money inflows were USD 15.3bn. Net new fee-generating assets were USD 1.7bn.

EMEA

Profit before tax increased by USD 46m to USD 359m. Total revenues increased by USD 69m, or 7%, to USD 994m, driven by higher net interest income that was partly offset by a decrease in recurring net fee income. The cost / income ratio decreased to 63.9% from 66.3%. Loans decreased 1% compared with the first quarter of 2023, to USD 42.9bn, reflecting USD 1.1bn of negative net new loans. Net new money inflows were USD 2.5bn. Net new fee-generating assets were USD 4.0bn.

Asia Pacific

Profit before tax decreased by USD 21m to USD 218m. Total revenues slightly increased by USD 31m, or 5%, to USD 672m, mainly as decreases in transaction-based and recurring net fee income were offset by an increase in net interest income. The cost / income ratio increased to 67.6% from 62.7%. Loans decreased 3% compared with the first quarter of 2023, to USD 32.9bn, reflecting USD 0.9bn of negative net new loans. Net new money inflows were USD 1.8bn. Net new fee-generating assets were USD 1.4bn.

Comparison between the Global Wealth Management UBS Group AG consolidated scope and the UBS AG consolidated scope

The table below contains a comparison of selected financial information for UBS Group AG consolidated and UBS AG consolidated. The differences arise because UBS Group AG and UBS Business Solutions AG are included in the UBS Group AG consolidated scope but not in that of UBS AG.

Global Wealth Management

	As of or for the quarter ended						Year-to-date			
	30.6.23		31.3.23		30.6.22		30.6.23		30.6.22	
USD m	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated
Results										
Total revenues	4,736	4,736	4,792	4,792	4,677	4,673	9,528	9,528	9,581	9,577
Credit loss expense / (release)	5	5	15	15	(3)	(3)	20	20	(10)	(10)
Operating expenses	3,621	3,627	3,561	3,578	3,523	3,545	7,182	7,204	7,124	7,174
Business division operating profit / (loss) before tax	1,110	1,104	1,215	1,199	1,157	1,130	2,325	2,303	2,467	2,413

Personal & Corporate Banking

Personal & Corporate Banking – in Swiss francs[1]

	As of or for the quarter ended			% change from		Year-to-date	
CHF m, except where indicated	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Results							
Net interest income	731	651	502	12	45	1,382	996
Recurring net fee income[2]	213	210	202	2	5	423	412
Transaction-based income[2]	305	309	300	(1)	2	615	600
Other income	13	10	13	38	1	23	13
Total revenues	1,263	1,180	1,018	7	24	2,442	2,020
Credit loss expense / (release)	9	14	33	(37)	(73)	23	54
Operating expenses	641	613	587	5	9	1,254	1,173
Business division operating profit / (loss) before tax	612	553	398	11	54	1,165	793
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	54.0	40.0	(12.8)			47.0	(2.6)
Cost / income ratio (%)[2]	50.8	51.9	57.7			51.3	58.1
Average attributed equity (CHF bn)	9.0	9.0	8.9	0	1	9.0	8.8
Return on attributed equity (%)[2]	27.3	24.6	17.9			26.0	18.1
Net interest margin (bps)[2]	202	181	142			192	141
Fee and trading income for Corporate & Institutional Clients[2]	228	231	213	(1)	7	459	434
Investment products for Personal Banking (CHF bn)[2]	23.6	22.7	21.4	4	10	23.6	21.4
Net new investment products for Personal Banking (CHF bn)[2]	0.55	0.86	0.46			1.41	1.43
Active Digital Banking clients in Personal Banking (%)[2,3]	77.5	77.2	73.6			77.4	73.4
Active Mobile Banking clients in Personal Banking (%)[2]	64.3	63.1	54.9			63.7	53.5
Active Digital Banking clients in Corporate & Institutional Clients (%)[2]	81.0	81.3	79.6			81.2	79.9
Loans, gross (CHF bn)	145.6	144.3	141.5	1	3	145.6	141.5
Customer deposits (CHF bn)	164.5	165.3	160.3	0	3	164.5	160.3
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,4]	0.8	0.8	0.9			0.8	0.9

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 3 In the second quarter of 2023, 88.5% of clients of Personal Banking were "activated users" of Digital Banking (i.e., clients who had logged into Digital Banking at least once in the course of their relationship with UBS). 4 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

Results: 2Q23 vs 2Q22

Profit before tax increased by CHF 214m, or 54%, to CHF 612m, with higher total revenues and lower net credit loss expenses partly offset by higher operating expenses.

Total revenues

Total revenues increased by CHF 245m, or 24%, to CHF 1,263m, reflecting increases in all income lines, predominantly in net interest income.

Net interest income increased by CHF 229m to CHF 731m, mainly driven by higher deposit margins, which resulted from rising interest rates, and higher loan revenues, partly offset by lower deposit fees. The second quarter of 2022 included a benefit from the Swiss National Bank deposit exemption.

Recurring net fee income increased by CHF 11m to CHF 213m, partly reflecting higher revenues from account fees.

Transaction-based income increased by CHF 5m to CHF 305m, mainly driven by higher corporate client fees.

Other income was stable at CHF 13m.

Credit loss expense / release

Net credit loss expenses were CHF 9m, primarily related to stage 3 positions, compared with net expenses of CHF 33m in the second quarter of 2022.

Operating expenses

Operating expenses increased by CHF 54m, or 9%, to CHF 641m, mainly driven by higher technology expenses, accruals for variable compensation, and integration-related expenses associated with the acquisition of the Credit Suisse Group.

Results: 6M23 vs 6M22

Profit before tax increased by CHF 372m, or 47%, to CHF 1,165m, with higher total revenues and lower net credit loss expenses partly offset by higher operating expenses.

Total revenues increased by CHF 422m, or 21%, to CHF 2,442m, reflecting increases in all income lines, predominantly in net interest income.

Net interest income increased by CHF 386m to CHF 1,382m, mainly driven by higher deposit margins, which resulted from rising interest rates, and higher loan revenues, partly offset by lower deposit fees. The first half of 2022 included a benefit from the Swiss National Bank deposit exemption.

Recurring net fee income increased by CHF 11m to CHF 423m, mainly reflecting higher revenues from account fees.

Transaction-based income increased by CHF 15m to CHF 615m, mainly driven by higher corporate client and credit card fees.

Other income increased by CHF 10m to CHF 23m, mainly reflecting our share of the net profit from our equity ownership of SIX Group.

Net credit loss expenses were CHF 23m, mainly related to stage 3 positions, compared with net expenses of CHF 54m in the first half of 2022.

Total operating expenses increased by CHF 81m, or 7%, to CHF 1,254m, mainly driven by higher technology expenses and accruals for variable compensation.

Comparison between the Personal & Corporate Banking UBS Group AG consolidated scope and the UBS AG consolidated scope

The table below contains a comparison of selected financial information for UBS Group AG consolidated and UBS AG consolidated. The differences arise because UBS Group AG and UBS Business Solutions AG are included in the UBS Group AG consolidated scope but not in that of UBS AG.

Personal & Corporate Banking – in Swiss francs

	As of or for the quarter ended						Year-to-date			
	30.6.23		31.3.23		30.6.22		30.6.23		30.6.22	
CHF m	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated
Results										
Total revenues	1,263	1,273	1,180	1,180	1,018	1,020	2,442	2,453	2,020	2,022
Credit loss expense / (release)	9	9	14	14	33	33	23	23	54	54
Operating expenses	641	643	613	614	587	593	1,254	1,257	1,173	1,187
Business division operating profit / (loss) before tax	612	621	553	551	398	394	1,165	1,172	793	781

Personal & Corporate Banking – in US dollars[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Results							
Net interest income	812	705	522	15	56	1,517	1,057
Recurring net fee income[2]	237	227	210	4	13	464	438
Transaction-based income[2]	339	335	312	1	9	675	637
Other income	15	10	14	42	8	25	13
Total revenues	1,403	1,278	1,058	10	33	2,681	2,144
Credit loss expense / (release)	10	16	35	(36)	(71)	26	57
Operating expenses	712	663	610	7	17	1,376	1,246
Business division operating profit / (loss) before tax	681	599	413	14	65	1,279	841
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	64.8	39.8	(17.1)			52.1	(5.2)
Cost / income ratio (%)[2]	50.8	51.9	57.7			51.3	58.1
Average attributed equity (USD bn)	9.9	9.7	9.3	2	7	9.8	9.3
Return on attributed equity (%)[2]	27.4	24.7	17.8			26.1	18.0
Net interest margin (bps)[2]	203	181	139			192	139
Fee and trading income for Corporate & Institutional Clients[2]	254	250	221	1	15	504	461
Investment products for Personal Banking (USD bn)[2]	26.4	24.8	22.4	6	18	26.4	22.4
Net new investment products for Personal Banking (USD bn)[2]	0.61	0.94	0.48			1.54	1.53
Active Digital Banking clients in Personal Banking (%)[2,3]	77.5	77.2	73.6			77.4	73.4
Active Mobile Banking clients in Personal Banking (%)[2]	64.3	63.1	54.9			63.7	53.5
Active Digital Banking clients in Corporate & Institutional Clients (%)[2]	81.0	81.3	79.6			81.2	79.9
Loans, gross (USD bn)	162.5	157.6	148.2	3	10	162.5	148.2
Customer deposits (USD bn)	183.7	180.5	167.8	2	9	183.7	167.8
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,4]	0.8	0.8	0.9			0.8	0.9

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 3 In the second quarter of 2023, 88.5% of clients of Personal Banking were "activated users" of Digital Banking (i.e., clients who had logged into Digital Banking at least once in the course of their relationship with UBS). 4 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

Personal & Corporate Banking – in US dollars

	As of or for the quarter ended						Year-to-date			
	30.6.23		31.3.23		30.6.22		30.6.23		30.6.22	
USD m	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated
Results										
Total revenues	1,403	1,414	1,278	1,278	1,058	1,059	2,681	2,692	2,144	2,146
Credit loss expense / (release)	10	10	16	16	35	35	26	26	57	57
Operating expenses	712	714	663	665	610	616	1,376	1,379	1,246	1,260
Business division operating profit / (loss) before tax	681	690	599	597	413	409	1,279	1,287	841	829

Asset Management

Asset Management[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Results							
Net management fees[2]	492	479	515	3	(5)	971	1,076
Performance fees	7	23	9	(69)	(23)	31	26
Net gain from disposal of a joint venture			848				848
Total revenues	499	502	1,372	(1)	(64)	1,001	1,950
Credit loss expense / (release)	0	0	0			0	0
Operating expenses	409	408	413	0	(1)	818	817
Business division operating profit / (loss) before tax	90	94	959	(5)	(91)	184	1,133
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[3]	(90.7)	(45.8)	275.7			(83.8)	135.0
Cost / income ratio (%)[3]	82.1	81.2	30.1			81.6	41.9
Average attributed equity (USD bn)	1.8	1.7	1.7	1	1	1.7	1.8
Return on attributed equity (%)[3]	20.4	21.8	221.3			21.1	129.5
Gross margin on invested assets (bps)[3,4]	17	18	49			18	34
Information by business line / asset class							
Net new money (USD bn)[3]							
Equities	13.8	(4.1)	(10.4)			9.7	(12.8)
Fixed Income	(0.7)	19.2	(0.3)			18.5	3.8
of which: money market	*(2.4)*	*18.0*	*0.5*			*15.6*	*(6.0)*
Multi-asset & Solutions	0.9	1.3	1.4			2.3	5.4
Hedge Fund Businesses	0.0	(0.9)	(1.6)			(0.8)	0.0
Real Estate & Private Markets	3.0	(1.2)	(0.7)			1.8	(0.4)
Total net new money excluding associates	17.0	14.4	(11.7)			31.4	(3.9)
of which: net new money excluding money market	*19.5*	*(3.6)*	*(12.1)*			*15.9*	*2.0*
Associates[5]	0.1	(0.3)	2.5			(0.1)	3.4
Total net new money[4]	17.2	14.1	(9.2)			31.3	(0.5)
Invested assets (USD bn)[3]							
Equities	519	481	449	8	16	519	449
Fixed Income	321	320	262	0	22	321	262
of which: money market	*136*	*138*	*85*	*(1)*	*60*	*136*	*85*
Multi-asset & Solutions	168	161	163	4	3	168	163
Hedge Fund Businesses	55	55	53	1	4	55	53
Real Estate & Private Markets	102	100	99	3	4	102	99
Total invested assets excluding associates	1,165	1,117	1,026	4	14	1,165	1,026
of which: passive strategies	*508*	*468*	*440*	*9*	*15*	*508*	*440*
Associates[5]	23	24	21	(5)	9	23	21
Total invested assets[4]	1,188	1,140	1,047	4	13	1,188	1,047
Information by region							
Invested assets (USD bn)[3]							
Americas	328	321	261	2	26	328	261
Asia Pacific[4]	173	177	174	(2)	(1)	173	174
Europe, Middle East and Africa (excluding Switzerland)	303	274	263	11	15	303	263
Switzerland	384	369	349	4	10	384	349
Total invested assets[4]	1,188	1,140	1,047	4	13	1,188	1,047
Information by channel							
Invested assets (USD bn)[3]							
Third-party institutional	656	626	593	5	10	656	593
Third-party wholesale	124	123	119	0	4	124	119
UBS's wealth management businesses	386	368	314	5	23	386	314
Associates[5]	23	24	21	(5)	9	23	21
Total invested assets[4]	1,188	1,140	1,047	4	13	1,188	1,047

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Net management fees include transaction fees, fund administration revenues (including net interest and trading income from lending activities and foreign exchange hedging as part of the fund services offering), distribution fees, incremental fund-related expenses, gains or losses from seed money and co-investments, funding costs, the negative pass-through impact of third-party performance fees, and other items that are not Asset Management's performance fees. 3 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 4 Comparative figures have been restated to include net new money and invested assets from associates, to better reflect the business strategy. 5 The invested assets and net new money amounts reported for associates are prepared in accordance with their local regulatory requirements and practices.

Results: 2Q23 vs 2Q22

Profit before tax decreased by USD 869m, or 91%, to USD 90m, primarily due to the second quarter of 2022 including a gain of USD 848m from the sale of our shareholding in the Mitsubishi Corp.-UBS Realty Inc. joint venture. Excluding that gain, profit before tax decreased by USD 22m, or 19%, primarily reflecting lower net management and performance fees.

› **Refer to the "Recent developments" section of the UBS Group second quarter 2022 report for more information about the sale of our shareholding in Mitsubishi Corp.-UBS Realty Inc.**

Total revenues

Total revenues decreased by USD 873m, or 64%, to USD 499m. The decrease was primarily due to the second quarter of 2022 including the aforementioned gain of USD 848m. Excluding that gain, total revenues decreased by USD 25m, or 5%.

Net management fees decreased by USD 23m, or 5%, to USD 492m, mainly reflecting negative market performance and pressure on margins from asset shifts.

Performance fees decreased by USD 2m to USD 7m, mainly in Hedge Fund Businesses and Equities.

Operating expenses

Operating expenses decreased by USD 4m, or 1%, to USD 409m, mainly reflecting lower personnel expenses, partly offset by foreign currency effects and increases in technology, control functions and general and administrative expenses.

Invested assets: 2Q23 vs 1Q23

Invested assets increased by USD 48bn to USD 1,188bn, reflecting positive market performance of USD 25bn, net new money generation of USD 17bn and foreign currency effects of USD 6bn. Excluding money market flows, net new money generation (excluding associates) was USD 19bn. The second quarter of 2023 included a USD 19.6bn inflow from a European institutional client into indexed equities.

Results: 6M23 vs 6M22

Profit before tax decreased by USD 949m, or 84%, to USD 184m, primarily due to the first half of 2022 including the aforementioned gain of USD 848m. Excluding that gain, profit before tax decreased by USD 102m, or 36%, mainly reflecting lower net management fees.

Total revenues decreased by USD 949m, or 49%, to USD 1,001m. The decrease was primarily due to the first half of 2022 including the aforementioned gain of USD 848m. Excluding that gain, total revenues decreased by USD 101m, or 9%.

Net management fees decreased by USD 105m, or 10%, to USD 971m, mainly reflecting negative market performance and foreign currency effects, as well as pressure on margins from asset shifts.

Performance fees increased by USD 5m to USD 31m.

Operating expenses were broadly stable at USD 818m, mainly reflecting lower personnel expenses, offset by increases in technology expenses, general and administrative expenses, and control functions expenses.

Comparison between the Asset Management UBS Group AG consolidated scope and the UBS AG consolidated scope

The table below contains a comparison of selected financial information for UBS Group AG consolidated and UBS AG consolidated. The differences arise because UBS Group AG and UBS Business Solutions AG are included in the UBS Group AG consolidated scope but not in that of UBS AG.

Asset Management

	As of or for the quarter ended						Year-to-date			
	30.6.23		31.3.23		30.6.22		30.6.23		30.6.22	
USD m	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated
Results										
Total revenues	499	499	502	502	1,372	1,372	1,001	1,001	1,950	1,950
Credit loss expense / (release)	0	0	0	0	0	0	0	0	0	0
Operating expenses	409	410	408	408	413	413	818	818	817	815
Business division operating profit / (loss) before tax	90	89	94	94	959	959	184	184	1,133	1,135

Investment Bank

Investment Bank[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Results							
Advisory	160	171	209	(6)	(23)	331	425
Capital Markets	210	212	168	(1)	25	422	502
Global Banking	371	383	377	(3)	(2)	753	927
Execution Services	358	422	399	(15)	(10)	780	895
Derivatives & Solutions	631	1,007	839	(37)	(25)	1,638	2,257
Financing	533	537	479	(1)	11	1,070	924
Global Markets	1,521	1,967	1,718	(23)	(11)	3,488	4,076
of which: Equities	*1,134*	*1,308*	*1,274*	*(13)*	*(11)*	*2,442*	*2,979*
of which: Foreign Exchange, Rates and Credit	*387*	*658*	*444*	*(41)*	*(13)*	*1,046*	*1,097*
Total revenues	1,892	2,349	2,094	(19)	(10)	4,241	5,003
Credit loss expense / (release)	1	7	(28)	(86)		8	(24)
Operating expenses	1,753	1,866	1,712	(6)	2	3,618	3,688
Business division operating profit / (loss) before tax	139	477	410	(71)	(66)	615	1,339
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(66.2)	(48.7)	(38.7)			(54.0)	23.9
Cost / income ratio (%)[2]	92.6	79.4	81.8			85.3	73.7
Average attributed equity (USD bn)	12.8	13.0	13.3	(1)	(4)	12.9	13.2
Return on attributed equity (%)[2]	4.3	14.6	12.3			9.5	20.2
Average VaR (1-day, 95% confidence, 5 years of historical data)	12	12	11	1	8	12	11

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method.

Results: 2Q23 vs 2Q22

Profit before tax decreased by USD 271m, or 66%, to USD 139m, mainly driven by lower total revenues.

Total revenues

Total revenues decreased by USD 202m, or 10%, to USD 1,892m, reflecting lower revenues in Global Markets and Global Banking.

Global Banking

Global Banking revenues decreased by USD 6m, or 2%, to USD 371m, driven by lower Advisory revenues, partly offset by increased Capital Markets revenues. Fee-pool-comparable revenues[1] decreased 17%, compared with a 19% decrease in the overall global fee pool.[2]

Advisory revenues decreased by USD 49m, or 23%, to USD 160m, due to lower merger and acquisition transaction revenues, which decreased by USD 48m, or 26%, compared with a 41% decrease in the relevant global fee pool.[2]

Capital Markets revenues increased by USD 42m, or 25%, to USD 210m, mainly due to higher Leveraged Capital Markets revenues, which increased by USD 39m, or 269%. This was primarily due to a mark-to-market loss of USD 59m in the second quarter of 2022. Capital Markets fee-pool-comparable revenues[1] decreased by USD 7m, or 5%, compared with a 1% increase in the relevant global fee pool.[2]

Global Markets

Global Markets revenues decreased by USD 197m, or 11%, to USD 1,521m, primarily driven by lower Derivatives & Solutions and Execution Services revenues, partly offset by higher Financing revenues.

Execution Services revenues decreased by USD 41m, or 10%, to USD 358m, driven by lower Cash Equities revenues, due to lower exchange-traded volumes.

Derivatives & Solutions revenues decreased by USD 208m, or 25%, to USD 631m, driven by decreasing volatility during the second quarter of 2023, and lower client activity levels. The decreases were primarily in Equity Derivatives, Rates and Foreign Exchange revenues, partly offset by Credit revenues.

Financing revenues increased by USD 54m, or 11%, to USD 533m, with increases across all products, led by Equity Financing.

Equities
Global Markets Equities revenues decreased by USD 140m, or 11%, to USD 1,134m, mainly driven by Equity Derivatives revenues.

Foreign Exchange, Rates and Credit
Global Markets Foreign Exchange, Rates and Credit revenues decreased by USD 57m, or 13%, to USD 387m, primarily driven by lower Rates and Foreign Exchange revenues, partly offset by Credit revenues.

Credit loss expense / release
Net credit loss expenses were USD 1m, compared with net releases of USD 28m in the second quarter of 2022.

Operating expenses
Operating expenses increased by USD 41m, or 2%, to USD 1,753m, mainly driven by higher technology expenses and increases across a number of other expense lines, partly offset by lower provisions for litigation, regulatory and similar matters.

Results: 6M23 vs 6M22

Profit before tax decreased by USD 724m, or 54%, to USD 615m, mainly reflecting lower total revenues, partly offset by lower operating expenses.

Total revenues decreased by USD 762m, or 15%, to USD 4,241m, reflecting lower revenues in Global Markets and Global Banking.

Global Banking revenues decreased by USD 174m, or 19%, to USD 753m, reflecting lower Advisory and Capital Markets revenues. Our fee-pool-comparable revenues[1] decreased 27%, compared with a 26% decrease in the overall global fee pool.[2]

Advisory revenues decreased by USD 94m, or 22%, to USD 331m, due to lower merger and acquisition transaction revenues, which decreased by USD 88m, or 23%, compared with a 37% decrease in the relevant global fee pool.[2]

Capital Markets revenues decreased by USD 80m, or 16%, to USD 422m, mainly reflecting a USD 37m, or 25%, decrease in Equity Capital Markets revenues, compared with an 11% increase in the relevant global fee pool,[2] and a USD 14m, or 12%, decrease in Debt Capital Markets fee-pool-comparable revenues,[1] compared with a 9% decrease in the relevant global fee pool.[2]

Global Markets revenues decreased by USD 588m, or 14%, to USD 3,488m, driven by lower Derivatives & Solutions and Execution Services revenues, partly offset by higher Financing revenues.

Execution Services revenues decreased by USD 115m, or 13%, to USD 780m, mainly driven by Cash Equities revenues, due to lower exchange-traded volumes.

Derivatives & Solutions revenues decreased by USD 619m, or 27%, to USD 1,638m, mainly driven by Equity Derivatives revenues.

Financing revenues increased by USD 146m, or 16%, to USD 1,070m, with increases across all products.

Global Markets Equities revenues decreased by USD 537m, or 18%, to USD 2,442m, mainly driven by Equity Derivatives revenues.

Global Markets Foreign Exchange, Rates and Credit revenues decreased by USD 51m, or 5%, to USD 1,046m.

Net credit loss expenses were USD 8m, compared with net releases of USD 24m in the first half of 2022.

Operating expenses decreased by USD 70m, or 2%, to USD 3,618m, mainly driven by lower variable compensation, partly offset by higher technology expenses.

Comparison between the Investment Bank UBS Group AG consolidated scope and the UBS AG consolidated scope

The table below contains a comparison of selected financial information for UBS Group AG consolidated and UBS AG consolidated. The differences arise as UBS Group AG and UBS Business Solutions AG are included in the UBS Group AG consolidated scope but not in that of UBS AG.

Investment Bank

	As of or for the quarter ended						Year-to-date			
	30.6.23		31.3.23		30.6.22		30.6.23		30.6.22	
USD m	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated	UBS Group AG consolidated	UBS AG consolidated
Results										
Total revenues	1,892	1,891	2,349	2,345	2,094	2,090	4,241	4,236	5,003	5,000
Credit loss expense / (release)	1	1	7	7	(28)	(28)	8	8	(24)	(24)
Operating expenses	1,753	1,757	1,866	1,883	1,712	1,730	3,618	3,639	3,688	3,729
Business division operating profit / (loss) before tax	139	133	477	455	410	388	615	588	1,339	1,295

1 UBS fee-pool-comparable revenues consist of revenues from: merger-and-acquisition-related transactions; Equity Capital Markets, excluding derivatives; Leveraged Capital Markets, excluding the impact of mark-to-market movements on loan portfolios; and Debt Capital Markets, excluding revenues related to debt underwriting of UBS instruments.
2 Source: Dealogic, as of 30 June 2023.

Group Functions

Group Functions[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	1Q23	2Q22	30.6.23	30.6.22
Results							
Total revenues	(72)	(73)	(159)	(2)	(55)	(145)	(144)
Credit loss expense / (release)	0	0	2			0	2
Operating expenses	489	816	272	(40)	80	1,305	514
Operating profit / (loss) before tax	(561)	(889)	(433)	(37)	29	(1,450)	(660)
of which: Group Treasury	*(48)*	*(59)*	*(287)*	*(18)*	*(83)*	*(107)*	*(456)*
of which: Non-core and Legacy Portfolio	*8*	*(676)*	*1*		*447*	*(668)*	*46*
of which: Group Services	*(521)*	*(155)*	*(148)*	*236*	*252*	*(676)*	*(251)*

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period.

Results: 2Q23 vs 2Q22

Group Functions recorded a loss before tax of USD 561m, compared with a loss of USD 433m.

Group Treasury

The Group Treasury result was negative USD 48m, compared with negative USD 287m. Income from accounting asymmetries, including hedge accounting ineffectiveness, was net negative USD 32m, compared with net negative income of USD 237m. The impacts in the prior-year quarter were driven by mark-to-market effects on portfolio-level economic hedges due to rising interest rates and cross-currency-basis widening. Income related to centralized Group Treasury risk management was negative USD 17m, compared with negative USD 41m.

Non-core and Legacy Portfolio

The Non-core and Legacy Portfolio result was positive USD 8m, compared with positive USD 1m.

Group Services

The Group Services result was negative USD 521m, compared with negative USD 148m, mainly related to USD 288m integration-related expenses associated with the acquisition of the Credit Suisse Group and an USD 86m increase in funding costs related to deferred tax assets (DTAs), partly offset by remeasurement losses of USD 46m on properties held for sale in the second quarter of 2022.

Results: 6M23 vs 6M22

Group Functions recorded a loss before tax of USD 1,450m, compared with a loss of USD 660m.

The Group Treasury result was negative USD 107m, compared with negative USD 456m. This included income from accounting asymmetries, including hedge accounting ineffectiveness, of net negative USD 128m, compared with net negative income of USD 385m. Income related to centralized Group Treasury risk management was positive USD 28m, compared with negative USD 55m in the first half of 2022.

The Non-core and Legacy Portfolio result was negative USD 668m, compared with positive USD 46m. This was mainly due to an increase in provisions of USD 665m related to the US residential mortgage-backed securities litigation matter.

The Group Services result was negative USD 676m, compared with negative USD 251m, mainly related to USD 288m integration-related expenses associated with the acquisition of the Credit Suisse Group and a USD 180m increase in funding costs related to DTAs, partly offset by remeasurement losses of USD 46m on properties held for sale in the first half of 2022.

Risk, capital, liquidity and funding, and balance sheet

Management report

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Risk management and control

This section provides information about key developments during the reporting period and should be read in conjunction with the "Risk management and control" section of the Annual Report 2022.

Credit risk

Overall banking products exposure

Overall banking products exposure increased by USD 28bn to USD 694bn as of 30 June 2023, driven by a USD 15bn increase in balances at central banks and a USD 7bn increase in amounts due from banks.

Total net credit loss expenses were USD 16m, reflecting USD 10m net credit loss releases related to stage 1 and 2 positions and USD 26m net credit loss expenses related to stage 3 positions.

› **Refer to the "Balance sheet and off-balance sheet" section of this report for more information about balance sheet movements**

› **Refer to the "UBS AG consolidated performance" section and "Note 7 Expected credit loss measurement" in the "Consolidated financial statements" section of this report for more information about credit loss expense / release**

Loan underwriting

In the Investment Bank, mandated loan underwriting commitments on a notional basis decreased by USD 1.1bn to USD 1.9bn as of 30 June 2023, mainly driven by exited deals, as well as distribution and syndication activities. USD 0.3bn of commitments had not yet been distributed as originally planned as of 30 June 2023.

Loan underwriting exposures are classified as held for trading, with fair values reflecting the market conditions at the end of the quarter. Credit hedges are in place to help protect against fair value movements in the portfolio.

Banking and traded products exposure in the business divisions and Group Functions

	30.6.23					
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
Banking products[1]						
Gross exposure	322,668	241,501	1,361	63,117	65,823	694,470
of which: loans and advances to customers (on-balance sheet)	*214,887*	*162,721*	*(1)*	*12,750*	*8,098*	*398,455*
of which: guarantees and loan commitments (off-balance sheet)	*13,861*	*27,296*	*0*	*13,361*	*9,025*	*63,543*
Traded products[2,3]						
Gross exposure	8,668	345	0	33,041		42,054
of which: over-the-counter derivatives	*6,666*	*330*	*0*	*9,061*		*16,057*
of which: securities financing transactions	*0*	*0*	*0*	*16,536*		*16,536*
of which: exchange-traded derivatives	*2,002*	*15*	*0*	*7,444*		*9,460*
Other credit lines, gross[4]	12,813	25,002	0	5,357	1,544	44,716
Total credit-impaired exposure, gross (stage 3)	781	1,549	0	324	6	2,660
Total allowances and provisions for expected credit losses (stages 1 to 3)	225	734	0	170	8	1,136
of which: stage 1	*86*	*163*	*0*	*53*	*5*	*307*
of which: stage 2	*51*	*145*	*0*	*48*	*0*	*244*
of which: stage 3	*88*	*426*	*0*	*69*	*3*	*585*

	31.3.23					
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
Banking products[1]						
Gross exposure	320,390	236,694	1,455	70,741	37,169	666,449
of which: loans and advances to customers (on-balance sheet)	*218,213*	*157,747*	*(1)*	*13,834*	*6,440*	*396,234*
of which: guarantees and loan commitments (off-balance sheet)	*11,998*	*27,995*	*0*	*13,475*	*8,976*	*62,445*
Traded products[2,3]						
Gross exposure	8,816	300	0	32,785		41,902
of which: over-the-counter derivatives	*6,902*	*282*	*0*	*8,450*		*15,634*
of which: securities financing transactions	*0*	*0*	*0*	*17,193*		*17,193*
of which: exchange-traded derivatives	*1,914*	*19*	*0*	*7,142*		*9,075*
Other credit lines, gross[4]	12,296	24,006	0	4,658	1,010	41,970
Total credit-impaired exposure, gross (stage 3)	763	1,409	0	319	6	2,497
Total allowances and provisions for expected credit losses (stages 1 to 3)	226	714	0	173	8	1,121
of which: stage 1	*88*	*146*	*0*	*45*	*5*	*284*
of which: stage 2	*52*	*166*	*0*	*52*	*0*	*271*
of which: stage 3	*86*	*402*	*0*	*76*	*3*	*567*

1 IFRS 9 gross exposure including other financial assets at amortized cost, but excluding cash, receivables from securities financing transactions, cash collateral receivables on derivative instruments, financial assets at fair value through other comprehensive income, irrevocable committed prolongation of existing loans and unconditionally revocable committed credit lines, and forward starting reverse repurchase and securities borrowing agreements. 2 Internal management view of credit risk, which differs in certain respects from IFRS. 3 As counterparty risk for traded products is managed at counterparty level, no further split between exposures in the Investment Bank and Group Functions is provided. 4 Unconditionally revocable committed credit lines.

Collateralization of Loans and advances to customers[1]

	UBS AG		*of which: Global Wealth Management*		*of which: Personal & Corporate Banking*		*of which: Investment Bank*	
USD m, except where indicated	30.6.23	31.3.23	30.6.23	31.3.23	30.6.23	31.3.23	30.6.23	31.3.23
Secured by collateral	376,474	374,110	*212,280*	*215,803*	*145,375*	*141,512*	*11,549*	*11,660*
Residential real estate	*180,607*	*176,006*	*64,178*	*63,237*	*116,429*	*112,769*	*0*	*0*
Commercial / industrial real estate	*26,875*	*25,971*	*4,990*	*4,974*	*21,291*	*20,416*	*593*	*580*
Cash	*36,152*	*35,178*	*25,884*	*27,278*	*3,046*	*2,992*	*1*	*1*
Equity and debt instruments	*109,849*	*112,353*	*101,435*	*103,480*	*2,191*	*2,177*	*6,174*	*6,467*
Other collateral	*22,991*	*24,602*	*15,792*	*16,834*	*2,418*	*3,157*	*4,781*	*4,612*
Subject to guarantees	2,814	2,889	*103*	*112*	*2,669*	*2,697*	*42*	*80*
Uncollateralized and not subject to guarantees	19,167	19,235	*2,504*	*2,297*	*14,677*	*13,538*	*1,159*	*2,095*
Total loans and advances to customers, gross	398,455	396,234	*214,887*	*218,213*	*162,721*	*157,747*	*12,750*	*13,834*
Allowances	(859)	(804)	*(154)*	*(154)*	*(601)*	*(557)*	*(101)*	*(90)*
Total loans and advances to customers, net of allowances	397,596	395,429	*214,733*	*218,059*	*162,120*	*157,190*	*12,649*	*13,744*
Collateralized loans and advances to customers in % of total loans and advances of customers, gross (%)	94.5	94.4	*98.8*	*98.9*	*89.3*	*89.7*	*90.6*	*84.3*

1 Collateral arrangements generally incorporate a range of collateral, including cash, securities, real estate and other collateral. UBS AG applies a risk-based approach that generally prioritizes collateral according to its liquidity profile.

Market risk

UBS AG consolidated continued to maintain generally low levels of management value-at-risk (VaR). Average management VaR (1-day, 95% confidence level) was unchanged, at USD 13m at the end of the second quarter of 2023.

There were no new VaR negative backtesting exceptions in the second quarter of 2023. The number of negative backtesting exceptions within the most recent 250-business-day window remained at one. The Swiss Financial Market Supervisory Authority (FINMA) VaR multiplier derived from backtesting exceptions for market risk risk-weighted assets was unchanged compared with the prior quarter, at 3.0.

Management value-at-risk (1-day, 95% confidence, 5 years of historical data) of the business divisions and Group Functions by general market risk type[1]

					Average by risk type				
USD m	Min.	Max.	Period end	Average	Equity	Interest rates	Credit spreads	Foreign exchange	Commodities
Global Wealth Management	1	2	1	1	0	1	2	0	0
Personal & Corporate Banking	0	0	0	0	0	0	0	0	0
Asset Management	0	0	0	0	0	0	0	0	0
Investment Bank	5	18	16	12	8	10	4	2	3
Group Functions	3	6	5	5	1	3	3	0	0
Diversification effect[2,3]			(5)	(4)	(1)	(3)	(4)	(1)	0
Total as of 30.6.23	7	20	18	13	8	11	6	2	3
Total as of 31.3.23	7	24	16	13	7	12	6	2	3

1 Statistics at individual levels may not be summed to deduce the corresponding aggregate figures. The minima and maxima for each level may occur on different days, and, likewise, the value-at-risk (VaR) for each business line or risk type, being driven by the extreme loss tail of the corresponding distribution of simulated profits and losses for that business line or risk type, may well be driven by different days in the historical time series, rendering invalid the simple summation of figures to arrive at the aggregate total. 2 The difference between the sum of the standalone VaR for the business divisions and Group Functions and the total VaR. 3 As the minima and maxima for different business divisions and Group Functions occur on different days, it is not meaningful to calculate a portfolio diversification effect.

Economic value of equity and net interest income sensitivity

The economic value of equity (EVE) sensitivity in the banking book of UBS AG Consolidated to a +1-basis-point parallel shift in yield curves was negative USD 23.5m as of 30 June 2023, compared with negative USD 25.4m as of 31 March 2023. This excludes the sensitivity of USD 2.8m from additional tier 1 (AT1) capital instruments (as per specific FINMA requirements) in contrast to general Basel Committee on Banking Supervision (BCBS) guidance. The quarter on quarter change was driven by a shorter modeled duration assigned to our own equity and tighter credit spreads on debt issuances.

The majority of our interest rate risk in the banking book is a reflection of the net asset duration that we run to offset our modeled sensitivity of net USD 18.8m (31 March 2023: USD 19.6m) assigned to our equity, goodwill and real estate, with the aim of generating a stable net interest income contribution. Of this, USD 12.8m and USD 5.1m are attributable to the US dollar and the Swiss franc portfolios, respectively (31 March 2022: USD 13.9m and USD 4.9m, respectively).

In addition to the sensitivity mentioned above, we calculate the six interest rate shock scenarios prescribed by FINMA. The "Parallel up" scenario, assuming all positions were fair valued, was the most severe and would have resulted in a change in EVE of negative USD 4.4bn, or 7.9%, of our tier 1 capital (31 March 2023: negative USD 4.8bn, or 8.6%), which is well below the 15% threshold as per the BCBS supervisory outlier test for high levels of interest rate risk in the banking book.

The immediate effect on our tier 1 capital in the "Parallel up" scenario as of 30 June 2023 would have been a decrease of only USD 0.4bn, or 0.7% (31 March 2023: USD 0.4bn or 0.7%), reflecting the fact that the vast majority of our banking book is accrual accounted or subject to hedge accounting. The "Parallel up" scenario would subsequently have a positive effect on net interest income, assuming a constant balance sheet. UBS also applies granular internal interest rate shock scenarios to its banking book positions to monitor the book's specific risk profile.

Interest rate risk – banking book

	30.6.23							
USD m	Effect on EVE[1] – FINMA						Effect on EVE[1] – BCBS	
Scenarios	CHF	EUR	GBP	USD	Other	Total	Additional tier 1 (AT1) capital instruments	Total
+1 bp	(4.3)	(0.9)	(0.1)	(18.3)	0.0	(23.5)	2.8	(20.7)
Parallel up[2]	(607.7)	(157.2)	(27.8)	(3,561.0)	(18.5)	(4,372.3)	534.2	(3,838.1)
Parallel down[2]	676.1	186.3	18.5	3,575.6	18.6	4,475.0	(573.7)	3,901.3
Steepener[3]	(252.9)	(24.9)	17.9	(917.7)	(11.7)	(1,189.4)	(53.5)	(1,242.9)
Flattener[4]	135.6	(1.1)	(23.9)	70.7	6.6	187.9	171.2	359.0
Short-term up[5]	(102.2)	(49.5)	(29.5)	(1,374.6)	(2.8)	(1,558.6)	374.3	(1,184.3)
Short-term down[6]	106.5	52.4	29.6	1,495.3	3.0	1,686.7	(388.2)	1,298.6

	31.3.23							
USD m	Effect on EVE[1] – FINMA						Effect on EVE[1] – BCBS	
Scenarios	CHF	EUR	GBP	USD	Other	Total	Additional tier 1 (AT1) capital instruments	Total
+1 bp	(4.4)	(0.8)	(0.1)	(20.2)	0.0	(25.4)	3.1	(22.3)
Parallel up[2]	(625.6)	(150.2)	(16.5)	(3,951.4)	(17.3)	(4,761.0)	598.1	(4,162.9)
Parallel down[2]	697.5	178.8	6.9	3,896.4	8.8	4,788.5	(643.4)	4,145.1
Steepener[3]	(269.6)	(48.4)	(1.1)	(966.1)	(2.8)	(1,288.0)	(50.9)	(1,338.9)
Flattener[4]	148.3	23.6	(2.8)	31.7	(1.2)	199.6	182.7	382.3
Short-term up[5]	(98.1)	(23.6)	(6.7)	(1,549.2)	(9.8)	(1,687.5)	411.0	(1,276.4)
Short-term down[6]	102.5	25.0	7.2	1,719.0	7.7	1,861.4	(426.5)	1,434.9

1 Economic value of equity. 2 Rates across all tenors move by ±150 bps for Swiss franc, ±200 bps for euro and US dollar, and ±250 bps for pound sterling. 3 Short-term rates decrease and long-term rates increase. 4 Short-term rates increase and long-term rates decrease. 5 Short-term rates increase more than long-term rates. 6 Short-term rates decrease more than long-term rates.

Country risk

UBS AG remains watchful of a range of geopolitical developments and political changes in a number of countries, as well as international tensions arising from the Russia–Ukraine war and US–China trade relations. The direct exposure to Russia, Belarus and Ukraine is limited, and UBS AG continues to monitor potential second-order impacts, such as European energy security. UBS AG does have significant country risk exposure to major European economies, including France, Germany and the UK.

In the context of high inflation, central banks in most major economies have responded with interest rate hikes and tapering or reversing quantitative easing, which increases the chances of recessions in those economies. Banking sector volatility has eased, but there is still residual uncertainty about the trajectory of monetary policy. There are also related concerns about energy and food security, global supply chain stresses and tight labor markets that are creating negative pressure on growth. Following the relaxation of COVID-19 restrictions, the Chinese economy rebounded for a time, but now appears to be experiencing slower growth.

UBS AG continues to monitor potential trade policy disputes, as well as economic and political developments in addition to those mentioned above. In 2023, several emerging markets have faced economic, political and market pressures, particularly in light of interest rate hikes and a stronger US dollar. UBS AG's exposure to emerging market countries is 4% of its total country exposure, mainly in Asia.

› **Refer to the "Risk management and control" section of the Annual Report 2022 for more information on a UBS Group AG consolidated basis**

Non-financial risk[1]

UBS is actively managing the inherent intensification of non-financial risk emerging from the acquisition of the Credit Suisse Group, the current operation of dual corporate structures, and the scale, pace and complexity of the required integration activities. We are cooperating with regulators to submit and execute implementation plans under increased regulatory requirements, including regulatory remediation requirements applicable to the Credit Suisse Group. We are also assessing and addressing internal controls over financial reporting to remediate the weaknesses the Credit Suisse Group identified in its controls. A Group Integration Officer has been appointed and a dedicated function and integration program set up to oversee the organizational changes. In addition, the Group is closely monitoring operational risk indicators, including attrition, to detect any potential for adverse impact on the control environment. We also focus on managing key subject matter experts and ensuring resources are sufficient to manage key controls.

1 "UBS," "we" and "our" for purposes of this sub-section refer to UBS AG and its consolidated subsidiaries, as applicable.

There is an increased potential risk of operational disruption to business activities at our locations and / or those of third parties due to the complexity of operating an enlarged group of entities, combined with the increasingly dynamic threat environment, which is intensified by current geopolitical factors and evidenced by the increased volume and sophistication of cyberattacks. In addition, the Group faces multiple related regulatory deadlines to enhance operational resilience between 2023 and 2026. To that end, we have developed a global framework that is being implemented across all business divisions and jurisdictions, as well as provided to third parties, including third-party vendors, that are of critical importance to us. The framework will mature over time and is designed to drive enhancements in operational resilience.

A post-incident review following a ransomware attack on ION XTP in the first quarter of 2023 has been completed, and improvements to our frameworks for managing third parties that support our important business services have been identified. We intend to take actions to enhance our cyber-risk assessments and controls over third-party vendors.

Although we are continuing our efforts regarding innovation and digitalization, to ensure there is the right focus during this initial period of integration we have reprioritized some UBS changes.

The increasing interest in data-driven advisory processes, and use of artificial intelligence (AI) and machine learning, is opening up new questions related to the fairness of AI algorithms, data life cycle management, data ethics, data privacy and security, and records management. We seek to enhance our frameworks to implement controls for these risks and to meet regulatory expectations. In addition, new risks continue to emerge, such as those which result from the demand from our clients for distributed ledger tech, blockchain-based assets and cryptocurrencies; although we currently have limited exposure to such risks and relevant control frameworks for them are implemented and reviewed on a regular basis as they evolve.

Competition to find new business opportunities across the financial services sector, both for firms and for customers, is increasing. Thus, suitability risk, product selection, cross-divisional service offerings, quality of advice and price transparency also remain areas of heightened focus for UBS and for the industry as a whole.

Sustainable investing, market volatility and major legislation, such as the Swiss Financial Services Act (FIDLEG) in Switzerland, Regulation Best Interest (Reg BI) in the US and the Markets in Financial Instruments Directive II (MiFID II) in the EU, all significantly affect the industry and have required adjustments to control processes on a geographically aligned basis.

Achieving fair outcomes for our clients, upholding market integrity and cultivating the highest standards of employee conduct are of critical importance to us. We place additional focus on risk culture through our Three Keys program, as well as our conduct risk framework across our activities, which is designed to align our standards and conduct with these objectives and to retain momentum on fostering a strong culture.

Cross-border risk remains an area of regulatory attention for global financial institutions, with a strong focus on fiscal transparency, as well as market access, particularly third-country market access into the European Economic Area. Remote communication and implementation of digital solutions also require that these evolving client channels remain compliant. There is also an ongoing high level of attention regarding the risk that tax authorities may, on the basis of new interpretations of existing law, seek to impose taxation based on the existence of a permanent establishment. We maintain a series of controls designed to address these risks.

Financial crime, including money laundering, terrorist financing, sanctions violations, fraud, bribery and corruption, continues to present a major risk, as technological innovation and geopolitical developments increase the complexity of doing business and heightened regulatory attention continues. An effective financial crime prevention program therefore remains essential for UBS. Money laundering and financial fraud techniques are becoming increasingly sophisticated, and geopolitical volatility makes the sanctions landscape more complex, as new or novel sanctions may be imposed that require complex implementation in a short time frame, such as the extensive and continuously evolving sanctions arising from the Russia–Ukraine war.

In the US, the Office of the Comptroller of the Currency (the OCC) issued a Cease and Desist Order against us in May 2018 relating to our US branch anti-money-laundering (AML) and know-your-client (KYC) programs. In response, we initiated an extensive program for the purpose of ensuring sustainable remediation of US-relevant Bank Secrecy Act / AML issues across all our US legal entities. We have introduced significant improvements to the framework beginning in 2019 and continue to evolve it in response to new and emerging risks.

We continue to focus on strategic enhancements to our global AML / KYC and sanctions programs, including the exploration of new technologies and sophisticated monitoring and analytical capabilities, as well as the application of risk appetite statements for markets.

In September 2022, the Securities and Exchange Commission (the SEC) and the Commodity Futures Trading Commission (the CFTC) issued settlement orders with UBS AG relating to communications recordkeeping requirements in our US broker-dealers and our registered swap dealer. In response, we have initiated a program to remediate identified shortcomings.

Capital management

The disclosures in this section are provided for UBS AG on a consolidated basis and focus on key developments during the reporting period and information in accordance with the Basel III framework, as applicable to Swiss systemically relevant banks (SRBs). They should be read in conjunction with "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of the Annual Report 2022, which provides more information about relevant capital management objectives, planning and activities, as well as the Swiss SRB total loss-absorbing capacity framework, on a UBS Group AG consolidated basis.

UBS AG has contributed a significant portion of capital to, and provides substantial liquidity to, its subsidiaries. Many of these subsidiaries are subject to regulations requiring compliance with minimum capital, liquidity and similar requirements.

› **Refer to the 30 June 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors*, for more information about additional regulatory disclosures for UBS Group AG on a consolidated basis, as well as its significant regulated subsidiaries and sub-groups**

Swiss SRB going and gone concern requirements and information

As of 30.6.23	RWA		LRD	
USD m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	14.70[1]	47,527	5.00[1]	52,416
Common equity tier 1 capital	10.40	33,621	3.50[2]	36,691
of which: minimum capital	*4.50*	*14,553*	*1.50*	*15,725*
of which: buffer capital	*5.50*	*17,787*	*2.00*	*20,966*
of which: countercyclical buffer	*0.40*	*1,280*		
Maximum additional tier 1 capital	4.30	13,906	1.50	15,725
of which: additional tier 1 capital	*3.50*	*11,319*	*1.50*	*15,725*
of which: additional tier 1 buffer capital	*0.80*	*2,587*		
Eligible going concern capital				
Total going concern capital	17.01	55,017	5.25	55,017
Common equity tier 1 capital	13.39	43,300	4.13	43,300
Total loss-absorbing additional tier 1 capital	3.62	11,718	1.12	11,718
of which: high-trigger loss-absorbing additional tier 1 capital	*3.26*	*10,528*	*1.00*	*10,528*
of which: low-trigger loss-absorbing additional tier 1 capital[3]	*0.37*	*1,189*	*0.11*	*1,189*
Required gone concern capital				
Total gone concern loss-absorbing capacity[4,5,6]	10.73	34,685	3.75	39,312
of which: base requirement including add-ons for market share and LRD	*10.73*[7]	*34,685*	*3.75*[7]	*39,312*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	15.95	51,572	4.92	51,572
Total tier 2 capital	0.17	539	0.05	539
of which: non-Basel III-compliant tier 2 capital	*0.17*	*539*	*0.05*	*539*
TLAC-eligible senior unsecured debt	15.78	51,033	4.87	51,033
Total loss-absorbing capacity				
Required total loss-absorbing capacity	25.42	82,212	8.75	91,727
Eligible total loss-absorbing capacity	32.96	106,589	10.17	106,589
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		323,406		
Leverage ratio denominator				1,048,313

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

UBS AG, on a consolidated basis, is subject to the going and gone concern requirements of the Swiss Capital Adequacy Ordinance that include the too-big-to-fail provisions applicable to Swiss SRBs. The table above provides the risk-weighted asset (RWA)- and leverage ratio denominator (LRD)-based requirements and information as of 30 June 2023.

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

UBS AG and UBS Switzerland AG are subject to going and gone concern requirements on a standalone basis.

Total loss-absorbing capacity

The table below provides Swiss SRB going and gone concern information based on the Swiss SRB framework and requirements that are discussed under "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of the Annual Report 2022. Changes to the Swiss SRB framework and requirements after the publication of the Annual Report 2022 are described above.

Swiss SRB going and gone concern information

USD m, except where indicated	30.6.23	31.3.23	31.12.22
Eligible going concern capital			
Total going concern capital	55,017	55,116	54,770
Total tier 1 capital	55,017	55,116	54,770
Common equity tier 1 capital	43,300	42,801	42,929
Total loss-absorbing additional tier 1 capital	11,718	12,315	11,841
of which: high-trigger loss-absorbing additional tier 1 capital	*10,528*	*11,118*	*10,654*
of which: low-trigger loss-absorbing additional tier 1 capital	*1,189*	*1,198*	*1,187*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	51,572	52,624	46,991
Total tier 2 capital	539	2,975	2,958
of which: low-trigger loss-absorbing tier 2 capital	*0*	*2,438*	*2,422*
of which: non-Basel III-compliant tier 2 capital	*539*	*538*	*536*
TLAC-eligible senior unsecured debt	51,033	49,649	44,033
Total loss-absorbing capacity			
Total loss-absorbing capacity	106,589	107,741	101,761
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	323,406	321,224	317,823
Leverage ratio denominator	1,048,313	1,018,023	1,029,561
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	17.0	17.2	17.2
of which: common equity tier 1 capital ratio	*13.4*	*13.3*	*13.5*
Gone concern loss-absorbing capacity ratio	15.9	16.4	14.8
Total loss-absorbing capacity ratio	33.0	33.5	32.0
Leverage ratios (%)			
Going concern leverage ratio	5.2	5.4	5.3
of which: common equity tier 1 leverage ratio	*4.13*	*4.20*	*4.17*
Gone concern leverage ratio	4.9	5.2	4.6
Total loss-absorbing capacity leverage ratio	10.2	10.6	9.9

Total loss-absorbing capacity and movement

Total loss-absorbing capacity (TLAC) decreased by USD 1.2bn to USD 106.6bn in the second quarter of 2023.

Going concern capital and movement

Going concern capital decreased by USD 0.1bn to USD 55.0bn. Common equity tier 1 (CET1) capital increased by USD 0.5bn to USD 43.3bn, mainly reflecting operating profit before tax of USD 1.5bn, with associated current tax expenses of USD 0.4bn, and positive effects from foreign currency translation of USD 0.2bn, partly offset by additional dividend accruals of USD 0.9bn.

Additional tier 1 (AT1) capital decreased by USD 0.6bn to USD 11.7bn, mainly as one high-trigger loss-absorbing AT1 capital instrument previously on-lent from the Group to UBS AG was transferred to Credit Suisse AG on 30 June 2023.

Gone concern loss-absorbing capacity and movement

Total gone concern loss-absorbing capacity decreased by USD 1.1bn to USD 51.6bn, mainly due to a low-trigger loss-absorbing tier 2 capital instrument of USD 2.4bn that ceased to be eligible as it had less than one year to maturity, the call of one TLAC-eligible unsecured debt instrument denominated in Swiss francs of USD 0.4bn, and interest rate risk hedge, foreign currency translation and other effects. These changes were partly offset by a USD 2.2bn increase in gone concern capital as the nominal amounts of two TLAC-eligible senior unsecured debt instruments not bought back under a tender offer were eligible again as gone concern capital in the second quarter of 2023 following the expiration of the tender offer on 4 April 2023. On 6 July 2023, UBS announced that it will redeem TLAC-eligible senior unsecured debt on 30 July 2023 (ISINs 144A: US902613AB45 / Reg S: USH42097BS52 with a nominal amount of USD 1.3bn, issued on 30 July 2020). This instrument remained eligible as gone concern capital as of 30 June 2023.

› **Refer to "Bondholder information" at *ubs.com/investors* for more information about the eligibility of capital and senior unsecured debt instruments and about key features and terms and conditions of capital instruments**

Loss-absorbing capacity and leverage ratios

The CET1 capital ratio increased to 13.4% from 13.3%, reflecting the aforementioned increase in CET1 capital, largely offset by a USD 2.2bn increase in RWA.

The CET1 leverage ratio decreased to 4.13% from 4.20%, due to a USD 30.3bn increase in the LRD, partly offset by the aforementioned increase in the CET1 capital.

The gone concern loss-absorbing capacity ratio decreased to 15.9% from 16.4%, due to the aforementioned decrease in gone concern loss-absorbing capacity and the increase in RWA.

The gone concern leverage ratio decreased to 4.9% from 5.2%, mainly reflecting the aforementioned increase in the LRD and the decrease in gone concern loss-absorbing capacity.

Swiss SRB total loss-absorbing capacity movement

USD m	
Going concern capital	Swiss SRB
Common equity tier 1 capital as of 31.3.23	**42,801**
Operating profit before tax	1,456
Current tax (expense) / benefit	(358)
Foreign currency translation effects, before tax	154
Other[1]	(753)
Common equity tier 1 capital as of 30.6.23	**43,300**
Loss-absorbing additional tier 1 capital as of 31.3.23	**12,315**
High-trigger loss-absorbing additional tier 1 capital transferred to Credit Suisse AG	(527)
Interest rate risk hedge, foreign currency translation and other effects	(70)
Loss-absorbing additional tier 1 capital as of 30.6.23	**11,718**
Total going concern capital as of 31.3.23	**55,116**
Total going concern capital as of 30.6.23	**55,017**
Gone concern loss-absorbing capacity	
Tier 2 capital as of 31.3.23	**2,975**
Debt no longer eligible as gone concern loss-absorbing capacity due to residual tenor falling to below one year	(2,437)
Interest rate risk hedge, foreign currency translation and other effects	1
Tier 2 capital as of 30.6.23	**539**
TLAC-eligible senior unsecured debt as of 31.3.23	**49,649**
Issuance of TLAC-eligible senior unsecured debt	82
Call of TLAC-eligible senior unsecured debt	(440)
Instruments eligible following the expiration of the tender offer	2,175
Interest rate risk hedge, foreign currency translation and other effects	(433)
TLAC-eligible senior unsecured debt as of 30.6.23	**51,033**
Total gone concern loss-absorbing capacity as of 31.3.23	**52,624**
Total gone concern loss-absorbing capacity as of 30.6.23	**51,572**
Total loss-absorbing capacity	
Total loss-absorbing capacity as of 31.3.23	**107,741**
Total loss-absorbing capacity as of 30.6.23	**106,589**

1 Includes dividend accruals for the current year (negative USD 0.9bn) and movements related to other items.

Reconciliation of IFRS equity to Swiss SRB common equity tier 1 capital

USD m	30.6.23	31.3.23	31.12.22
Total IFRS equity	53,274	58,738	56,940
Equity attributable to non-controlling interests	(352)	(352)	(342)
Defined benefit plans, net of tax	(388)	(361)	(311)
Deferred tax assets recognized for tax loss carry-forwards	(3,903)	(4,019)	(4,077)
Deferred tax assets for unused tax credits	(117)	(122)	
Deferred tax assets on temporary differences, excess over threshold	(319)	(274)	(262)
Goodwill, net of tax[1]	(5,761)	(5,758)	(5,754)
Intangible assets, net of tax	(149)	(148)	(150)
Expected losses on advanced internal ratings-based portfolio less provisions	(480)	(439)	(471)
Unrealized (gains) / losses from cash flow hedges, net of tax	4,218	3,652	4,234
Own credit related to (gains) / losses on financial liabilities measured at fair value that existed at the balance sheet date, net of tax	(391)	(582)	(523)
Own credit related to (gains) / losses on derivative financial instruments that existed at the balance sheet date	(95)	(125)	(105)
Prudential valuation adjustments	(207)	(228)	(201)
Accruals for dividends to shareholders for 2022		(6,000)	(6,000)
Other[2]	(2,030)	(1,179)	(51)
Total common equity tier 1 capital	43,300	42,801	42,929

1 Includes goodwill related to significant investments in financial institutions of USD 19m as of 30 June 2023 (USD 20m as of 31 March 2023; USD 20m as of 31 December 2022) presented on the balance sheet line Investments in associates. 2 Includes dividend accruals for the current year and other items.

Additional information

Sensitivity to currency movements

Risk-weighted assets
UBS AG estimates that a 10% depreciation of the US dollar against other currencies would have increased its RWA by USD 14bn and its CET1 capital by USD 1.4bn as of 30 June 2023 (31 March 2023: USD 13bn and USD 1.4bn, respectively) and decreased its CET1 capital ratio 13 basis points (31 March 2023: 13 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased its RWA by USD 13bn and its CET1 capital by USD 1.3bn (31 March 2023: USD 12bn and USD 1.2bn, respectively) and increased its CET1 capital ratio 13 basis points (31 March 2023: 13 basis points).

Leverage ratio denominator
UBS AG estimates that a 10% depreciation of the US dollar against other currencies would have increased its LRD by USD 63bn as of 30 June 2023 (31 March 2023: USD 62bn) and decreased its CET1 leverage ratio 11 basis points (31 March 2023: 12 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased its LRD by USD 57bn (31 March 2023: USD 56bn) and increased its CET1 leverage ratio 11 basis points (31 March 2023: 12 basis points).

The aforementioned sensitivities do not consider foreign currency translation effects related to defined benefit plans other than those related to the currency translation of the net equity of foreign operations.

› **Refer to "Active management of sensitivity to foreign exchange movements" under "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of the Annual Report 2022 for more information on a UBS Group AG consolidated basis**

Estimated effect on capital from litigation, regulatory and similar matters subject to provisions and contingent liabilities

The estimated loss in capital that UBS AG could incur as a result of the risks associated with the matters is described in "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report. UBS AG has employed for this purpose the advanced measurement approach (AMA) methodology that UBS uses when determining the capital requirements associated with operational risks, based on a 99.9% confidence level over a 12-month horizon. The methodology takes into consideration UBS and industry experience for the AMA operational risk categories to which those matters correspond, as well as the external environment affecting risks of these types, in isolation from other areas. On this basis, the maximum loss in capital that it could incur over a 12-month period as a result of the risks associated with these operational risk categories has been estimated at USD 4.0bn as of 30 June 2023. This estimate is not related to and does not take into account any provisions recognized for any of these matters and does not constitute a subjective assessment of the actual exposure in any of these matters.

› **Refer to "Non-financial risk" in the "Risk management and control" section of the Annual Report 2022 for more information on a UBS Group AG consolidated basis**

› **Refer to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information**

Risk-weighted assets

During the second quarter of 2023, RWA increased by USD 2.2bn to USD 323.4bn, reflecting increases of USD 1.5bn from asset size and other movements, as well as USD 1.4bn from currency effects, partly offset by a decrease of USD 0.7bn from model updates.

Movement in risk-weighted assets by key driver

USD bn	RWA as of 31.3.23	Currency effects	Methodology and policy changes	Model updates / changes	Regulatory add-ons	Asset size and other[1]	RWA as of 30.6.23
Credit and counterparty credit risk[2]	202.0	1.4		(0.5)		2.6	205.5
Non-counterparty-related risk[3]	22.7	0.1				(0.4)	22.4
Market risk	15.1			(0.2)		(0.8)	14.1
Operational risk	81.4						81.4
Total	**321.2**	**1.4**		**(0.7)**		**1.5**	**323.4**

1 Includes the Pillar 3 categories "Asset size," "Credit quality of counterparties," "Acquisitions and disposals" and "Other." For more information, refer to the 30 June 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors. 2 Includes settlement risk, credit valuation adjustments, equity exposures in the banking book, investments in funds and securitization exposures in the banking book. 3 Non-counterparty-related risk includes deferred tax assets recognized for temporary differences, property, equipment, software and other items.

Credit and counterparty credit risk

Credit and counterparty credit risk RWA were USD 205.5bn as of 30 June 2023. The increase of USD 3.5bn included currency effects of USD 1.4bn.

Asset size and other movements resulted in a USD 2.6bn increase in RWA.

– Personal & Corporate Banking RWA increased by USD 1.2bn, primarily driven by higher RWA from loans.
– Global Wealth Management RWA increased by USD 1.2bn, mainly due to higher RWA from loans and loan commitments.
– Investment Bank RWA increased by USD 0.2bn, mainly reflecting an increase in RWA on derivatives that was almost entirely offset by lower RWA from loans.
– Group Functions RWA increased by USD 0.1bn.
– Asset Management RWA decreased by USD 0.1bn.

Model updates resulted in an RWA decrease of USD 0.5bn, primarily driven by an RWA decrease of USD 1.6bn related to the recalibration of certain multipliers as a result of improvements to models, as well as a USD 0.7bn decrease in RWA related to updates to the internal model method for derivatives. These decreases were partly offset by an increase of USD 0.6bn related to the quarterly phase-in impact for updates to the loss-given-default model for private equity and hedge fund financing trades, an increase of USD 0.6bn related to a model update for hedge funds, as well as an increase of USD 0.6bn related to a model update for income-producing real estate.

› **Refer to the "Risk management and control" section of this report for more information**
› **Refer to the 30 June 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors*, for more information on a UBS Group AG consolidated basis**
› **Refer to "Credit risk models" in the "Risk management and control" section of the Annual Report 2022 for more information on a UBS Group AG consolidated basis**

Market risk

Market risk RWA decreased by USD 1.0bn to USD 14.1bn in the second quarter of 2023, driven by a decrease of USD 0.8bn from asset size and other movements in the Investment Bank's Global Markets business and a decrease of USD 0.2bn related to ongoing parameter updates of the value-at-risk (VaR) model. UBS is in discussions with FINMA regarding the integration of time decay into the regulatory VaR, which would replace the current add-on.

› **Refer to the "Risk management and control" section of this report for more information**
› **Refer to the 30 June 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors,* for more information on a UBS Group AG consolidated basis**
› **Refer to "Market risk" in the "Risk management and control" section of the Annual Report 2022 for more information on a UBS Group AG consolidated basis**

Operational risk

Operational risk RWA were unchanged at USD 81.4bn.

- **Refer to "Note 15 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information about the French cross-border matter**
- **Refer to "Non-financial risk" in the "Risk management and control" section of the Annual Report 2022 for information about the advanced measurement approach model on a UBS Group AG consolidated basis**

Risk-weighted assets by business division and Group Functions

USD bn	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	Group Functions	Total RWA
			30.6.23			
Credit and counterparty credit risk[1]	70.1	69.7	2.3	56.2	7.2	205.5
Non-counterparty-related risk[2]	5.7	1.9	0.6	3.8	10.4	22.4
Market risk	1.7	0.0		10.4	2.0	14.1
Operational risk	37.6	9.1	3.2	21.3	10.1	81.4
Total	115.1	80.7	6.0	91.7	29.8	323.4
			31.3.23			
Credit and counterparty credit risk[1]	68.4	67.0	2.4	57.1	7.2	202.0
Non-counterparty-related risk[2]	5.8	1.9	0.6	3.8	10.6	22.7
Market risk	1.8	0.0		11.5	1.8	15.1
Operational risk	37.6	9.1	3.2	21.3	10.1	81.4
Total	**113.6**	**78.0**	**6.1**	**93.8**	**29.7**	**321.2**
			30.6.23 vs 31.3.23			
Credit and counterparty credit risk[1]	1.7	2.7	(0.1)	(0.9)	0.1	3.5
Non-counterparty-related risk[2]	(0.1)	0.0	0.0	0.0	(0.1)	(0.3)
Market risk	(0.1)	0.0		(1.1)	0.2	(1.0)
Operational risk						
Total	**1.5**	**2.7**	**(0.1)**	**(2.1)**	**0.2**	**2.2**

1 Includes settlement risk, credit valuation adjustments, equity exposures in the banking book, investments in funds and securitization exposures in the banking book. 2 Non-counterparty-related risk includes deferred tax assets recognized for temporary differences (30 June 2023: USD 10.9bn; 31 March 2023: USD 10.9bn), as well as property, equipment, software and other items (30 June 2023: USD 11.5bn; 31 March 2023: USD 11.8bn).

Leverage ratio denominator

During the second quarter of 2023, the LRD increased by USD 30.3bn to USD 1,048.3bn, driven by asset size and other movements of USD 24.7bn and currency effects of USD 5.6bn.

Movement in leverage ratio denominator by key driver

USD bn	LRD as of 31.3.23	Currency effects	Asset size and other	LRD as of 30.6.23
On-balance sheet exposures (excluding derivatives and securities financing transactions)[1]	807.7	6.0	19.8	833.5
Derivatives	91.6	(0.2)	1.8	93.1
Securities financing transactions	96.9	(0.4)	1.9	98.3
Off-balance sheet items	33.0	0.2	1.2	34.5
Deduction items	(11.1)	0.0	0.0	(11.1)
Total	**1,018.0**	**5.6**	**24.7**	**1,048.3**

1 The exposures exclude 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. These exposures are presented separately under Derivatives and Securities financing transactions in this table.

The LRD movements described below exclude currency effects.

On-balance sheet exposures increased by USD 19.8bn, mainly due to higher central bank and lending balances, as well as trading portfolio assets.

Derivative exposures increased by USD 1.8bn, mainly due to an increase in trading volumes driven by equity option contracts in Global Wealth Management and market-driven movements on foreign-currency and interest-rate contracts in Investment Bank.

Securities financing transactions increased by USD 1.9bn, mainly driven by higher collateral sourcing activities.

Off-balance sheet items increased by USD 1.2bn, mainly driven by an increase in credit risk guarantees in Global Wealth Management.

› **Refer to the "Balance sheet and off-balance sheet" section of this report for more information about balance sheet movements**

Leverage ratio denominator by business division and Group Functions

USD bn	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
			30.6.23			
Total IFRS assets	375.1	241.7	18.8	363.3	97.4	1,096.3
Difference in scope of consolidation[1]	0.0	0.0	(15.1)	(0.1)	0.0	(15.2)
Less: derivatives and securities financing transactions[2]	(27.8)	(14.5)	(0.1)	(179.2)	(26.0)	(247.6)
On-balance sheet exposures	347.3	227.2	3.6	184.0	71.3	833.5
Derivatives	6.1	1.3	0.0	83.2	2.6	93.1
Securities financing transactions	24.5	13.4	0.1	41.8	18.6	98.3
Off-balance sheet items	9.6	16.9		7.2	0.8	34.5
Items deducted from Swiss SRB tier 1 capital	(5.2)	(0.2)	(1.2)	(0.4)	(4.1)	(11.1)
Total	382.3	258.7	2.4	315.7	89.3	1,048.3
			31.3.23			
Total IFRS assets	376.6	238.1	18.2	362.2	61.6	1,056.8
Difference in scope of consolidation[1]	0.0	0.0	(14.3)	(0.1)	0.1	(14.3)
Less: derivatives and securities financing transactions[2]	(26.0)	(13.9)	(0.1)	(169.5)	(25.3)	(234.8)
On-balance sheet exposures	**350.7**	**224.2**	**3.8**	**192.6**	**36.4**	**807.7**
Derivatives	5.3	1.1	0.0	82.5	2.6	91.6
Securities financing transactions	23.1	13.0	0.1	43.9	16.7	96.9
Off-balance sheet items	8.3	16.8		7.0	0.8	33.0
Items deducted from Swiss SRB tier 1 capital	(5.2)	(0.1)	(1.2)	(0.4)	(4.1)	(11.1)
Total	**382.2**	**255.0**	**2.7**	**325.7**	**52.5**	**1,018.0**
			30.6.23 vs 31.3.23			
Total IFRS assets	(1.5)	3.6	0.6	1.1	35.8	39.6
Difference in scope of consolidation[1]	0.0	0.0	(0.8)	0.0	(0.1)	(0.9)
Less: derivatives and securities financing transactions[2]	(1.8)	(0.5)	0.0	(9.7)	(0.8)	(12.9)
On-balance sheet exposures	**(3.4)**	**3.0**	**(0.2)**	**(8.6)**	**34.9**	**25.8**
Derivatives	0.8	0.2	0.0	0.6	0.0	1.6
Securities financing transactions	1.4	0.4	0.0	(2.1)	1.8	1.5
Off-balance sheet items	1.3	0.1		0.1	0.0	1.5
Items deducted from Swiss SRB tier 1 capital	0.0	0.0	0.0	0.0	0.0	(0.1)
Total	**0.0**	**3.6**	**(0.2)**	**(10.0)**	**36.8**	**30.3**

1 Represents the difference between the IFRS and the regulatory scope of consolidation, which is the applicable scope for the leverage ratio denominator calculation. 2 The exposures consist 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, all of which are in accordance with the regulatory scope of consolidation. These exposures are presented separately under Derivatives and Securities financing transactions in this table.

Liquidity and funding management

Strategy, objectives and governance

This section provides liquidity and funding management information and should be read in conjunction with "Liquidity and funding management" in the "Capital, liquidity and funding, and balance sheet" section of the Annual Report 2022, which provides more information about the Group's strategy, objectives and governance in connection with liquidity and funding management.

Following the acquisition of Credit Suisse Group and the corresponding additional disclosure requirements according to FINMA Circular 2016/1 "Disclosure – banks", we disclose the liquidity coverage ratio (the LCR) and the net stable funding ratio (the NSFR) for UBS AG consolidated for the first time in this section.

Liquidity coverage ratio

In the second quarter of 2023, the average LCR of UBS AG consolidated stood at 170.9%. This average LCR was calculated based on the average for the 15 business days from the formal acquisition date of Credit Suisse Group on 12 June 2023 until the end of the second quarter of 2023.

› **Refer to the 30 June 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors*, and to "Liquidity and funding management" in the "Capital, liquidity and funding, and balance sheet" section of the Annual Report 2022 for more information about the LCR on a UBS Group AG consolidated basis**

Liquidity coverage ratio

USD bn, except where indicated	Average 2Q23[1]
High-quality liquid assets	224.8
Net cash outflows[2]	131.5
Liquidity coverage ratio (%)[3]	170.9

1 Calculated based on an average of 15 data points in the second quarter of 2023 from the formal acquisition date of Credit Suisse Group as of 12 June 2023. 2 Represents the net cash outflows expected over a stress period of 30 calendar days. 3 Calculated after the application of haircuts and inflow and outflow rates, as well as, where applicable, caps on Level 2 assets and cash inflows.

Net stable funding ratio

As of 30 June 2023, the NSFR of UBS AG consolidated stood at 118.2%.

› **Refer to the 30 June 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at *ubs.com/investors*, and to "Liquidity and funding management" in the "Capital, liquidity and funding, and balance sheet" section of the Annual Report 2022 for more information about the NSFR on a UBS Group AG consolidated basis**

Net stable funding ratio

USD bn, except where indicated	30.6.23
Available stable funding	564.5
Required stable funding	477.6
Net stable funding ratio (%)	118.2

Balance sheet and off-balance sheet

Strategy, objectives and governance

This section provides balance sheet and off-balance sheet information and should be read in conjunction with "Balance sheet and off-balance sheet" in the "Capital, liquidity and funding, and balance sheet" section of the Annual Report 2022, which provides more information about the balance sheet and off-balance sheet positions.

Balances disclosed in this report represent quarter-end positions, unless indicated otherwise. Intra-quarter balances fluctuate in the ordinary course of business and may differ from quarter-end positions.

Balance sheet assets (30 June 2023 vs 31 March 2023)

Total assets were USD 1,096.3bn as of 30 June 2023. The increase of USD 39.5bn included currency effects of approximately USD 5.5bn.

Cash and balances at central banks increased by USD 15.2bn, mainly driven by net issuances of short-term debt and increases in customer deposits, mainly in Global Wealth Management, as well as new issuances of Debt issued designated at fair value. These inflows were partly offset by funding provided to Credit Suisse and outflows due to higher margin requirements.

Derivatives and cash collateral receivables on derivative instruments increased by USD 12.1bn, mainly in the Derivatives & Solutions business, primarily reflecting market-driven movements on foreign-currency and interest-rate contracts amid volatility in exchange rates and increases in interest rates, respectively. Lending assets increased by USD 8.8bn, reflecting funding provided to Credit Suisse, currency effects and increases in mortgage loans, partly offset by decreases in Lombard loans.

› **Refer to the "Consolidated financial statements" section of this report for more information**

Assets

	As of		% change from
USD bn	30.6.23	31.3.23	31.3.23
Cash and balances at central banks	159.4	144.2	11
Lending[1]	419.0	410.2	2
Securities financing transactions at amortized cost	62.0	60.0	3
Trading assets	120.2	118.0	2
Derivatives and cash collateral receivables on derivative instruments	159.1	147.0	8
Brokerage receivables	21.2	21.0	1
Other financial assets measured at amortized cost	52.2	49.3	6
Other financial assets measured at fair value[2]	65.9	68.8	(4)
Non-financial assets	37.2	38.3	(3)
Total assets	**1,096.3**	**1,056.8**	**4**

1 Consists of loans and advances to customers and due from banks. 2 Consists of financial assets at fair value not held for trading and financial assets measured at fair value through other comprehensive income.

Balance sheet liabilities (30 June 2023 vs 31 March 2023)

Total liabilities were USD 1,043.0bn as of 30 June 2023. The increase of USD 45.0bn included currency effects of approximately USD 5.1bn.

Customer deposits increased by USD 13.9bn, mainly in Global Wealth Management driven by net inflows into fixed-term and savings deposit products, partly offset by continued shifts into money market funds and US-government securities. Customer time deposits increased by USD 22.5bn to USD 159.8bn, reflecting inflows and continued shifts from on-demand customer deposits as interest rates increased during the quarter.

Short-term borrowings increased by USD 10.9bn, mainly driven by net new issuances of commercial paper and certificates of deposit in Group Treasury, as well as higher amounts due to banks, mainly related to funding obtained from the US Federal Home Loan Banks. Derivatives and cash collateral payables on derivative instruments increased by USD 10.4bn, mainly in the Derivatives & Solutions business, primarily reflecting market-driven movements, broadly in line with the asset side.

The "Liabilities by product and currency" table in this section provides more information about funding sources.

› **Refer to "Bondholder information" at *ubs.com/investors* for more information about capital and senior debt instruments**

› **Refer to the "Consolidated financial statements" section of this report for more information**

Liabilities and equity

	As of		% change from
USD bn	30.6.23	31.3.23	31.3.23
Short-term borrowings[1,2]	51.9	41.0	27
Securities financing transactions at amortized cost	12.3	9.9	25
Customer deposits	521.7	507.8	3
Funding from UBS Group AG measured at amortized cost	61.4	63.1	(3)
Debt issued designated at fair value and long-term debt issued measured at amortized cost[2]	105.7	102.3	3
Trading liabilities	35.6	34.4	4
Derivatives and cash collateral payables on derivative instruments	158.8	148.4	7
Brokerage payables	43.4	43.9	(1)
Other financial liabilities measured at amortized cost	11.7	10.7	9
Other financial liabilities designated at fair value	31.4	28.0	12
Non-financial liabilities	9.1	8.6	7
Total liabilities	1,043.0	998.0	5
Share capital	0.4	0.3	14
Share premium	24.6	24.6	0
Retained earnings	27.8	32.9	(15)
Other comprehensive income[3]	0.1	0.5	(75)
Total equity attributable to shareholders	52.9	58.4	(9)
Equity attributable to non-controlling interests	0.4	0.4	0
Total equity	53.3	58.7	(9)
Total liabilities and equity	1,096.3	1,056.8	4

1 Consists of short-term debt issued measured at amortized cost and amounts due to banks. 2 The classification of debt issued measured at amortized cost into short-term and long-term is based on original contractual maturity and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features. 3 Excludes other comprehensive income related to defined benefit plans and own credit, which is recorded directly in Retained earnings.

Equity (30 June 2023 vs 31 March 2023)

Equity attributable to shareholders decreased by USD 5,464m to USD 52,922m as of 30 June 2023.

The decrease of USD 5,464m was predominantly driven by a dividend distribution of USD 6,000m to UBS Group AG. This was partly offset by total comprehensive income attributable to shareholders of USD 538m, reflecting net profit of USD 1,120m and negative other comprehensive income (OCI) of USD 582m. OCI mainly included negative cash flow hedge OCI of USD 542m, negative OCI related to own credit on financial liabilities designated at fair value of USD 151m and OCI related to foreign currency translation of USD 151m.

In the second quarter of 2023, the share capital currency of UBS AG was changed from the Swiss franc to the US dollar, as approved by shareholders at the 2023 Annual General Meeting. As a result, the nominal value per share has changed from CHF 0.10 to USD 0.10, resulting in a reclassification between share capital and capital contribution reserve (presented as share premium in the consolidated financial statements). Total equity reported was not affected by this change.

› **Refer to the "UBS AG consolidated performance" and "Consolidated financial statements" sections of this report for more information**

› **Refer to "Reconciliation of IFRS equity to Swiss SRB common equity tier 1 capital" in the "Capital management" section of this report for more information about the effects of OCI on common equity tier 1 capital**

Liabilities by product and currency

			USD equivalent					
	All currencies		*of which: USD*		*of which: CHF*		*of which: EUR*	
USD bn	30.6.23	31.3.23	30.6.23	31.3.23	30.6.23	31.3.23	30.6.23	31.3.23
Short-term borrowings	51.9	41.0	33.0	24.1	4.5	4.6	6.0	3.8
of which: amounts due to banks	*16.3*	*13.6*	*8.2*	*6.1*	*4.3*	*4.5*	*0.7*	*0.7*
of which: short-term debt issued[1,2]	*35.6*	*27.4*	*24.8*	*18.0*	*0.1*	*0.2*	*5.3*	*3.2*
Securities financing transactions at amortized cost	12.3	9.9	11.8	9.1	0.0	0.0	0.2	0.2
Customer deposits	521.7	507.8	217.9	213.1	202.2	198.8	51.8	50.8
of which: demand deposits	*162.6*	*167.8*	*42.1*	*45.0*	*63.8*	*67.2*	*31.1*	*31.8*
of which: retail savings / deposits	*153.8*	*149.5*	*30.0*	*24.3*	*118.9*	*119.8*	*4.9*	*5.3*
of which: sweep deposits	*45.5*	*53.4*	*45.5*	*53.4*	*0.0*	*0.0*	*0.0*	*0.0*
of which: time deposits	*159.8*	*137.2*	*100.4*	*90.4*	*19.5*	*11.8*	*15.8*	*13.8*
Funding from UBS Group AG measured at amortized cost	61.4	63.1	37.0	37.5	2.5	2.8	19.5	19.6
Debt issued designated at fair value and long-term debt issued measured at amortized cost[2]	105.7	102.3	65.7	64.9	16.4	14.8	13.8	13.2
Trading liabilities	35.6	34.4	11.1	13.0	1.3	0.9	12.7	8.7
Derivatives and cash collateral payables on derivative instruments	158.8	148.4	133.7	123.7	2.6	3.0	11.8	12.8
Brokerage payables	43.4	43.9	32.4	32.2	0.7	0.5	2.4	2.9
Other financial liabilities measured at amortized cost	11.7	10.7	5.1	5.3	2.3	2.1	1.6	1.1
Other financial liabilities designated at fair value	31.4	28.0	7.2	6.9	0.1	0.1	4.8	4.7
Non-financial liabilities	9.1	8.6	3.1	3.3	1.7	1.3	2.2	1.8
Total liabilities	1,043.0	998.0	558.2	533.1	234.2	229.1	126.8	119.7

1 Short-term debt issued consists of certificates of deposit, commercial paper, acceptances and promissory notes, and other money market paper. 2 The classification of debt issued measured at amortized cost into short-term and long-term is based on original contractual maturity and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features.

Off-balance sheet (30 June 2023 vs 31 March 2023)

Guarantees increased by USD 0.8bn, mainly in Global Wealth Management. Loan commitments were broadly unchanged as of 30 June 2023 compared with 31 March 2023. Committed unconditionally revocable credit lines increased by USD 2.7bn, driven by currency effects and an increase in credit lines provided across all business divisions and Group Treasury. Forward starting reverse repurchase agreements were broadly unchanged as of 30 June 2023 compared with 31 March 2023. Forward starting repurchase agreements decreased by USD 3.1bn, in Group Treasury, reflecting fluctuations in levels of business division activity in short-dated securities financing transactions.

Off-balance sheet

	As of		% change from
USD bn	30.6.23	31.3.23	31.3.23
Guarantees[1,2]	22.0	21.2	4
Loan commitments[1]	40.0	39.8	1
Committed unconditionally revocable credit lines	44.7	42.0	7
Forward starting reverse repurchase agreements	5.0	4.7	7
Forward starting repurchase agreements	2.9	6.0	(51)

1 Guarantees and loan commitments are shown net of sub-participations. 2 Includes guarantees measured at fair value through profit or loss.

Consolidated financial statements

Unaudited

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UBS AG interim consolidated financial statements (unaudited)

Income statement

		For the quarter ended			Year-to-date	
USD m	Note	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	5,483	4,815	2,381	10,298	4,526
Interest expense from financial instruments measured at amortized cost	3	(4,607)	(3,853)	(1,103)	(8,461)	(1,912)
Net interest income from financial instruments measured at fair value through profit or loss and other	3	430	426	356	856	766
Net interest income	3	1,305	1,388	1,634	2,694	3,380
Other net income from financial instruments measured at fair value through profit or loss		2,337	2,673	1,620	5,009	3,845
Fee and commission income	4	5,008	5,076	5,235	10,083	11,103
Fee and commission expense	4	(419)	(447)	(450)	(866)	(934)
Net fee and commission income	4	4,589	4,628	4,785	9,217	10,169
Other income		237	155	996	392	1,135
Total revenues		8,468	8,844	9,036	17,313	18,529
Credit loss expense / (release)	7	16	38	7	54	25
Personnel expenses	5	3,847	3,898	3,762	7,745	7,996
General and administrative expenses	6	2,443	2,983	2,364	5,425	4,597
Depreciation, amortization and impairment of non-financial assets		707	469	451	1,176	900
Operating expenses		6,997	7,350	6,577	14,346	13,492
Operating profit / (loss) before tax		1,456	1,456	2,452	2,912	5,012
Tax expense / (benefit)		332	445	478	776	1,026
Net profit / (loss)		1,124	1,012	1,974	2,136	3,986
Net profit / (loss) attributable to non-controlling interests		4	8	10	12	18
Net profit / (loss) attributable to shareholders		1,120	1,004	1,964	2,124	3,968

Statement of comprehensive income

	For the quarter ended			Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Comprehensive income attributable to shareholders[1]					
Net profit / (loss)	1,120	1,004	1,964	2,124	3,968
Other comprehensive income that may be reclassified to the income statement					
Foreign currency translation					
Foreign currency translation movements related to net assets of foreign operations, before tax	307	224	(994)	532	(1,459)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	(149)	(126)	434	(275)	646
Foreign currency translation differences on foreign operations reclassified to the income statement	(3)	(1)	8	(3)	8
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	(1)	(1)	(4)	(2)	(4)
Income tax relating to foreign currency translations, including the effect of net investment hedges	(3)	(2)	5	(5)	8
Subtotal foreign currency translation, net of tax	151	95	(551)	246	(801)
Financial assets measured at fair value through other comprehensive income					
Net unrealized gains / (losses), before tax	(1)	2	(3)	1	(442)
Net realized (gains) / losses reclassified to the income statement from equity	0	0	0	0	0
Reclassification of financial assets to Other financial assets measured at amortized cost[2]			449		449
Income tax relating to net unrealized gains / (losses)	0	0	(116)	0	(3)
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(1)	2	330	1	3
Cash flow hedges of interest rate risk					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(1,082)	387	(1,298)	(695)	(3,763)
Net (gains) / losses reclassified to the income statement from equity	413	349	(149)	762	(386)
Income tax relating to cash flow hedges	127	(130)	276	(2)	794
Subtotal cash flow hedges, net of tax	(542)	606	(1,171)	64	(3,355)
Cost of hedging					
Cost of hedging, before tax	11	(5)	21	6	98
Income tax relating to cost of hedging	0	0	0	0	0
Subtotal cost of hedging, net of tax	11	(5)	21	6	98
Total other comprehensive income that may be reclassified to the income statement, net of tax	(381)	698	(1,370)	317	(4,055)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	(13)	33	127	20	255
Income tax relating to defined benefit plans	(37)	4	(8)	(32)	(26)
Subtotal defined benefit plans, net of tax	(50)	38	119	(12)	229
Own credit on financial liabilities designated at fair value					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	(212)	69	296	(143)	719
Income tax relating to own credit on financial liabilities designated at fair value	61	(17)	(26)	44	(26)
Subtotal own credit on financial liabilities designated at fair value, net of tax	(151)	51	271	(100)	693
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(201)	89	389	(112)	922
Total other comprehensive income	(582)	787	(981)	206	(3,133)
Total comprehensive income attributable to shareholders	538	1,791	982	2,329	835
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	4	8	10	12	18
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(3)	5	(28)	2	(10)
Total comprehensive income attributable to non-controlling interests	1	13	(17)	14	9
Total comprehensive income					
Net profit / (loss)	1,124	1,012	1,974	2,136	3,986
Other comprehensive income	(585)	792	(1,009)	207	(3,142)
of which: other comprehensive income that may be reclassified to the income statement	*(381)*	*698*	*(1,370)*	*317*	*(4,055)*
of which: other comprehensive income that will not be reclassified to the income statement	*(204)*	*94*	*361*	*(110)*	*913*
Total comprehensive income	539	1,804	965	2,343	844

1 Refer to the "UBS AG consolidated performance" section of this report for more information. 2 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. As a result, the related cumulative fair value losses of USD 449m pre-tax and USD 333m post-tax, previously recognized in Other comprehensive income, have been removed from equity and adjusted against the value of the assets at the reclassification date.

Balance sheet

USD m	Note	30.6.23	31.3.23	31.12.22
Assets				
Cash and balances at central banks		159,425	144,183	169,445
Amounts due from banks		21,395	14,773	14,671
Receivables from securities financing transactions measured at amortized cost		61,977	60,010	67,814
Cash collateral receivables on derivative instruments	9	35,068	32,726	35,033
Loans and advances to customers	7	397,596	395,429	390,027
Other financial assets measured at amortized cost	10	52,180	49,289	53,389
Total financial assets measured at amortized cost		727,642	696,411	730,379
Financial assets at fair value held for trading	8	120,232	118,009	108,034
of which: assets pledged as collateral that may be sold or repledged by counterparties		*39,568*	*37,569*	*36,742*
Derivative financial instruments	8, 9	124,046	114,253	150,109
Brokerage receivables	8	21,218	21,025	17,576
Financial assets at fair value not held for trading	8	63,714	66,511	59,408
Total financial assets measured at fair value through profit or loss		329,210	319,799	335,127
Financial assets measured at fair value through other comprehensive income	8	2,217	2,241	2,239
Investments in associates		1,109	1,114	1,101
Property, equipment and software		11,193	11,274	11,316
Goodwill and intangible assets		6,281	6,272	6,267
Deferred tax assets		9,411	9,281	9,354
Other non-financial assets	10	9,254	10,367	9,652
Total assets		1,096,318	1,056,758	1,105,436
Liabilities				
Amounts due to banks		16,290	13,595	11,596
Payables from securities financing transactions measured at amortized cost		12,320	9,870	4,202
Cash collateral payables on derivative instruments	9	31,445	32,240	36,436
Customer deposits		521,657	507,844	527,171
Funding from UBS Group AG measured at amortized cost	11	61,445	63,093	56,147
Debt issued measured at amortized cost	13	62,561	54,733	59,499
Other financial liabilities measured at amortized cost	10	11,673	10,695	10,391
Total financial liabilities measured at amortized cost		717,392	692,071	705,442
Financial liabilities at fair value held for trading	8	35,616	34,374	29,515
Derivative financial instruments	8, 9	127,367	116,113	154,906
Brokerage payables designated at fair value	8	43,357	43,911	45,085
Debt issued designated at fair value	8, 12	78,741	74,974	71,842
Other financial liabilities designated at fair value	8, 10	31,425	28,018	32,033
Total financial liabilities measured at fair value through profit or loss		316,506	297,391	333,382
Provisions	15	3,817	3,886	3,183
Other non-financial liabilities	10	5,330	4,673	6,489
Total liabilities		1,043,044	998,021	1,048,496
Equity				
Share capital		386	338	338
Share premium		24,594	24,644	24,648
Retained earnings		27,806	32,863	31,746
Other comprehensive income recognized directly in equity, net of tax		136	541	(133)
Equity attributable to shareholders		52,922	58,386	56,598
Equity attributable to non-controlling interests		352	352	342
Total equity		53,274	58,738	56,940
Total liabilities and equity		1,096,318	1,056,758	1,105,436

Statement of changes in equity

USD m	Share capital and share premium	Retained earnings	OCI recognized directly in equity, net of tax[1]	*of which: foreign currency translation*	*of which: cash flow hedges*	Total equity attributable to shareholders
Balance as of 1 January 2023[2]	24,985	31,746	(133)	*4,098*	*(4,234)*	56,598
Premium on shares issued and warrants exercised	(5)[3]					(5)
Tax (expense) / benefit	(1)					(1)
Dividends		(6,000)				(6,000)
Translation effects recognized directly in retained earnings		48	(48)		*(48)*	0
Share of changes in retained earnings of associates and joint ventures		0				0
New consolidations / (deconsolidations) and other increases / (decreases)	0					0
Total comprehensive income for the period		2,012	317	*246*	*64*	2,329
of which: net profit / (loss)		*2,124*				*2,124*
of which: OCI, net of tax		*(112)*	*317*	*246*	*64*	*206*
Balance as of 30 June 2023[2]	24,979	27,806	136	*4,344*	*(4,218)*	52,922
Non-controlling interests as of 30 June 2023						352
Total equity as of 30 June 2023						53,274
Balance as of 1 January 2022[2]	24,991	27,912	5,200	*4,617*	*628*	58,102
Tax (expense) / benefit	4					4
Dividends		(4,200)				(4,200)
Translation effects recognized directly in retained earnings		(13)	13		*13*	0
Share of changes in retained earnings of associates and joint ventures		0				0
New consolidations / (deconsolidations) and other increases / (decreases)	4	3	(3)			4
Total comprehensive income for the period		4,890	(4,055)	*(801)*	*(3,355)*	835
of which: net profit / (loss)		*3,968*				*3,968*
of which: OCI, net of tax		*922*	*(4,055)*	*(801)*	*(3,355)*	*(3,133)*
Balance as of 30 June 2022[2]	24,999	28,592	1,154	*3,815*	*(2,713)*	54,746
Non-controlling interests as of 30 June 2022						339
Total equity as of 30 June 2022						55,085

1 Excludes other comprehensive income related to defined benefit plans and own credit that is recorded directly in Retained earnings. 2 Excludes non-controlling interests. 3 Includes decreases related to recharges by UBS Group AG for share-based compensation awards granted to employees of UBS AG or its subsidiaries.

Statement of cash flows

	Year-to-date	
USD m	30.6.23	30.6.22
Cash flow from / (used in) operating activities		
Net profit / (loss)	2,136	3,986
Non-cash items included in net profit and other adjustments:		
Depreciation, amortization and impairment of non-financial assets	1,176	900
Credit loss expense / (release)	54	25
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	(25)	(12)
Deferred tax expense / (benefit)	(63)	348
Net loss / (gain) from investing activities	(116)	(778)
Net loss / (gain) from financing activities	3,085	(14,371)
Other net adjustments	(1,198)	9,346
Net change in operating assets and liabilities:[1]		
Amounts due from banks and amounts due to banks	(3,313)	3,000
Securities financing transactions measured at amortized cost	13,672	10,833
Cash collateral on derivative instruments	(5,104)	(4,704)
Loans and advances to customers and customer deposits	(14,863)	(13,959)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	(7,726)	13,149
Brokerage receivables and payables	(5,366)	8,239
Financial assets at fair value not held for trading and other financial assets and liabilities	(1,306)	1,480
Provisions and other non-financial assets and liabilities	658	3
Income taxes paid, net of refunds	(810)	(847)
Net cash flow from / (used in) operating activities	(19,110)	16,639
Cash flow from / (used in) investing activities		
Disposal of subsidiaries, associates and intangible assets	35	911
Purchase of property, equipment and software	(669)	(695)
Disposal of property, equipment and software	0	3
Purchase of financial assets measured at fair value through other comprehensive income	(2,444)	(2,821)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	2,468	2,291
Purchase of debt securities measured at amortized cost	(7,541)	(8,167)
Disposal and redemption of debt securities measured at amortized cost	4,659	3,914
Net cash flow from / (used in) investing activities	(3,492)	(4,565)
Cash flow from / (used in) financing activities		
Net issuance (repayment) of short-term debt measured at amortized cost	5,555	(10,440)
Distributions paid on UBS AG shares	(6,000)	(4,200)
Issuance of debt designated at fair value and long-term debt measured at amortized cost[2]	51,141	48,856
Repayment of debt designated at fair value and long-term debt measured at amortized cost[2]	(44,091)	(36,309)
Net cash flows from other financing activities	(242)	(341)
Net cash flow from / (used in) financing activities	6,362	(2,433)
Total cash flow		
Cash and cash equivalents at the beginning of the period	195,200	207,755
Net cash flow from / (used in) operating, investing and financing activities	(16,239)	9,642
Effects of exchange rate differences on cash and cash equivalents	1,999	(9,648)
Cash and cash equivalents at the end of the period[3]	180,959	207,748
of which: cash and balances at central banks[4]	*159,343*	*190,244*
of which: amounts due from banks	*12,189*	*15,625*
of which: money market paper[5]	*9,428*	*1,880*
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	15,024	6,094
Interest paid in cash	11,429	2,732
Dividends on equity investments, investment funds and associates received in cash[6]	1,259	1,059

1 Movements in this section exclude foreign currency translation and foreign exchange effects, which are presented within the Other net adjustments line. 2 Includes funding from UBS Group AG measured at amortized cost (recognized in Funding from UBS Group AG on the balance sheet) and measured at fair value (recognized in Other financial liabilities designated at fair value on the balance sheet). 3 USD 3,073m and USD 4,434m of cash and cash equivalents (mainly reflected in Amounts due from banks) were restricted as of 30 June 2023 and 30 June 2022, respectively. Refer to "Note 22 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2022 for more information. 4 Includes only balances with an original maturity of three months or less. 5 Money market paper is included on the balance sheet under Financial assets at fair value not held for trading (30 June 2023: USD 9,270m; 30 June 2022: USD 1,516m), Other financial assets measured at amortized cost (30 June 2023: USD 149m; 30 June 2022: USD 127m), Financial assets at fair value held for trading (30 June 2023: USD 9m; 30 June 2022: USD 58m) and Financial assets measured at fair value through other comprehensive income (30 June 2023: USD 0m; 30 June 2022: USD 180m). 6 Includes dividends received from associates reported within Net cash flow from / (used in) investing activities.

Notes to the UBS AG interim consolidated financial statements (unaudited)

Note 1 Basis of accounting

Basis of preparation

The consolidated financial statements (the financial statements) of UBS AG and its subsidiaries (together, UBS AG) are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (the IASB), and are presented in US dollars. These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*.

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS AG consolidated annual financial statements for the period ended 31 December 2022, except for the changes described in this Note. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the Annual Report 2022 and the "Management report" sections of this report. In the opinion of management, all necessary adjustments have been made for a fair presentation of UBS AG's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2022.

IFRS 17, *Insurance Contracts*

Effective from 1 January 2023, UBS AG has adopted IFRS 17, *Insurance Contracts*, which sets out the accounting requirements for contractual rights and obligations that arise from insurance contracts issued and reinsurance contracts held. The adoption has had no effect on UBS AG's financial statements. UBS AG does not provide insurance services in any market.

Other amendments to IFRS

Effective from 1 January 2023, UBS AG has adopted a number of minor amendments to IFRS, which have had no significant effect on UBS AG.

Amendments to IAS 12, *Income Taxes*

In May 2023, the IASB issued amendments to IAS 12, *Income Taxes*, whereby, under an exception, deferred tax assets (DTAs) and deferred tax liabilities (DTLs) will not be recognized in respect of top-up tax on income under the Global Anti-Base Erosion Rules that is imposed under tax law that is enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. This exception applies immediately upon the issuance of the amendments and it is, therefore, potentially relevant to these financial statements and subsequent financial statements. Although countries are starting to implement the rules, UBS AG did not have any DTAs or DTLs on 30 June 2023 that had not been recognized as a result of the application of this exception. The exception is expected to be removed by the IASB in due course, although the timing of that has not been specified. The amendments also introduced new disclosure requirements in relation to top-up tax, which will first apply to UBS AG's financial statements for the year ended 31 December 2023.

Note 1 Basis of accounting (continued)

Currency translation rates

The following table shows the rates of the main currencies used to translate the financial information of UBS AG's operations with a functional currency other than the US dollar into US dollars.

	Closing exchange rate				Average rate[1]				
	As of				For the quarter ended			Year-to-date	
	30.6.23	31.3.23	31.12.22	30.6.22	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
1 CHF	1.12	1.09	1.08	1.05	1.11	1.08	1.04	1.10	1.06
1 EUR	1.09	1.08	1.07	1.05	1.09	1.08	1.06	1.08	1.09
1 GBP	1.27	1.23	1.21	1.22	1.24	1.22	1.25	1.24	1.29
100 JPY	0.69	0.75	0.76	0.74	0.71	0.75	0.76	0.73	0.80

1 Monthly income statement items of operations with a functional currency other than the US dollar are translated into US dollars using month-end rates. Disclosed average rates for a quarter represent an average of three month-end rates, weighted according to the income and expense volumes of all operations of UBS AG with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for UBS AG.

Note 2 Segment reporting

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
For the six months ended 30 June 2023[1]						
Net interest income	2,934	1,529	(14)	(1,093)	(663)	2,694
Non-interest income	6,594	1,163	1,015	5,329	518	14,619
Total revenues	9,528	2,692	1,001	4,236	(145)	17,313
Credit loss expense / (release)	20	26	0	8	0	54
Operating expenses	7,204	1,379	818	3,639	1,305	14,346
Operating profit / (loss) before tax	**2,303**	**1,287**	**184**	**588**	**(1,450)**	**2,912**
Tax expense / (benefit)						776
Net profit / (loss)						**2,136**
As of 30 June 2023[1]						
Total assets	**375,119**	**241,726**	**18,767**	**363,348**	**97,357**	**1,096,318**
For the six months ended 30 June 2022[1]						
Net interest income	2,409	1,057	(7)	104	(182)	3,380
Non-interest income	7,168	1,089	1,958	4,897	37	15,149
Total revenues	9,577	2,146	1,950	5,000	(144)	18,529
Credit loss expense / (release)	(10)	57	0	(24)	2	25
Operating expenses	7,174	1,260	815	3,729	514	13,492
Operating profit / (loss) before tax	**2,413**	**829**	**1,135**	**1,295**	**(660)**	**5,012**
Tax expense / (benefit)						1,026
Net profit / (loss)						**3,986**
As of 31 December 2022[1]						
Total assets	**388,624**	**235,330**	**16,971**	**391,495**	**73,016**	**1,105,436**

1 Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of the Annual Report 2022 for more information about UBS AG's reporting segments.

Note 3 Net interest income

	For the quarter ended			Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Interest income from loans and deposits[1]	4,804	4,145	1,887	8,949	3,548
Interest income from securities financing transactions measured at amortized cost[2]	833	766	209	1,599	327
Interest income from other financial instruments measured at amortized cost	276	259	118	535	191
Interest income from debt instruments measured at fair value through other comprehensive income	26	23	6	48	47
Interest income from derivative instruments designated as cash flow hedges	(457)	(376)	160	(833)	413
Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	5,483	4,815	2,381	10,298	4,526
Interest expense on loans and deposits[3]	3,452	2,909	618	6,361	1,046
Interest expense on securities financing transactions measured at amortized cost[4]	474	365	288	839	512
Interest expense on debt issued	656	555	176	1,211	311
Interest expense on lease liabilities	25	25	21	50	43
Total interest expense from financial instruments measured at amortized cost	4,607	3,853	1,103	8,461	1,912
Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	876	962	1,278	1,837	2,614
Net interest income from financial instruments measured at fair value through profit or loss and other	430	426	356	856	766
Total net interest income	1,305	1,388	1,634	2,694	3,380

1 Consists of interest income from cash and balances at central banks, loans and advances to banks and customers, and cash collateral receivables on derivative instruments, as well as negative interest on amounts due to banks, customer deposits, and cash collateral payables on derivative instruments. 2 Includes interest income on receivables from securities financing transactions and negative interest, including fees, on payables from securities financing transactions. 3 Consists of interest expense on amounts due to banks, cash collateral payables on derivative instruments, customer deposits, and funding from UBS Group AG, as well as negative interest on cash and balances at central banks, loans and advances to banks, and cash collateral receivables on derivative instruments. 4 Includes interest expense on payables from securities financing transactions and negative interest, including fees, on receivables from securities financing transactions.

Note 4 Net fee and commission income

	For the quarter ended			Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Underwriting fees	131	149	122	280	324
M&A and corporate finance fees	156	178	220	335	456
Brokerage fees	800	880	870	1,681	1,948
Investment fund fees	1,179	1,178	1,233	2,357	2,621
Portfolio management and related services	2,254	2,210	2,298	4,464	4,761
Other	487	480	492	967	993
Total fee and commission income[1]	5,008	5,076	5,235	10,083	11,103
of which: recurring	*3,496*	*3,413*	*3,593*	*6,909*	*7,452*
of which: transaction-based	*1,504*	*1,639*	*1,632*	*3,143*	*3,621*
of which: performance-based	*7*	*24*	*10*	*31*	*29*
Fee and commission expense	419	447	450	866	934
Net fee and commission income	4,589	4,628	4,785	9,217	10,169

1 Reflects third-party fee and commission income for the second quarter of 2023 of USD 3,134m for Global Wealth Management (first quarter of 2023: USD 3,145m; second quarter of 2022: USD 3,281m), USD 465m for Personal & Corporate Banking (first quarter of 2023: USD 449m; second quarter of 2022: USD 422m), USD 673m for Asset Management (first quarter of 2023: USD 687m; second quarter of 2022: USD 720m), USD 731m for the Investment Bank (first quarter of 2023: USD 791m; second quarter of 2022: USD 811m) and USD 4m for Group Functions (first quarter of 2023: USD 3m; second quarter of 2022: USD 1m).

Note 5 Personnel expenses

	For the quarter ended			Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Salaries and variable compensation[1]	3,364	3,356	3,316	6,720	7,001
of which: variable compensation – financial advisors[2]	*1,110*	*1,111*	*1,122*	*2,222*	*2,342*
Contractors	24	27	30	50	58
Social security	176	220	164	396	392
Post-employment benefit plans	139	174	137	313	320
Other personnel expenses	144	122	116	266	225
Total personnel expenses	3,847	3,898	3,762	7,745	7,996

1 Includes role-based allowances. 2 Consists of cash and deferred compensation awards and is based on compensable revenues and firm tenure using a formulaic approach. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

Note 6 General and administrative expenses

	For the quarter ended			Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Outsourcing costs	121	124	115	245	221
Technology costs	128	132	126	260	248
Consulting, legal and audit fees	160	108	123	268	227
Real estate and logistics costs	134	119	129	252	253
Market data services	101	99	89	200	182
Marketing and communication	44	34	43	78	74
Travel and entertainment	51	49	43	101	62
Litigation, regulatory and similar matters[1]	55	721	220	776	277
Other	1,649	1,596	1,475	3,245	3,052
of which: shared services costs charged by UBS Group AG or its subsidiaries	*1,460*	*1,385*	*1,348*	*2,845*	*2,738*
Total general and administrative expenses	2,443	2,983	2,364	5,425	4,597

1 Reflects the net increase in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to Note 15b for more information.

Note 7 Expected credit loss measurement

a) Credit loss expense / release

Total net credit loss expenses in the second quarter of 2023 were USD 16m, reflecting USD 10m net credit loss releases related to stage 1 and 2 positions and USD 26m net credit loss expenses related to stage 3 positions.

Stage 1 and 2 net releases included: scenario-related net releases of USD 42m; net expenses of USD 27m from model changes, mainly in Personal & Corporate Banking and the Investment Bank; and additional net expenses of USD 5m from book quality and size changes, mainly across the corporate and real estate lending portfolios of Personal & Corporate Banking and Global Wealth Management.

Stage 3 net credit loss expenses were USD 26m, driven by net expenses of USD 21m in Personal & Corporate Banking, which were primarily due to a single commodity trade finance client (USD 11m), as well as ECL on various corporate lending positions.

b) Changes to ECL models, scenarios, scenario weights and post-model adjustments

Scenarios and weights

The expected credit loss (ECL) scenarios, along with their related macroeconomic factors and market data, were reviewed in light of the economic and political conditions prevailing in the second quarter of 2023 through a series of governance meetings, with input and feedback from UBS AG Risk and Finance experts across the business divisions and regions.

The baseline scenario was updated with the latest macroeconomic forecasts as of 30 June 2023. The assumptions on a calendar-year basis are included in the table below and imply a broadly unchanged economic outlook for 2023, the Eurozone and Switzerland, and more optimistic projections for the US. Compared with the baseline used in the first quarter of 2023, the house price forecast for the US and the Eurozone in 2023 is less pessimistic, although it is slightly more pessimistic for Switzerland.

At the beginning of the second quarter of 2023, UBS AG replaced the global crisis scenario applied at year-end 2022 and at the end of the first quarter of 2023 with the mild debt crisis scenario. Recent economic, market and political developments suggest that the scenario suite should be rebalanced by reintroducing a mild downside scenario. The mild debt crisis scenario covers similar risks, but the assumptions are milder than the global crisis scenario. Therefore, the scenario is less severe. It assumes that political, solvency and liquidity concerns cause a sell-off of sovereign debt in emerging markets and the peripheral Eurozone. The global economy and financial markets are negatively affected, and central banks are assumed to ease their monetary policy.

The stagflationary geopolitical crisis scenario and the asset price inflation scenario were updated based on the latest market data, but the assumptions remain broadly unchanged. Refer to the table below for the scenarios and weights applied.

UBS AG kept scenario weights in line with those applied in the first quarter of 2023, with a 15% weight assigned to the mild debt crisis scenario instead of the global crisis scenario, which it replaced.

Note 7 Expected credit loss measurement (continued)

Post-model adjustments

Total stage 1 and 2 allowances and provisions amounted to USD 551m as of 30 June 2023 and included post-model adjustments (PMA) of USD 131m (31 March 2023: USD 128m), as uncertainty levels remain high, including the geopolitical situation.

Comparison of shock factors

	Baseline		
Key parameters	2022	2023	2024
Real GDP growth (annual percentage change)			
US	2.1	1.4	0.1
Eurozone	3.5	0.8	1.0
Switzerland	2.1	0.9	1.3
Unemployment rate (%, annual average)			
US	3.6	3.7	5.1
Eurozone	6.7	6.7	6.9
Switzerland	2.2	2.2	2.5
Fixed income: 10-year government bonds (%, Q4)			
USD	3.9	3.7	3.6
EUR	2.6	2.3	2.2
CHF	1.6	1.0	0.9
Real estate (annual percentage change, Q4)			
US	7.4	(1.9)	2.1
Eurozone	2.8	(1.2)	1.8
Switzerland	3.9	(0.5)	(1.0)

Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	30.6.23	31.3.23	30.6.22
Asset price inflation	0.0	0.0	0.0
Baseline	60.0	60.0	55.0
Severe Russia–Ukraine conflict scenario	–	–	25.0
Mild debt crisis	15.0	–	–
Stagflationary geopolitical crisis	25.0	25.0	–
Global crisis	–	15.0	20.0

c) ECL-relevant balance sheet and off-balance sheet positions including ECL allowances and provisions

The following tables provide information about financial instruments and certain non-financial instruments that are subject to ECL requirements. For amortized-cost instruments, the carrying amount represents the maximum exposure to credit risk, taking into account the allowance for credit losses. Financial assets measured at fair value through other comprehensive income (FVOCI) are also subject to ECL; however, unlike amortized-cost instruments, the allowance for credit losses for FVOCI instruments does not reduce the carrying amount of these financial assets. Instead, the carrying amount of financial assets measured at FVOCI represents the maximum exposure to credit risk.

In addition to recognized financial assets, certain off-balance sheet financial instruments and other credit lines are also subject to ECL. The maximum exposure to credit risk for off-balance sheet financial instruments is calculated based on the maximum contractual amounts.

USD m	30.6.23							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	159,425	159,393	32	0	(10)	0	(10)	0
Loans and advances to banks[2]	21,395	21,239	157	0	(6)	(5)	(1)	0
Receivables from securities financing transactions	61,977	61,977	0	0	(1)	(1)	0	0
Cash collateral receivables on derivative instruments	35,068	35,068	0	0	0	0	0	0
Loans and advances to customers	397,596	378,647	17,204	1,746	(859)	(182)	(173)	(504)
of which: Private clients with mortgages	*163,560*	*153,443*	*9,358*	*758*	*(154)*	*(44)*	*(87)*	*(23)*
of which: Real estate financing	*50,054*	*45,959*	*4,088*	*7*	*(44)*	*(21)*	*(23)*	*0*
of which: Large corporate clients	*13,444*	*11,792*	*1,292*	*359*	*(179)*	*(37)*	*(29)*	*(113)*
of which: SME clients	*12,482*	*10,776*	*1,293*	*413*	*(256)*	*(32)*	*(21)*	*(203)*
of which: Lombard	*124,511*	*124,469*	*0*	*42*	*(26)*	*(9)*	*0*	*(17)*
of which: Credit cards	*1,939*	*1,502*	*403*	*34*	*(39)*	*(8)*	*(11)*	*(21)*
of which: Commodity trade finance	*2,193*	*2,179*	*0*	*15*	*(110)*	*(7)*	*0*	*(104)*
Other financial assets measured at amortized cost	52,180	51,650	377	153	(84)	(16)	(7)	(62)
of which: Loans to financial advisors	*2,588*	*2,287*	*174*	*126*	*(55)*	*(6)*	*(2)*	*(47)*
Total financial assets measured at amortized cost	727,642	707,974	17,770	1,898	(961)	(205)	(190)	(566)
Financial assets measured at fair value through other comprehensive income	2,217	2,217	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements	729,859	710,191	17,770	1,898	(961)	(205)	(190)	(566)
	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	23,469	22,430	921	118	(37)	(12)	(7)	(17)
of which: Large corporate clients	*3,367*	*2,598*	*690*	*79*	*(5)*	*(2)*	*(2)*	*0*
of which: SME clients	*1,423*	*1,218*	*167*	*38*	*(11)*	*(1)*	*(1)*	*(9)*
of which: Financial intermediaries and hedge funds	*12,874*	*12,859*	*15*	*0*	*(11)*	*(8)*	*(3)*	*0*
of which: Lombard	*3,019*	*3,019*	*0*	*1*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*2,008*	*2,008*	*0*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	40,074	37,920	2,076	78	(93)	(54)	(38)	(2)
of which: Large corporate clients	*23,220*	*21,436*	*1,731*	*52*	*(76)*	*(44)*	*(31)*	*(2)*
Forward starting reverse repurchase and securities borrowing agreements	4,972	4,972	0	0	0	0	0	0
Unconditionally revocable loan commitments	44,716	42,915	1,739	63	(43)	(34)	(9)	0
of which: Real estate financing	*8,929*	*8,671*	*258*	*0*	*(6)*	*(6)*	*0*	*0*
of which: Large corporate clients	*4,566*	*4,401*	*158*	*7*	*(6)*	*(3)*	*(3)*	*0*
of which: SME clients	*4,963*	*4,743*	*179*	*40*	*(19)*	*(16)*	*(3)*	*0*
of which: Lombard	*8,671*	*8,670*	*0*	*1*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,762*	*9,274*	*484*	*4*	*(7)*	*(6)*	*(2)*	*0*
of which: Commodity trade finance	*534*	*534*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	3,811	3,802	7	2	(3)	(2)	0	0
Total off-balance sheet financial instruments and other credit lines	117,043	112,039	4,743	261	(175)	(102)	(54)	(19)
Total allowances and provisions					(1,136)	(307)	(244)	(585)

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. 2 Includes USD 7.8bn against Credit Suisse AG.

Note 7 Expected credit loss measurement (continued)

USD m	31.3.23							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	144,183	144,144	39	0	(12)	0	(12)	0
Loans and advances to banks	14,773	14,728	45	0	(6)	(5)	0	0
Receivables from securities financing transactions	60,010	60,010	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	32,726	32,726	0	0	0	0	0	0
Loans and advances to customers	395,429	377,266	16,573	1,591	(804)	(152)	(180)	(472)
of which: Private clients with mortgages	*159,409*	*149,701*	*8,999*	*709*	*(171)*	*(43)*	*(103)*	*(25)*
of which: Real estate financing	*48,672*	*45,159*	*3,504*	*8*	*(42)*	*(18)*	*(24)*	*0*
of which: Large corporate clients	*12,943*	*11,216*	*1,408*	*320*	*(139)*	*(20)*	*(16)*	*(102)*
of which: SME clients	*13,610*	*11,781*	*1,437*	*392*	*(243)*	*(29)*	*(25)*	*(189)*
of which: Lombard	*128,960*	*128,903*	*0*	*57*	*(26)*	*(9)*	*0*	*(17)*
of which: Credit cards	*1,831*	*1,418*	*381*	*32*	*(37)*	*(8)*	*(10)*	*(20)*
of which: Commodity trade finance	*3,053*	*3,022*	*20*	*10*	*(96)*	*(5)*	*0*	*(91)*
Other financial assets measured at amortized cost	49,289	48,771	372	146	(84)	(17)	(6)	(61)
of which: Loans to financial advisors	*2,571*	*2,323*	*121*	*127*	*(54)*	*(6)*	*(2)*	*(46)*
Total financial assets measured at amortized cost	**696,411**	**677,646**	**17,028**	**1,737**	**(908)**	**(176)**	**(198)**	**(534)**
Financial assets measured at fair value through other comprehensive income	**2,241**	**2,241**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements	**698,652**	**679,887**	**17,028**	**1,737**	**(908)**	**(176)**	**(198)**	**(534)**
	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	22,670	21,670	887	113	(54)	(13)	(8)	(33)
of which: Large corporate clients	*3,476*	*2,733*	*668*	*75*	*(19)*	*(2)*	*(3)*	*(14)*
of which: SME clients	*1,368*	*1,197*	*133*	*38*	*(11)*	*(1)*	*(1)*	*(9)*
of which: Financial intermediaries and hedge funds	*13,076*	*13,037*	*38*	*0*	*(11)*	*(8)*	*(4)*	*0*
of which: Lombard	*2,171*	*2,170*	*0*	*1*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*1,815*	*1,815*	*0*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	39,775	37,261	2,400	114	(113)	(57)	(56)	0
of which: Large corporate clients	*23,294*	*21,263*	*1,948*	*83*	*(95)*	*(47)*	*(49)*	*0*
Forward starting reverse repurchase and securities borrowing agreements	4,748	4,748	0	0	0	0	0	0
Unconditionally revocable loan commitments	41,970	40,206	1,724	40	(44)	(36)	(8)	0
of which: Real estate financing	*8,226*	*8,037*	*188*	*0*	*(6)*	*(6)*	*0*	*0*
of which: Large corporate clients	*4,496*	*4,284*	*205*	*7*	*(5)*	*(3)*	*(2)*	*0*
of which: SME clients	*4,898*	*4,656*	*214*	*28*	*(21)*	*(18)*	*(3)*	*0*
of which: Lombard	*8,166*	*8,165*	*0*	*1*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,567*	*9,078*	*486*	*3*	*(7)*	*(5)*	*(2)*	*0*
of which: Commodity trade finance	*370*	*370*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	4,161	4,126	33	2	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines	**113,323**	**108,010**	**5,044**	**269**	**(214)**	**(108)**	**(72)**	**(33)**
Total allowances and provisions					**(1,121)**	**(284)**	**(271)**	**(567)**

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances.

Note 7 Expected credit loss measurement (continued)

USD m	31.12.22							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	169,445	169,402	44	0	(12)	0	(12)	0
Loans and advances to banks	14,671	14,670	1	0	(6)	(5)	(1)	0
Receivables from securities financing transactions	67,814	67,814	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	35,033	35,033	0	0	0	0	0	0
Loans and advances to customers	390,027	372,903	15,587	1,538	(783)	(129)	(180)	(474)
of which: Private clients with mortgages	*156,930*	*147,651*	*8,579*	*699*	*(161)*	*(27)*	*(107)*	*(28)*
of which: Real estate financing	*46,470*	*43,112*	*3,349*	*9*	*(41)*	*(17)*	*(23)*	*0*
of which: Large corporate clients	*12,226*	*10,733*	*1,189*	*303*	*(130)*	*(24)*	*(14)*	*(92)*
of which: SME clients	*13,903*	*12,211*	*1,342*	*351*	*(251)*	*(26)*	*(22)*	*(203)*
of which: Lombard	*132,287*	*132,196*	*0*	*91*	*(26)*	*(9)*	*0*	*(17)*
of which: Credit cards	*1,834*	*1,420*	*382*	*31*	*(36)*	*(7)*	*(10)*	*(19)*
of which: Commodity trade finance	*3,272*	*3,261*	*0*	*11*	*(96)*	*(6)*	*0*	*(90)*
Other financial assets measured at amortized cost[2]	53,389	52,829	413	147	(86)	(17)	(6)	(63)
of which: Loans to financial advisors	*2,611*	*2,357*	*128*	*126*	*(59)*	*(7)*	*(2)*	*(51)*
Total financial assets measured at amortized cost	**730,379**	**712,651**	**16,044**	**1,685**	**(890)**	**(154)**	**(199)**	**(537)**
Financial assets measured at fair value through other comprehensive income[2]	**2,239**	**2,239**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements	**732,618**	**714,889**	**16,044**	**1,685**	**(890)**	**(154)**	**(199)**	**(537)**
	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	22,167	19,805	2,254	108	(48)	(13)	(9)	(26)
of which: Large corporate clients	*3,663*	*2,883*	*721*	*58*	*(26)*	*(2)*	*(3)*	*(21)*
of which: SME clients	*1,337*	*1,124*	*164*	*49*	*(5)*	*(1)*	*(1)*	*(3)*
of which: Financial intermediaries and hedge funds	*11,833*	*10,513*	*1,320*	*0*	*(12)*	*(8)*	*(4)*	*0*
of which: Lombard	*2,376*	*2,376*	*0*	*1*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*2,121*	*2,121*	*0*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	39,996	37,531	2,341	124	(111)	(59)	(52)	0
of which: Large corporate clients	*23,611*	*21,488*	*2,024*	*99*	*(93)*	*(49)*	*(45)*	*0*
Forward starting reverse repurchase and securities borrowing agreements	3,801	3,801	0	0	0	0	0	0
Unconditionally revocable loan commitments	43,677	41,809	1,833	36	(40)	(32)	(8)	0
of which: Real estate financing	*8,711*	*8,528*	*183*	*0*	*(6)*	*(6)*	*0*	*0*
of which: Large corporate clients	*4,578*	*4,304*	*268*	*5*	*(4)*	*(1)*	*(2)*	*0*
of which: SME clients	*4,723*	*4,442*	*256*	*26*	*(19)*	*(16)*	*(3)*	*0*
of which: Lombard	*7,855*	*7,854*	*0*	*1*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,390*	*8,900*	*487*	*3*	*(7)*	*(5)*	*(2)*	*0*
of which: Commodity trade finance	*327*	*327*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	4,696	4,600	94	2	(2)	(2)	0	0
Total off-balance sheet financial instruments and other credit lines	**114,337**	**107,545**	**6,522**	**270**	**(201)**	**(106)**	**(69)**	**(26)**
Total allowances and provisions					**(1,091)**	**(260)**	**(267)**	**(564)**

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. 2 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 10a for more information.

Note 7 Expected credit loss measurement (continued)

The table below provides information about the ECL gross exposure and the ECL coverage ratio for UBS AG's core loan portfolios (i.e., *Loans and advances to customers* and *Loans to financial advisors*) and relevant off-balance sheet exposures. *Cash and balances at central banks*, *Loans and advances to banks*, *Receivables from securities financing transactions*, *Cash collateral receivables on derivative instruments* and *Financial assets measured at fair value through other comprehensive income* are not included in the table below, due to their lower sensitivity to ECL.

ECL coverage ratios are calculated by dividing ECL allowances and provisions by the gross carrying amount of the related exposures.

Coverage ratios for core loan portfolio

30.6.23	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	163,714	153,488	9,445	781	9	3	92	8	298
Real estate financing	50,098	45,980	4,111	7	9	5	55	9	26
Total real estate lending	213,812	199,468	13,556	788	9	3	80	8	296
Large corporate clients	13,622	11,829	1,320	472	131	31	217	50	2,391
SME clients	12,737	10,808	1,313	616	201	29	157	43	3,298
Total corporate lending	26,360	22,637	2,634	1,089	165	30	187	47	2,904
Lombard	124,537	124,478	0	59	2	1	0	1	2,873
Credit cards	1,978	1,510	413	55	199	53	255	97	3,821
Commodity trade finance	2,304	2,185	0	118	479	30	351	30	8,770
Other loans and advances to customers	29,466	28,550	773	142	17	9	47	10	1,642
Loans to financial advisors	2,643	2,293	177	173	208	24	140	33	2,707
Total other lending	160,927	159,017	1,363	547	18	3	122	4	3,872
Total[1]	401,098	381,122	17,553	2,423	23	5	100	9	2,275

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	6,406	6,072	324	11	6	5	22	6	60
Real estate financing	9,757	9,477	280	0	6	8	0	6	0
Total real estate lending	16,163	15,549	603	11	6	7	0	6	60
Large corporate clients	31,238	28,520	2,580	138	28	17	141	28	132
SME clients	7,309	6,814	400	95	53	28	257	41	994
Total corporate lending	38,547	35,334	2,980	233	33	19	156	30	482
Lombard	13,912	13,910	0	1	1	1	0	1	0
Credit cards	9,762	9,274	484	4	7	6	37	8	0
Commodity trade finance	2,555	2,555	0	0	2	2	0	2	0
Financial intermediaries and hedge funds	18,519	18,139	380	0	7	5	90	7	0
Other off-balance sheet commitments	12,613	12,306	296	11	14	6	95	8	0
Total other lending	57,361	56,184	1,160	17	7	4	69	5	0
Total[2]	112,071	107,067	4,743	261	16	10	114	14	737
Total on- and off-balance sheet[3]	513,169	488,189	22,296	2,684	21	6	103	10	2,125

1 Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements. 3 Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 7 Expected credit loss measurement (continued)

Coverage ratios for core loan portfolio — 31.3.23

	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	159,580	149,744	9,102	734	11	3	113	9	344
Real estate financing	48,714	45,177	3,529	8	9	4	69	9	22
Total real estate lending	208,294	194,921	12,631	742	10	3	101	9	341
Large corporate clients	13,082	11,236	1,424	422	106	18	115	29	2,424
SME clients	13,853	11,811	1,461	581	175	25	168	41	3,253
Total corporate lending	26,936	23,047	2,886	1,003	142	22	142	35	2,904
Lombard	128,985	128,912	0	74	2	1	0	1	2,286
Credit cards	1,868	1,426	391	52	201	56	255	99	3,793
Commodity trade finance	3,149	3,028	20	101	305	18	11	17	9,001
Other loans and advances to customers	27,002	26,085	825	92	18	7	24	8	3,117
Loans to financial advisors	2,626	2,329	123	174	206	26	145	32	2,659
Total other lending	163,630	161,778	1,360	492	16	3	101	4	4,109
Total[1]	**398,859**	**379,746**	**16,876**	**2,237**	**22**	**4**	**108**	**9**	**2,319**

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	6,377	6,163	212	3	6	5	28	6	340
Real estate financing	9,298	9,101	197	0	7	8	0	7	0
Total real estate lending	15,675	15,263	409	3	6	7	0	6	340
Large corporate clients	31,375	28,390	2,821	165	38	18	190	34	830
SME clients	7,674	7,124	470	80	55	30	245	44	1,114
Total corporate lending	39,049	35,514	3,290	245	41	21	198	36	923
Lombard	12,456	12,455	0	1	1	1	0	1	0
Credit cards	9,567	9,078	486	3	8	6	36	8	0
Commodity trade finance	2,187	2,187	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	18,159	17,680	479	0	7	5	80	7	0
Other off-balance sheet commitments	11,483	11,086	380	17	18	7	66	9	0
Total other lending	53,852	52,485	1,345	22	8	5	60	6	0
Total[2]	**108,576**	**103,263**	**5,044**	**269**	**20**	**10**	**143**	**17**	**1,232**
Total on- and off-balance sheet[3]	**507,435**	**483,009**	**21,920**	**2,506**	**21**	**6**	**116**	**10**	**2,202**

1 Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements. 3 Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Coverage ratios for core loan portfolio — 31.12.22

	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	157,091	147,678	8,686	727	10	2	123	9	381
Real estate financing	46,511	43,129	3,372	9	9	4	70	9	232
Total real estate lending	203,602	190,807	12,059	736	10	2	108	9	379
Large corporate clients	12,356	10,757	1,204	395	105	22	120	32	2,325
SME clients	14,154	12,237	1,364	553	177	22	161	36	3,664
Total corporate lending	26,510	22,994	2,567	949	144	22	142	34	3,106
Lombard	132,313	132,205	0	108	2	1	0	1	1,580
Credit cards	1,869	1,427	393	50	190	46	256	91	3,779
Commodity trade finance	3,367	3,266	0	101	285	18	0	18	8,901
Other loans and advances to customers	23,149	22,333	748	68	18	6	38	7	3,769
Loans to financial advisors	2,670	2,364	130	176	221	28	124	33	2,870
Total other lending	163,368	161,595	1,270	503	16	3	114	3	4,016
Total[1]	**393,480**	**375,396**	**15,896**	**2,188**	**21**	**4**	**114**	**8**	**2,398**

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	6,535	6,296	236	3	5	4	18	4	1,183
Real estate financing	10,054	9,779	275	0	6	7	0	6	0
Total real estate lending	16,589	16,075	511	3	6	6	2	6	1,288
Large corporate clients	32,126	28,950	3,013	163	38	18	165	32	1,263
SME clients	7,122	6,525	499	98	47	30	214	43	304
Total corporate lending	39,247	35,475	3,513	260	40	20	172	34	903
Lombard	12,919	12,918	0	1	2	1	0	1	0
Credit cards	9,390	8,900	487	3	7	5	36	7	0
Commodity trade finance	2,459	2,459	0	0	3	3	0	3	0
Financial intermediaries and hedge funds	18,128	16,464	1,664	0	7	6	25	7	0
Other off-balance sheet commitments	11,803	11,454	346	3	11	8	68	9	0
Total other lending	54,700	52,195	2,498	7	6	5	33	6	0
Total[2]	**110,537**	**103,745**	**6,522**	**270**	**18**	**10**	**106**	**16**	**980**
Total on- and off-balance sheet[3]	**504,016**	**479,140**	**22,418**	**2,458**	**21**	**5**	**112**	**10**	**2,242**

1 Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements. 3 Includes on-balance sheet exposure, gross and off-balance sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 8 Fair value measurement

a) Fair value hierarchy

The fair value hierarchy classification of financial and non-financial assets and liabilities measured at fair value is summarized in the table below.

During the first six months of 2023, assets and liabilities that were transferred from Level 2 to Level 1, or from Level 1 to Level 2, and were held for the entire reporting period were not material.

Determination of fair values from quoted market prices or valuation techniques[1]

	30.6.23				31.3.23				31.12.22			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis												
Financial assets at fair value held for trading	104,834	13,871	1,527	120,232	104,793	12,118	1,099	118,009	96,263	10,284	1,488	108,034
of which: Equity instruments	*90,318*	*453*	*130*	*90,901*	*87,722*	*295*	*177*	*88,193*	*83,095*	*789*	*126*	*84,010*
of which: Government bills / bonds	*7,500*	*2,119*	*12*	*9,631*	*8,902*	*1,534*	*23*	*10,460*	*5,496*	*950*	*18*	*6,464*
of which: Investment fund units	*6,123*	*726*	*10*	*6,859*	*7,187*	*536*	*10*	*7,733*	*6,673*	*596*	*61*	*7,330*
of which: Corporate and municipal bonds	*889*	*9,531*	*438*	*10,859*	*977*	*7,702*	*442*	*9,121*	*976*	*6,509*	*541*	*8,026*
of which: Loans	*0*	*941*	*821*	*1,763*	*0*	*1,812*	*329*	*2,141*	*0*	*1,179*	*628*	*1,807*
of which: Asset-backed securities	*4*	*101*	*115*	*220*	*4*	*239*	*118*	*360*	*22*	*261*	*114*	*397*
Derivative financial instruments	1,042	121,686	1,318	124,046	879	112,066	1,309	114,253	769	147,876	1,464	150,109
of which: Foreign exchange	*551*	*58,332*	*5*	*58,889*	*515*	*51,733*	*3*	*52,251*	*575*	*84,882*	*2*	*85,459*
of which: Interest rate	*0*	*38,982*	*492*	*39,474*	*0*	*36,339*	*398*	*36,737*	*0*	*39,345*	*460*	*39,805*
of which: Equity / index	*0*	*21,944*	*433*	*22,378*	*1*	*21,180*	*578*	*21,759*	*1*	*21,542*	*653*	*22,195*
of which: Credit	*0*	*1,001*	*361*	*1,362*	*0*	*944*	*309*	*1,253*	*0*	*719*	*318*	*1,038*
of which: Commodities	*0*	*1,371*	*24*	*1,394*	*0*	*1,780*	*20*	*1,800*	*0*	*1,334*	*30*	*1,365*
Brokerage receivables	0	21,218	0	21,218	0	21,025	0	21,025	0	17,576	0	17,576
Financial assets at fair value not held for trading	31,296	28,577	3,841	63,714	32,279	30,398	3,834	66,511	26,572	29,110	3,725	59,408
of which: Financial assets for unit-linked investment contracts	*14,740*	*164*	*0*	*14,904*	*14,004*	*97*	*0*	*14,101*	*13,071*	*1*	*0*	*13,072*
of which: Corporate and municipal bonds	*61*	*11,730*	*236*	*12,026*	*86*	*13,601*	*241*	*13,928*	*35*	*14,101*	*230*	*14,366*
of which: Government bills / bonds	*16,144*	*3,976*	*0*	*20,120*	*17,824*	*3,140*	*0*	*20,965*	*13,103*	*3,638*	*0*	*16,741*
of which: Loans	*0*	*3,766*	*819*	*4,585*	*0*	*3,706*	*810*	*4,516*	*0*	*3,602*	*736*	*4,337*
of which: Securities financing transactions	*0*	*8,751*	*105*	*8,856*	*0*	*9,670*	*108*	*9,779*	*0*	*7,590*	*114*	*7,704*
of which: Auction rate securities	*0*	*0*	*1,321*	*1,321*	*0*	*0*	*1,321*	*1,321*	*0*	*0*	*1,326*	*1,326*
of which: Investment fund units	*321*	*190*	*210*	*720*	*295*	*183*	*288*	*766*	*307*	*178*	*190*	*675*
of which: Equity instruments	*29*	*0*	*990*	*1,020*	*70*	*0*	*879*	*949*	*57*	*0*	*792*	*849*
Financial assets measured at fair value through other comprehensive income on a recurring basis												
Financial assets measured at fair value through other comprehensive income	65	2,152	0	2,217	60	2,181	0	2,241	57	2,182	0	2,239
of which: Commercial paper and certificates of deposit	*0*	*1,926*	*0*	*1,926*	*0*	*1,921*	*0*	*1,921*	*0*	*1,878*	*0*	*1,878*
of which: Corporate and municipal bonds	*65*	*217*	*0*	*282*	*60*	*233*	*0*	*293*	*57*	*278*	*0*	*335*
Non-financial assets measured at fair value on a recurring basis												
Precious metals and other physical commodities	4,426	0	0	4,426	4,506	0	0	4,506	4,471	0	0	4,471
Non-financial assets measured at fair value on a non-recurring basis												
Other non-financial assets[2]	0	0	16	16	0	0	18	18	0	0	21	21
Total assets measured at fair value	141,663	187,505	6,701	335,870	142,516	177,787	6,260	326,563	128,132	207,028	6,698	341,858

Note 8 Fair value measurement (continued)

Determination of fair values from quoted market prices or valuation techniques (continued)[1]

	30.6.23				31.3.23				31.12.22			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value on a recurring basis												
Financial liabilities at fair value held for trading	29,147	6,330	139	35,616	28,332	5,941	101	34,374	23,578	5,823	114	29,515
of which: Equity instruments	*20,572*	*303*	*73*	*20,947*	*19,411*	*370*	*58*	*19,839*	*16,521*	*352*	*78*	*16,951*
of which: Corporate and municipal bonds	*31*	*5,217*	*61*	*5,308*	*33*	*4,610*	*38*	*4,681*	*36*	*4,643*	*27*	*4,707*
of which: Government bills / bonds	*7,487*	*737*	*0*	*8,224*	*7,919*	*728*	*0*	*8,647*	*5,880*	*706*	*1*	*6,587*
of which: Investment fund units	*1,057*	*45*	*3*	*1,106*	*969*	*204*	*3*	*1,176*	*1,141*	*84*	*3*	*1,229*
Derivative financial instruments	974	124,250	2,144	127,367	967	113,051	2,095	116,113	640	152,582	1,684	154,906
of which: Foreign exchange	*565*	*59,112*	*40*	*59,718*	*529*	*52,706*	*33*	*53,267*	*587*	*87,897*	*24*	*88,508*
of which: Interest rate	*0*	*37,861*	*133*	*37,994*	*0*	*34,317*	*360*	*34,677*	*0*	*37,429*	*116*	*37,545*
of which: Equity / index	*0*	*24,398*	*1,665*	*26,064*	*1*	*23,207*	*1,365*	*24,573*	*0*	*24,963*	*1,184*	*26,148*
of which: Credit	*0*	*1,267*	*260*	*1,527*	*0*	*1,057*	*286*	*1,343*	*0*	*920*	*279*	*1,199*
of which: Commodities	*0*	*1,511*	*30*	*1,541*	*0*	*1,592*	*33*	*1,625*	*0*	*1,309*	*52*	*1,361*
Financial liabilities designated at fair value on a recurring basis												
Brokerage payables designated at fair value	0	43,357	0	43,357	0	43,911	0	43,911	0	45,085	0	45,085
Debt issued designated at fair value	0	68,909	9,832	78,741	0	65,845	9,130	74,974	0	62,603	9,240	71,842
Other financial liabilities designated at fair value	0	29,204	2,221	31,425	0	26,083	1,935	28,018	0	30,055	1,978	32,033
of which: Financial liabilities related to unit-linked investment contracts	*0*	*15,055*	*0*	*15,055*	*0*	*14,243*	*0*	*14,243*	*0*	*13,221*	*0*	*13,221*
of which: Securities financing transactions	*0*	*11,344*	*0*	*11,344*	*0*	*9,707*	*0*	*9,707*	*0*	*15,333*	*0*	*15,333*
of which: Funding from UBS Group AG	*0*	*979*	*1,320*	*2,299*	*0*	*903*	*1,356*	*2,259*	*0*	*508*	*1,287*	*1,796*
of which: Over-the-counter debt instruments and others	*0*	*1,826*	*901*	*2,727*	*0*	*1,230*	*579*	*1,809*	*0*	*993*	*691*	*1,684*
Total liabilities measured at fair value	30,121	272,049	14,336	316,506	29,299	254,831	13,260	297,391	24,219	296,148	13,015	333,382

1 Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are not included in this table. The fair value of these derivatives was not material for the periods presented. 2 Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

b) Valuation adjustments

The table below summarizes the changes in deferred day-1 profit or loss reserves during the relevant period.

Deferred day-1 profit or loss is generally released into *Other net income from financial instruments measured at fair value through profit or loss* when the pricing of equivalent products or the underlying parameters become observable or when the transaction is closed out.

Deferred day-1 profit or loss reserves

	For the quarter ended			Year-to-date	
USD m	30.6.23	31.3.23	30.6.22	30.6.23	30.6.22
Reserve balance at the beginning of the period	399	422	425	422	418
Profit / (loss) deferred on new transactions	71	91	86	162	161
(Profit) / loss recognized in the income statement	(75)	(113)	(58)	(188)	(127)
Foreign currency translation	(1)	0	(1)	(1)	(1)
Reserve balance at the end of the period	396	399	451	396	451

The table below summarizes other valuation adjustment reserves recognized on the balance sheet.

Other valuation adjustment reserves on the balance sheet

	As of		
USD m	30.6.23	31.3.23	31.12.22
Own credit adjustments on financial liabilities designated at fair value	405	624	556
of which: debt issued designated at fair value	*115*	*276*	*289*
of which: other financial liabilities designated at fair value	*290*	*347*	*266*
Credit valuation adjustments[1]	(34)	(33)	(33)
Funding valuation adjustments	(102)	(108)	(50)
Debit valuation adjustments	4	6	4
Other valuation adjustments	(726)	(801)	(839)
of which: liquidity	*(275)*	*(299)*	*(311)*
of which: model uncertainty	*(451)*	*(502)*	*(529)*

1 Amount does not include reserves against defaulted counterparties.

c) Level 3 instruments: valuation techniques and inputs

The table below presents material Level 3 assets and liabilities, together with the valuation techniques used to measure fair value, as well as the inputs used in a given valuation technique that are considered significant as of 30 June 2023 and unobservable, and a range of values for those unobservable inputs.

The range of values represents the highest- and lowest-level inputs used in the valuation techniques. Therefore, the range does not reflect the level of uncertainty regarding a particular input or an assessment of the reasonableness of UBS AG's estimates and assumptions, but rather the different underlying characteristics of the relevant assets and liabilities held by UBS AG.

The significant unobservable inputs disclosed in the table below are consistent with those included in "Note 20 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2022.

Valuation techniques and inputs used in the fair value measurement of Level 3 assets and liabilities

	Fair value						Range of inputs						
	Assets		Liabilities				30.6.23			31.12.22			
USD bn	30.6.23	31.12.22	30.6.23	31.12.22	Valuation technique(s)	Significant unobservable input(s)[1]	low	high	weighted average[2]	low	high	weighted average[2]	unit[1]
Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading													
Corporate and municipal bonds	*0.7*	*0.8*	*0.1*	*0.0*	Relative value to market comparable	Bond price equivalent	4	99	73	14	112	85	points
					Discounted expected cash flows	Discount margin	391	391		412	412		basis points
Traded loans, loans measured at fair value, loan commitments and guarantees	*1.8*	*1.7*	*0.0*	*0.0*	Relative value to market comparable	Loan price equivalent	34	100	98	30	100	97	points
					Discounted expected cash flows	Credit spread	200	275	249	200	200	200	basis points
					Market comparable and securitization model	Credit spread	165	1,544	349	145	1,350	322	basis points
Auction rate securities	*1.3*	*1.3*			Discounted expected cash flows	Credit spread	115	209	156	115	196	144	basis points
Investment fund units[3]	*0.2*	*0.3*	*0.0*	*0.0*	Relative value to market comparable	Net asset value							
Equity instruments[3]	*1.1*	*0.9*	*0.1*	*0.1*	Relative value to market comparable	Price							
Debt issued designated at fair value[4]			9.8	9.2									
Other financial liabilities designated at fair value			2.2	2.0	Discounted expected cash flows	Funding spread	25	175		23	175		basis points
Derivative financial instruments													
Interest rate	*0.5*	*0.5*	*0.1*	*0.1*	Option model	Volatility of interest rates	69	129		75	143		basis points
Credit	*0.4*	*0.3*	*0.3*	*0.3*	Discounted expected cash flows	Credit spreads	9	538		9	565		basis points
						Bond price equivalent	3	281		3	277		points
Equity / index	*0.4*	*0.7*	*1.7*	*1.2*	Option model	Equity dividend yields	0	9		0	20		%
						Volatility of equity stocks, equity and other indices	4	138		4	120		%
						Equity-to-FX correlation	(40)	84		(29)	84		%
						Equity-to-equity correlation	(25)	99		(25)	100		%

1 The ranges of significant unobservable inputs are represented in points, percentages and basis points. Points are a percentage of par (e.g., 100 points would be 100% of par). 2 Weighted averages are provided for most non-derivative financial instruments and were calculated by weighting inputs based on the fair values of the respective instruments. Weighted averages are not provided for inputs related to Other financial liabilities designated at fair value and Derivative financial instruments, as this would not be meaningful. 3 The range of inputs is not disclosed, as there is a dispersion of values given the diverse nature of the investments. 4 Debt issued designated at fair value primarily consists of UBS AG structured notes, which include variable maturity notes with various equity and foreign exchange underlying risks, as well as rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters are presented in the respective derivative financial instruments lines in this table.

d) Level 3 instruments: sensitivity to changes in unobservable input assumptions

The table below summarizes those financial assets and liabilities classified as Level 3 for which a change in one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, and the estimated effect thereof.

The sensitivity data shown below presents an estimation of valuation uncertainty based on reasonably possible alternative values for Level 3 inputs at the balance sheet date and does not represent the estimated effect of stress scenarios. Typically, these financial assets and liabilities are sensitive to a combination of inputs from Levels 1–3. Although well-defined interdependencies may exist between Level 1 / 2 parameters and Level 3 parameters (e.g., between interest rates, which are generally Level 1 or Level 2, and prepayments, which are generally Level 3), these have not been incorporated in the table. Furthermore, direct interrelationships between the Level 3 parameters are not a significant element of the valuation uncertainty.

Sensitivity of fair value measurements to changes in unobservable input assumptions[1]

	30.6.23		31.3.23		31.12.22	
USD m	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Traded loans, loans measured at fair value, loan commitments and guarantees	12	(6)	12	(13)	19	(12)
Securities financing transactions	27	(18)	27	(29)	33	(37)
Auction rate securities	44	(44)	45	(45)	46	(46)
Asset-backed securities	29	(28)	29	(27)	27	(27)
Equity instruments	193	(169)	188	(164)	183	(161)
Interest rate derivatives, net	5	(18)	20	(13)	18	(12)
Credit derivatives, net	4	(3)	3	(5)	3	(4)
Foreign exchange derivatives, net	6	(6)	4	(5)	10	(5)
Equity / index derivatives, net	350	(318)	371	(338)	361	(330)
Other	60	(56)	93	(105)	39	(62)
Total	730	(666)	791	(744)	738	(696)

1 Sensitivity of issued and over-the-counter debt instruments is reported with the equivalent derivative or Other.

e) Level 3 instruments: movements during the period

The table below presents additional information about material Level 3 assets and liabilities measured at fair value on a recurring basis. Level 3 assets and liabilities may be hedged with instruments classified as Level 1 or Level 2 in the fair value hierarchy and, as a result, realized and unrealized gains and losses included in the table may not include the effect of related hedging activity. Furthermore, the realized and unrealized gains and losses presented in the table are not limited solely to those arising from Level 3 inputs, as valuations are generally derived from both observable and unobservable parameters.

Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the year.

Note 8 Fair value measurement (continued)

Movements of Level 3 instruments

USD bn	Balance at the beginning of the period	Net gains / losses included in comprehensive income[1]	*of which: related to instruments held at the end of the period*	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance at the end of the period
For the six months ended 30 June 2023[2]											
Financial assets at fair value held for trading	1.5	0.0	*(0.0)*	0.2	(0.7)	0.7	0.0	0.1	(0.3)	0.0	1.5
of which: Investment fund units	*0.1*	*(0.0)*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.0*
of which: Corporate and municipal bonds	*0.5*	*(0.0)*	*(0.0)*	*0.1*	*(0.2)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.4*
of which: Loans	*0.6*	*0.0*	*0.0*	*0.0*	*(0.3)*	*0.7*	*0.0*	*0.0*	*(0.2)*	*0.0*	*0.8*
Derivative financial instruments – assets	1.5	(0.2)	*(0.2)*	0.0	0.0	0.4	(0.2)	0.1	(0.2)	0.0	1.3
of which: Interest rate	*0.5*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*(0.0)*	*(0.0)*	*0.5*
of which: Equity / index	*0.7*	*(0.2)*	*(0.1)*	*0.0*	*0.0*	*0.3*	*(0.2)*	*0.0*	*(0.2)*	*(0.0)*	*0.4*
of which: Credit	*0.3*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.4*
Financial assets at fair value not held for trading	3.7	0.0	*0.0*	0.5	(0.4)	0.0	0.0	0.1	(0.1)	0.0	3.8
of which: Loans	*0.7*	*0.0*	*0.0*	*0.2*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*(0.0)*	*0.8*
of which: Auction rate securities	*1.3*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.3*
of which: Equity instruments	*0.8*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.0*
Derivative financial instruments – liabilities	1.7	0.2	*0.2*	0.0	0.0	0.7	(0.3)	0.1	(0.3)	0.0	2.1
of which: Interest rate	*0.1*	*(0.0)*	*0.0*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.1*
of which: Equity / index	*1.2*	*0.2*	*0.2*	*0.0*	*0.0*	*0.5*	*(0.2)*	*0.0*	*(0.1)*	*0.0*	*1.7*
of which: Credit	*0.3*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.1*	*0.0*	*0.1*	*(0.2)*	*(0.0)*	*0.3*
Debt issued designated at fair value	9.2	0.5	*0.4*	0.0	0.0	2.3	(2.0)	0.6	(0.8)	(0.0)	9.8
Other financial liabilities designated at fair value	2.0	0.1	*0.1*	0.0	0.0	0.2	(0.0)	0.0	(0.0)	(0.0)	2.2
For the six months ended 30 June 2022											
Financial assets at fair value held for trading	2.3	(0.1)	*(0.2)*	0.3	(1.3)	1.0	0.0	0.1	(0.3)	(0.0)	1.9
of which: Investment fund units	*0.0*	*(0.0)*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.0*
of which: Corporate and municipal bonds	*0.6*	*(0.0)*	*(0.0)*	*0.2*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.7*
of which: Loans	*1.4*	*(0.1)*	*(0.1)*	*0.0*	*(1.2)*	*1.0*	*0.0*	*0.0*	*(0.2)*	*(0.0)*	*1.0*
Derivative financial instruments – assets	1.1	0.5	*0.6*	0.0	0.0	0.5	(0.4)	0.2	(0.2)	(0.0)	1.8
of which: Interest rate	*0.5*	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.1*	*(0.1)*	*(0.0)*	*0.4*
of which: Equity / index	*0.4*	*0.3*	*0.3*	*0.0*	*0.0*	*0.2*	*(0.2)*	*0.0*	*(0.0)*	*(0.0)*	*0.7*
of which: Credit	*0.2*	*0.1*	*0.1*	*0.0*	*0.0*	*0.2*	*(0.0)*	*0.1*	*0.0*	*0.0*	*0.6*
Financial assets at fair value not held for trading	4.2	0.1	*0.1*	0.6	(0.6)	0.0	(0.0)	0.0	(0.1)	(0.1)	4.2
of which: Loans	*0.9*	*(0.0)*	*(0.0)*	*0.5*	*(0.2)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*(0.0)*	*1.0*
of which: Auction rate securities	*1.6*	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*
of which: Equity instruments	*0.7*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.7*
Derivative financial instruments – liabilities	2.2	(0.6)	*(0.6)*	0.0	0.0	0.9	(0.8)	0.1	(0.1)	(0.1)	1.7
of which: Interest rate	*0.3*	*(0.2)*	*(0.2)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*0.0*	*(0.0)*	*0.1*
of which: Equity / index	*1.5*	*(0.3)*	*(0.3)*	*0.0*	*0.0*	*0.6*	*(0.7)*	*0.0*	*(0.1)*	*(0.0)*	*1.1*
of which: Credit	*0.3*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*0.0*	*0.1*	*(0.0)*	*(0.0)*	*0.4*
Debt issued designated at fair value	11.9	(1.9)	*(1.6)*	0.0	0.0	4.2	(2.7)	0.7	(1.3)	(0.4)	10.5
Other financial liabilities designated at fair value	3.2	(0.7)	*(0.7)*	0.0	0.0	0.2	(0.1)	0.0	(0.2)	(0.0)	2.4

1 Net gains / losses included in comprehensive income are recognized in Net interest income and Other net income from financial instruments measured at fair value through profit or loss in the Income statement, and also in Gains / (losses) from own credit on financial liabilities designated at fair value, before tax in the Statement of comprehensive income. 2 Total Level 3 assets as of 30 June 2023 were USD 6.7bn (31 December 2022: USD 6.7bn). Total Level 3 liabilities as of 30 June 2023 were USD 14.3bn (31 December 2022: USD 13.0bn).

f) Financial instruments not measured at fair value

The table below reflects the estimated fair values of financial instruments not measured at fair value. Valuation principles applied when determining fair value estimates for financial instruments not measured at fair value are consistent with those described in "Note 20 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2022.

Financial instruments not measured at fair value

	30.6.23		31.3.23		31.12.22	
USD bn	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Cash and balances at central banks	159.4	159.4	144.2	144.2	169.4	169.4
Loans and advances to banks	21.4	21.4	14.8	14.8	14.7	14.6
Receivables from securities financing transactions measured at amortized cost	62.0	62.0	60.0	60.0	67.8	67.8
Cash collateral receivables on derivative instruments	35.1	35.1	32.7	32.6	35.0	35.0
Loans and advances to customers	397.6	385.1	395.4	383.8	390.0	377.7
Other financial assets measured at amortized cost	52.2	51.8	49.3	49.0	53.4	51.0
Liabilities						
Amounts due to banks	16.3	16.3	13.6	13.6	11.6	11.6
Payables from securities financing transactions measured at amortized cost	12.3	12.3	9.9	9.9	4.2	4.2
Cash collateral payables on derivative instruments	31.4	31.4	32.2	32.2	36.4	36.4
Customer deposits	521.7	521.4	507.8	507.2	527.2	526.9
Funding from UBS Group AG measured at amortized cost	61.4	60.3	63.1	61.2	56.1	55.7
Debt issued measured at amortized cost	62.6	62.0	54.7	54.0	59.5	58.9
Other financial liabilities measured at amortized cost[1]	8.6	8.6	7.5	7.5	7.2	7.2

1 Excludes lease liabilities.

Note 9 Derivative instruments

a) Derivative instruments

As of 30.6.23, USD bn	Derivative financial assets	Derivative financial liabilities	Notional values related to derivative financial assets and liabilities[1]	Other notional values[2]
Derivative financial instruments				
Interest rate	39.5	38.0	2,356	15,180
Credit derivatives	1.4	1.5	90	
Foreign exchange	58.9	59.7	6,636	78
Equity / index	22.4	26.1	1,001	77
Commodities	1.4	1.5	141	16
Other[3]	0.5	0.5	121	
Total derivative financial instruments, based on IFRS netting[4]	124.0	127.4	10,345	15,351
Further netting potential not recognized on the balance sheet[5]	(114.0)	(116.0)		
of which: netting of recognized financial liabilities / assets	*(92.8)*	*(92.8)*		
of which: netting with collateral received / pledged	*(21.2)*	*(23.2)*		
Total derivative financial instruments, after consideration of further netting potential	10.1	11.4		

As of 31.3.23, USD bn	Derivative financial assets	Derivative financial liabilities	Notional values related to derivative financial assets and liabilities[1]	Other notional values[2]
Derivative financial instruments				
Interest rate	36.7	34.7	2,345	13,842
Credit derivatives	1.3	1.3	86	
Foreign exchange	52.3	53.3	6,610	56
Equity / index	21.8	24.6	932	76
Commodities	1.8	1.6	146	19
Other[3]	0.4	0.6	106	
Total derivative financial instruments, based on IFRS netting[4]	114.3	116.1	10,224	13,993
Further netting potential not recognized on the balance sheet[5]	(105.4)	(104.3)		
of which: netting of recognized financial liabilities / assets	*(84.9)*	*(84.9)*		
of which: netting with collateral received / pledged	*(20.5)*	*(19.4)*		
Total derivative financial instruments, after consideration of further netting potential	8.8	11.8		

As of 31.12.22, USD bn	Derivative financial assets	Derivative financial liabilities	Notional values related to derivative financial assets and liabilities[1]	Other notional values[2]
Derivative financial instruments				
Interest rate	39.8	37.5	2,080	11,255
Credit derivatives	1.0	1.2	74	
Foreign exchange	85.5	88.5	6,080	40
Equity / index	22.2	26.1	886	63
Commodities	1.4	1.4	132	18
Other[3]	0.2	0.1	50	
Total derivative financial instruments, based on IFRS netting[4]	150.1	154.9	9,302	11,376
Further netting potential not recognized on the balance sheet[5]	(139.4)	(137.1)		
of which: netting of recognized financial liabilities / assets	*(110.9)*	*(110.9)*		
of which: netting with collateral received / pledged	*(28.5)*	*(26.2)*		
Total derivative financial instruments, after consideration of further netting potential	10.7	17.8		

1 In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional values of the netted derivative financial instruments are still presented on a gross basis. Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. 2 Other notional values relate to derivatives that are cleared through either a central counterparty or an exchange. The fair value of these derivatives is presented on the balance sheet net of the corresponding cash margin under Cash collateral receivables on derivative instruments and Cash collateral payables on derivative instruments and was not material for all periods presented. 3 Includes mainly Loan commitments measured at FVTPL, as well as unsettled purchases and sales of non-derivative financial instruments, for which the changes in the fair value between trade date and settlement date are recognized as derivative financial instruments. 4 Financial assets and liabilities are presented net on the balance sheet if UBS AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 5 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 21 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2022 for more information.

Note 9 Derivative instruments (continued)

b) Cash collateral on derivative instruments

USD bn	Receivables 30.6.23	Payables 30.6.23	Receivables 31.3.23	Payables 31.3.23	Receivables 31.12.22	Payables 31.12.22
Cash collateral on derivative instruments, based on IFRS netting[1]	35.1	31.4	32.7	32.2	35.0	36.4
Further netting potential not recognized on the balance sheet[2]	(22.9)	(18.8)	(18.6)	(17.3)	(22.9)	(21.9)
of which: netting of recognized financial liabilities / assets	*(20.3)*	*(16.1)*	*(15.6)*	*(14.3)*	*(20.9)*	*(20.0)*
of which: netting with collateral received / pledged	*(2.6)*	*(2.6)*	*(3.0)*	*(3.0)*	*(1.9)*	*(1.9)*
Cash collateral on derivative instruments, after consideration of further netting potential	12.1	12.7	14.1	14.9	12.1	14.5

1 Financial assets and liabilities are presented net on the balance sheet if UBS AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 2 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 21 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2022 for more information.

Note 10 Other assets and liabilities

a) Other financial assets measured at amortized cost

USD m	30.6.23	31.3.23	31.12.22
Debt securities	41,521	40,646	44,594
Loans to financial advisors	2,588	2,571	2,611
Fee- and commission-related receivables	1,822	1,922	1,803
Finance lease receivables	1,376	1,344	1,314
Settlement and clearing accounts	395	542	1,174
Accrued interest income	1,430	1,340	1,276
Other	3,048	924	618
Total other financial assets measured at amortized cost	52,180	49,289	53,389

b) Other non-financial assets

USD m	30.6.23	31.3.23	31.12.22
Precious metals and other physical commodities	4,426	4,506	4,471
Deposits and collateral provided in connection with litigation, regulatory and similar matters[1]	2,250	2,235	2,205
Prepaid expenses	1,019	848	709
VAT, withholding tax and other tax receivables	707	1,830	1,405
Properties and other non-current assets held for sale	111	279	279
Other	741	670	583
Total other non-financial assets	9,254	10,367	9,652

1 Refer to Note 15 for more information.

c) Other financial liabilities measured at amortized cost

USD m	30.6.23	31.3.23	31.12.22
Other accrued expenses	1,543	1,613	1,564
Accrued interest expenses	2,577	1,954	2,008
Settlement and clearing accounts	1,499	1,533	1,060
Lease liabilities	3,105	3,174	3,211
Other	2,948	2,422	2,549
Total other financial liabilities measured at amortized cost	11,673	10,695	10,391

d) Other financial liabilities designated at fair value

USD m	30.6.23	31.3.23	31.12.22
Financial liabilities related to unit-linked investment contracts	15,055	14,243	13,221
Securities financing transactions	11,344	9,707	15,333
Over-the-counter debt instruments and other	2,727	1,809	1,684
Funding from UBS Group AG	2,299	2,259	1,796
Total other financial liabilities designated at fair value	31,425	28,018	32,033

Note 10 Other assets and liabilities (continued)

e) Other non-financial liabilities

USD m	30.6.23	31.3.23	31.12.22
Compensation-related liabilities	3,248	2,628	4,424
of which: net defined benefit liability	*455*	*463*	*449*
Current tax liabilities	991	952	1,044
Deferred tax liabilities	212	261	233
VAT, withholding tax and other tax payables	514	481	472
Deferred income	280	288	233
Other	86	62	84
Total other non-financial liabilities	5,330	4,673	6,489

Note 11 Funding from UBS Group AG measured at amortized cost

USD m	30.6.23	31.3.23	31.12.22
Senior unsecured debt that contributes to total loss-absorbing capacity (TLAC)	48,546	47,172	42,073
Senior unsecured debt other than TLAC	1,180	3,606	236
Subordinated debt	11,719	12,315	13,838
of which: eligible as high-trigger loss-absorbing additional tier 1 capital instruments	*10,528*	*11,118*	*10,654*
of which: eligible as low-trigger loss-absorbing additional tier 1 capital instruments	*1,189*	*1,198*	*1,187*
Total funding from UBS Group AG measured at amortized cost[1]	61,445	63,093	56,147

1 UBS AG has also recognized funding from UBS Group AG that is designated at fair value. Refer to Note 10d for more information.

Note 12 Debt issued designated at fair value

USD m	30.6.23	31.3.23	31.12.22
Issued debt instruments			
Equity-linked[1]	45,475	44,721	41,901
Rates-linked	15,945	15,797	16,276
Credit-linked	4,230	2,815	2,170
Fixed-rate	8,378	6,673	6,538
Commodity-linked	3,979	4,311	4,294
Other	734	656	663
Total debt issued designated at fair value	78,741	74,974	71,842
of which: issued by UBS AG with original maturity greater than one year[2]	*64,047*	*60,268*	*57,750*

1 Includes investment fund unit-linked instruments issued. 2 Based on original contractual maturity without considering any early redemption features. As of 30 June 2023, 100% of the balance was unsecured (31 March 2023: 100%; 31 December 2022: 100%).

Note 13 Debt issued measured at amortized cost

USD m	30.6.23	31.3.23	31.12.22
Short-term debt[1]	35,590	27,412	29,676
Senior unsecured debt	14,920	15,472	17,892
of which: issued by UBS AG with original maturity greater than one year	*14,918*	*15,472*	*17,892*
Subordinated debt	2,976	2,975	2,968
of which: eligible as low-trigger loss-absorbing tier 2 capital instruments	*0*	*2,438*	*2,422*
of which: eligible as non-Basel III-compliant tier 2 capital instruments	*539*	*538*	*536*
Debt issued through the Swiss central mortgage institutions	9,076	8,873	8,962
Long-term debt[2]	26,971	27,320	29,823
Total debt issued measured at amortized cost[3]	62,561	54,733	59,499

1 Debt with an original contractual maturity of less than one year, includes mainly certificates of deposit and commercial paper. 2 Debt with an original contractual maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. 3 Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented.

Note 14 Interest rate benchmark reform

During 2023, UBS AG has largely completed the transition of the remaining USD London Interbank Offered Rate (LIBOR) contracts. The transition of the largest remaining non-derivative exposure, the US mortgage portfolio of approximately USD 9bn as of 31 December 2022, had been substantially completed as of 30 June 2023, with these contracts automatically converting to term Secured Overnight Financing Rate (SOFR) from their next interest rate reset date following the cessation of the respective USD LIBOR rates, i.e., 30 June 2023. Corporate loans in the Investment Bank have now either been transitioned to alternative rates or are temporarily utilizing the last available USD LIBOR fixing to complete transition, with a small residual amount relying on synthetic LIBOR rates.

In August 2022, to facilitate the transition of derivatives linked to the USD LIBOR Swap Rate, UBS AG adhered to the June 2022 Benchmark Module of the ISDA 2021 Fallbacks Protocol on the USD LIBOR Swap Rate. The majority of these contracts had transitioned as of 30 June 2023, with a small number of contracts transitioned in July 2023. The transition of USD LIBOR-cleared derivatives has been effected through industry-wide central clearing counterparty conversion events that occurred primarily in April and May 2023. As of 30 June 2023 the transition of these USD LIBOR-linked derivatives has been materially accomplished.

UBS AG has approximately USD 3bn equivalent of Japanese yen- and US dollar-denominated funding from UBS Group AG that, per current contractual terms, if not called on their respective call dates, would reset based directly on JPY LIBOR and USD LIBOR. In addition, several contracts providing funding from UBS Group AG reference rates indirectly derived from IBORs, if they are not called on their respective call dates. These contracts have robust IBOR fallback language and the confirmation of interest rate calculation mechanics will be communicated in advance of any rate resets.

Note 15 Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

USD m	30.6.23	31.3.23	31.12.22
Provisions other than provisions for expected credit losses	3,641	3,673	2,982
Provisions for expected credit losses[1]	175	214	201
Total provisions	3,817	3,886	3,183

1 Refer to Note 7c for more information.

The following table presents additional information for provisions other than provisions for expected credit losses.

USD m	Litigation, regulatory and similar matters[1]	Other[2]	Total
Balance as of 31 December 2022	2,586	396	2,982
Balance as of 31 March 2023	3,306	366	3,673
Increase in provisions recognized in the income statement	56	12	68
Release of provisions recognized in the income statement	(1)	(3)	(4)
Provisions used in conformity with designated purpose	(83)	(33)	(116)
Foreign currency translation and other movements[3]	10	11	21
Balance as of 30 June 2023	3,289	353	3,641

1 Consists of provisions for losses resulting from legal, liability and compliance risks. 2 Mainly includes restructuring provisions and provisions related to real estate, employee benefits and operational risks. 3 Other movements include capitalized reinstatement costs and unwinding of discount.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 15b. There are no material contingent liabilities associated with the other classes of provisions.

b) Litigation, regulatory and similar matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. "UBS," "we" and "our", for purposes of this Note, refer to UBS AG and / or one or more of its subsidiaries, as applicable.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance to UBS due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, we state that we have established a provision, and for the other matters, we make no such statement. When we make this statement and we expect disclosure of the amount of a provision to prejudice seriously our position with other parties in the matter because it would reveal what UBS believes to be the probable and reliably estimable outflow, we do not disclose that amount. In some cases we are subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which we do not state whether we have established a provision, either: (a) we have not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard; or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which we have established provisions, we are able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which we are able to estimate expected timing is immaterial relative to our current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 15a above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

Note 15 Provisions and contingent liabilities (continued)

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of this report.

Provisions for litigation, regulatory and similar matters by business division and in Group Functions[1]

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
Balance as of 31 December 2022	1,182	159	8	308	928	2,586
Balance as of 31 March 2023	1,193	161	8	351	1,594	3,306
Increase in provisions recognized in the income statement	35	0	1	20	0	56
Release of provisions recognized in the income statement	(1)	0	0	0	0	(1)
Provisions used in conformity with designated purpose	(37)	0	(1)	(45)	0	(83)
Foreign currency translation / unwind of discount	7	1	0	1	1	10
Balance as of 30 June 2023	1,196	162	8	327	1,595	3,289

1 Provisions, if any, for the matters described in item 3 of this Note are recorded in Global Wealth Management, and provisions, if any, for the matters described in item 2 are recorded in Group Functions. Provisions, if any, for the matters described in items 1 and 5 of this Note are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in item 4 are allocated between the Investment Bank and Group Functions.

1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France in relation to UBS's cross-border business with French clients. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("*caution*") of EUR 1.1bn.

In 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7bn on UBS AG and UBS (France) S.A. and awarded EUR 800m of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. In December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75m, the confiscation of EUR 1bn, and awarded civil damages to the French state of EUR 800m. UBS AG has filed an appeal with the French Supreme Court. A hearing in the Supreme Court is currently scheduled for 27 September 2023. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The civil damages award has been paid to the French state (EUR 99m of which was deducted from the bail), subject to the result of UBS's appeal.

Our balance sheet at 30 June 2023 reflected provisions with respect to this matter in an amount of EUR 1.1bn (USD 1.2bn). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities (RMBS) and was a purchaser and seller of US residential mortgages.

In 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint in 2019. Later in 2019, the district court denied UBS's motion to dismiss. In August 2023, UBS reached a settlement with the DOJ, under which UBS paid USD 1.435bn to resolve all civil claims by the DOJ.

Our balance sheet at 30 June 2023 reflected a provision with respect to matters described in this item 2 in an amount that UBS believed to be appropriate under the applicable accounting standard.

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier. Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totaling approximately EUR 2.1bn, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS (BMIS Trustee).

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been filed in Luxembourg, where decisions that the claims in eight test cases were inadmissible have been affirmed by the Luxembourg Court of Appeal, and the Luxembourg Supreme Court has dismissed a further appeal in one of the test cases.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2bn. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of approximately USD 125m of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. In 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims, and the US Supreme Court subsequently denied a petition seeking review of the Court of Appeals' decision. The case has been remanded to the Bankruptcy Court for further proceedings.

4. Foreign exchange, LIBOR and benchmark rates, and other trading practices

Foreign exchange-related regulatory matters: Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and United Kingdom regulators and the European Commission. UBS was granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses.

Foreign exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 141m and provide cooperation to the settlement classes. Certain class members have excluded themselves from that settlement and have filed individual actions in US and English courts against UBS and other banks, alleging violations of US and European competition laws and unjust enrichment. UBS and the other banks have resolved those individual matters.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In 2022, the court denied plaintiffs' motion for class certification. In March 2023, the court granted defendants' summary judgment motion, dismissing the case. Plaintiffs have appealed.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies conducted investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. UBS reached settlements or otherwise concluded investigations relating to benchmark interest rates with the investigating authorities. UBS was granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission (WEKO), in connection with potential antitrust or competition law violations related to certain rates. However, UBS has not reached a final settlement with WEKO, as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR and seek unspecified compensatory and other damages under varying legal theories.

USD LIBOR class and individual actions in the US: In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, Commodity Exchange Act claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In 2021, the Second Circuit affirmed the district court's dismissal in part and reversed in part and remanded to the district court for further proceedings. The Second Circuit, among other things, held that there was personal jurisdiction over UBS and other foreign defendants. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. The Second Circuit denied the petition to appeal. In 2020, an individual action was filed in the Northern District of California against UBS and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. In September 2022, the court granted defendants' motion to dismiss the complaint in its entirety, while allowing plaintiffs the opportunity to file an amended complaint. Plaintiffs filed an amended complaint in October 2022, and defendants have moved to dismiss the amended complaint.

Other benchmark class actions in the US:
Yen LIBOR / Euroyen TIBOR – In 2017, the court dismissed one Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In 2020, the appeals court reversed the dismissal and, subsequently, plaintiffs in that action filed an amended complaint focused on Yen LIBOR. In 2022, the court granted UBS's motion for reconsideration and dismissed the case against UBS. The dismissal of the case against UBS could be appealed following the disposition of the case against the remaining defendant in the district court.

CHF LIBOR – In 2017, the court dismissed the CHF LIBOR action on standing grounds and failure to state a claim. Plaintiffs filed an amended complaint, and the court granted a renewed motion to dismiss in 2019. Plaintiffs appealed. In 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings. Plaintiffs filed a third amended complaint in November 2022 and defendants moved to dismiss the amended complaint in January 2023.

EURIBOR – In 2017, the court in the EURIBOR lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs have appealed.

GBP LIBOR – The court dismissed the GBP LIBOR action in 2019. Plaintiffs have appealed.

Government bonds: Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint were granted in 2021. Plaintiffs filed an amended complaint, which defendants moved to dismiss later in 2021. In March 2022, the court granted defendants' motion to dismiss that complaint. Plaintiffs have appealed the dismissal. Similar class actions have been filed concerning European government bonds and other government bonds.

In 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules in 2007–2011 relating to European government bonds. The European Commission fined UBS EUR 172m. UBS is appealing the amount of the fine.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 30 June 2023 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

5. Swiss retrocessions

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third-party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver. FINMA issued a supervisory note to all Swiss banks in response to the Supreme Court decision. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and continues to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among other things, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

Our balance sheet at 30 June 2023 reflected a provision with respect to matters described in this item 5 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

Joint liability of UBS Switzerland AG

In 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 terms of the asset transfer agreement, UBS Switzerland AG assumed joint liability for contractual obligations of UBS AG existing on the asset transfer date, including the full and unconditional guarantee of certain registered debt securities issued by UBS AG. To reflect this joint liability, UBS Switzerland AG is presented in a separate column as a subsidiary co-guarantor.

The joint liability of UBS Switzerland AG for contractual obligations of UBS AG decreased in the first half of 2023 by USD 0.8bn to USD 3.5bn as of 30 June 2023. The decrease substantially relates to a combination of contractual maturities, early extinguishments, fair value movements and foreign currency effects.

Supplemental guarantor information

The following tables provide supplemental guarantor information that is required under SEC regulations.

Supplemental guarantor consolidated income statement

USD m For the six months ended 30 June 2023	UBS AG (standalone)[1]	UBS Switzerland AG (standalone)[1]	Other subsidiaries[2]	Elimination entries	UBS AG (consolidated)
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	4,911	3,248	4,399	(2,260)	10,298
Interest expense from financial instruments measured at amortized cost	(6,508)	(1,085)	(3,543)	2,675	(8,461)
Net interest income from financial instruments measured at fair value through profit or loss and other	461	343	460	(407)	856
Net interest income	(1,136)	2,506	1,316	8	2,694
Other net income from financial instruments measured at fair value through profit or loss	3,605	505	533	366	5,009
Fee and commission income	1,384	2,557	6,457	(314)	10,083
Fee and commission expense	(345)	(233)	(601)	314	(866)
Net fee and commission income	1,038	2,324	5,855	0	9,217
Other income	2,166	118	527	(2,418)	392
Total revenues	5,673	5,453	8,231	(2,045)	17,313
Credit loss expense / (release)	1	21	29	3	54
Personnel expenses	1,670	1,092	4,983	0	7,745
General and administrative expenses	1,834	1,735	3,216	(1,360)	5,425
Depreciation, amortization and impairment of non-financial assets	427	198	605	(54)	1,176
Operating expenses	3,931	3,025	8,804	(1,414)	14,346
Operating profit / (loss) before tax	1,741	2,407	(602)	(634)	2,912
Tax expense / (benefit)	50	436	241	48	776
Net profit / (loss)	1,691	1,971	(843)	(683)	2,136
Net profit / (loss) attributable to non-controlling interests	0	0	12	0	12
Net profit / (loss) attributable to shareholders	1,691	1,971	(855)	(683)	2,124

1 Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements under "Complementary financial information" at ubs.com/investors for information prepared in accordance with Swiss GAAP. 2 The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

Note 16 Supplemental guarantor information required under SEC regulations (continued)

Supplemental guarantor consolidated statement of comprehensive income

USD m For the six months ended 30 June 2023	UBS AG (standalone)[1]	UBS Switzerland AG (standalone)[1]	Other subsidiaries[2]	Elimination entries	UBS AG (consolidated)
Comprehensive income attributable to shareholders					
Net profit / (loss)	1,691	1,971	(855)	(683)	2,124
Other comprehensive income					
Other comprehensive income that may be reclassified to the income statement					
Foreign currency translation, net of tax	10	470	63	(297)	246
Financial assets measured at fair value through other comprehensive income, net of tax	1		1		1
Cash flow hedges, net of tax	40	108	(79)	(5)	64
Cost of hedging, net of tax	6		(1)		6
Total other comprehensive income that may be reclassified to the income statement, net of tax	57	578	(16)	(302)	317
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans, net of tax	3	(18)	2		(12)
Own credit on financial liabilities designated at fair value, net of tax	(100)				(100)
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(96)	(18)	2		(112)
Total other comprehensive income	(39)	560	(14)	(302)	206
Total comprehensive income attributable to shareholders	1,652	2,531	(870)	(985)	2,329
Total comprehensive income attributable to non-controlling interests			14		14
Total comprehensive income	1,652	2,531	(856)	(985)	2,343

1 Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at ubs.com/investors, for information prepared in accordance with Swiss GAAP. 2 The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

Note 16 Supplemental guarantor information required under SEC regulations (continued)

Supplemental guarantor consolidated balance sheet

USD m As of 30 June 2023	UBS AG (standalone)[1]	UBS Switzerland AG (standalone)[1]	Other subsidiaries[2]	Elimination entries	UBS AG (consolidated)
Assets					
Cash and balances at central banks	41,403	84,668	33,354		159,425
Amounts due from banks	58,247	6,891	16,479	(60,222)	21,395
Receivables from securities financing transactions measured at amortized cost	48,438	827	39,088	(26,375)	61,977
Cash collateral receivables on derivative instruments	36,017	1,832	10,757	(13,538)	35,068
Loans and advances to customers	91,603	239,061	97,024	(30,091)	397,596
Other financial assets measured at amortized cost	23,165	8,674	23,093	(2,753)	52,180
Total financial assets measured at amortized cost	298,872	341,954	219,795	(132,979)	727,642
Financial assets at fair value held for trading	106,625	124	15,466	(1,982)	120,232
of which: assets pledged as collateral that may be sold or repledged by counterparties	*45,553*	*1*	*7,170*	*(13,156)*	*39,568*
Derivative financial instruments	122,172	4,810	30,912	(33,849)	124,046
Brokerage receivables	11,314		9,905	0	21,218
Financial assets at fair value not held for trading	53,343	4,255	30,637	(24,522)	63,714
Total financial assets measured at fair value through profit or loss	293,455	9,189	86,919	(60,353)	329,210
Financial assets measured at fair value through other comprehensive income	1,935		282		2,217
Investments in subsidiaries and associates	50,969	34	0	(49,894)	1,109
Property, equipment and software	5,904	1,707	3,847	(265)	11,193
Goodwill and intangible assets	212		6,064	5	6,281
Deferred tax assets	1,752	263	7,479	(83)	9,411
Other non-financial assets	6,354	1,697	1,193	10	9,254
Total assets	659,454	354,843	325,579	(243,558)	1,096,318
Liabilities					
Amounts due to banks	45,557	42,309	60,365	(131,941)	16,290
Payables from securities financing transactions measured at amortized cost	21,049	439	17,170	(26,338)	12,320
Cash collateral payables on derivative instruments	32,431	1,361	11,108	(13,456)	31,445
Customer deposits	97,967	276,512	119,750	27,428	521,657
Funding from UBS Group AG measured at amortized cost	61,445				61,445
Debt issued measured at amortized cost	53,535	9,083	1	(57)	62,561
Other financial liabilities measured at amortized cost	5,598	3,076	6,118	(3,119)	11,673
Total financial liabilities measured at amortized cost	317,581	332,780	214,513	(147,482)	717,392
Financial liabilities at fair value held for trading	30,727	351	6,321	(1,784)	35,616
Derivative financial instruments	125,014	5,316	30,850	(33,813)	127,367
Brokerage payables designated at fair value	29,158		14,204	(4)	43,357
Debt issued designated at fair value	78,084		783	(127)	78,741
Other financial liabilities designated at fair value	20,073		22,163	(10,811)	31,425
Total financial liabilities measured at fair value through profit or loss	283,056	5,667	74,321	(46,539)	316,506
Provisions	1,889	215	1,713	(1)	3,817
Other non-financial liabilities	1,205	1,098	2,943	84	5,330
Total liabilities	603,731	339,760	293,491	(193,938)	1,043,044
Equity attributable to shareholders	55,723	15,083	31,736	(49,620)	52,922
Equity attributable to non-controlling interests			352		352
Total equity	55,723	15,083	32,088	(49,620)	53,274
Total liabilities and equity	659,454	354,843	325,579	(243,558)	1,096,318

1 Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at ubs.com/investors, for information prepared in accordance with Swiss GAAP. 2 The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

Note 16 Supplemental guarantor information required under SEC regulations (continued)

Supplemental guarantor consolidated statement of cash flows

USD m For the six months ended 30 June 2023	UBS AG[1]	UBS Switzerland AG[1]	Other subsidiaries[1]	UBS AG (consolidated)
Net cash flow from / (used in) operating activities	(17,054)	699	(2,755)	(19,110)
Cash flow from / (used in) investing activities				
Disposal of subsidiaries, associates and intangible assets[2]	35			35
Purchase of property, equipment and software	(220)	(142)	(307)	(669)
Purchase of financial assets measured at fair value through other comprehensive income	(2,392)		(52)	(2,444)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	2,408		60	2,468
Purchase of debt securities measured at amortized cost	(5,005)	(1,059)	(1,477)	(7,541)
Disposal and redemption of debt securities measured at amortized cost	1,141	1,421	2,097	4,659
Net cash flow from / (used in) investing activities	(4,033)	220	321	(3,492)
Cash flow from / (used in) financing activities				
Net issuance (repayment) of short-term debt measured at amortized cost	5,519	4	32	5,555
Distributions paid on UBS AG shares	(6,000)			(6,000)
Issuance of debt designated at fair value and long-term debt measured at amortized cost[3]	50,162	479	500	51,141
Repayment of debt designated at fair value and long-term debt measured at amortized cost[3]	(43,322)	(645)	(124)	(44,091)
Net cash flows from other financing activities	(124)	0	(118)	(242)
Net activity related to group internal capital transactions and dividends	5,128	(2,944)	(2,185)	0
Net cash flow from / (used in) financing activities	11,363	(3,106)	(1,895)	6,362
Total cash flow				
Cash and cash equivalents at the beginning of the year	63,608	86,232	45,359	195,200
Net cash flow from / (used in) operating, investing and financing activities	(9,724)	(2,187)	(4,329)	(16,239)
Effects of exchange rate differences on cash and cash equivalents	(472)	2,470	2	1,999
Cash and cash equivalents at the end of the period[4]	53,412	86,515	41,032	180,959

1 Cash flows generally represent a third-party view from a UBS AG consolidated perspective, except for Net activity related to group internal capital transactions and dividends. 2 Includes dividends received from associates. 3 Includes funding from UBS Group AG to UBS AG. 4 Consists of balances with an original maturity of three months or less. USD 3,073m were restricted.

Note 16 Supplemental guarantor information required under SEC regulations (continued)

Supplemental guarantor consolidated income statement

USD m For the six months ended 30 June 2022	UBS AG (standalone)[1]	UBS Switzerland AG (standalone)[1]	Other subsidiaries[2]	Elimination entries	UBS AG (consolidated)
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	1,506	1,775	1,638	(393)	4,526
Interest expense from financial instruments measured at amortized cost	(1,629)	(238)	(643)	597	(1,912)
Net interest income from financial instruments measured at fair value through profit or loss and other	557	238	136	(165)	766
Net interest income	434	1,775	1,132	39	3,380
Other net income from financial instruments measured at fair value through profit or loss	2,373	469	468	535	3,845
Fee and commission income	1,634	2,606	7,230	(366)	11,103
Fee and commission expense	(373)	(247)	(678)	363	(934)
Net fee and commission income	1,261	2,359	6,552	(3)	10,169
Other income	3,653	104	1,944	(4,567)	1,135
Total revenues	7,721	4,708	10,095	(3,995)	18,529
Credit loss expense / (release)	(31)	58	(4)	2	25
Personnel expenses	1,782	1,031	5,183	0	7,996
General and administrative expenses	1,642	1,688	2,596	(1,330)	4,597
Depreciation, amortization and impairment of non-financial assets	432	158	366	(55)	900
Operating expenses	3,856	2,877	8,145	(1,385)	13,492
Operating profit / (loss) before tax	3,896	1,774	1,954	(2,612)	5,012
Tax expense / (benefit)	(18)	322	557	165	1,026
Net profit / (loss)	3,914	1,452	1,397	(2,777)	3,986
Net profit / (loss) attributable to non-controlling interests	0	0	18	0	18
Net profit / (loss) attributable to shareholders	3,914	1,452	1,379	(2,777)	3,968

1 Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements under "Complementary financial information" at ubs.com/investors for information prepared in accordance with Swiss GAAP. 2 The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

Note 16 Supplemental guarantor information required under SEC regulations (continued)

Supplemental guarantor consolidated statement of comprehensive income

USD m For the six months ended 30 June 2022	UBS AG (standalone)[1]	UBS Switzerland AG (standalone)[1]	Other subsidiaries[2]	Elimination entries	UBS AG (consolidated)
Comprehensive income attributable to shareholders					
Net profit / (loss)	3,914	1,452	1,379	(2,777)	3,968
Other comprehensive income					
Other comprehensive income that may be reclassified to the income statement					
Foreign currency translation, net of tax	(107)	(688)	(647)	641	(801)
Financial assets measured at fair value through other comprehensive income, net of tax[3]	(6)		10	0	3
Cash flow hedges, net of tax	(1,970)	(889)	(492)	(3)	(3,355)
Cost of hedging, net of tax	98				98
Total other comprehensive income that may be reclassified to the income statement, net of tax	(1,986)	(1,576)	(1,130)	637	(4,055)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans, net of tax	266	(94)	57	0	229
Own credit on financial liabilities designated at fair value, net of tax	693				693
Total other comprehensive income that will not be reclassified to the income statement, net of tax	960	(94)	57	0	922
Total other comprehensive income	(1,027)	(1,671)	(1,073)	637	(3,133)
Total comprehensive income attributable to shareholders	2,888	(219)	307	(2,140)	835
Total comprehensive income attributable to non-controlling interests			9		9
Total comprehensive income	2,888	(219)	316	(2,140)	844

1 Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at ubs.com/investors, for information prepared in accordance with Swiss GAAP. 2 The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries. 3 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 10a for more information.

Note 16 Supplemental guarantor information required under SEC regulations (continued)

Supplemental guarantor consolidated balance sheet

USD m As of 31 December 2022	UBS AG (standalone)[1]	UBS Switzerland AG (standalone)[1]	Other subsidiaries[2]	Elimination entries	UBS AG (consolidated)
Assets					
Cash and balances at central banks	48,689	84,465	36,291	0	169,445
Amounts due from banks	39,691	6,357	19,063	(50,441)	14,671
Receivables from securities financing transactions measured at amortized cost	51,493	903	34,110	(18,691)	67,814
Cash collateral receivables on derivative instruments	35,594	1,221	10,074	(11,856)	35,033
Loans and advances to customers	90,168	229,861	101,231	(31,233)	390,027
Other financial assets measured at amortized cost	24,005	9,532	21,880	(2,029)	53,389
Total financial assets measured at amortized cost	289,641	332,339	222,649	(114,250)	730,379
Financial assets at fair value held for trading	95,810	173	13,899	(1,848)	108,034
of which: assets pledged as collateral that may be sold or repledged by counterparties	*41,056*	*0*	*5,578*	*(9,892)*	*36,742*
Derivative financial instruments	149,447	5,925	35,106	(40,368)	150,109
Brokerage receivables	9,763	0	7,814	0	17,576
Financial assets at fair value not held for trading	45,302	4,354	26,843	(17,091)	59,408
Total financial assets measured at fair value through profit or loss	300,321	10,453	83,661	(59,308)	335,127
Financial assets measured at fair value through other comprehensive income	1,953	0	286	0	2,239
Investments in subsidiaries and associates	54,323	33	0	(53,255)	1,101
Property, equipment and software	5,852	1,654	4,077	(267)	11,316
Goodwill and intangible assets	213	0	6,050	5	6,267
Deferred tax assets	1,624	276	7,470	(16)	9,354
Other non-financial assets	6,930	1,768	951	4	9,652
Total assets	660,856	346,522	325,144	(227,087)	1,105,436
Liabilities					
Amounts due to banks	41,395	37,123	51,555	(118,477)	11,596
Payables from securities financing transactions measured at amortized cost	9,425	247	13,303	(18,774)	4,202
Cash collateral payables on derivative instruments	35,528	1,518	11,191	(11,800)	36,436
Customer deposits	98,628	273,316	132,619	22,608	527,171
Funding from UBS Group AG measured at amortized cost	56,147	0		0	56,147
Debt issued measured at amortized cost	50,706	8,965	1	(173)	59,499
Other financial liabilities measured at amortized cost	4,903	2,221	5,554	(2,287)	10,391
Total financial liabilities measured at amortized cost	296,733	323,391	214,222	(128,903)	705,442
Financial liabilities at fair value held for trading	25,059	183	5,843	(1,570)	29,515
Derivative financial instruments	153,778	6,177	35,314	(40,363)	154,906
Brokerage payables designated at fair value	32,346	0	12,746	(7)	45,085
Debt issued designated at fair value	71,444	0	508	(110)	71,842
Other financial liabilities designated at fair value	17,888	0	17,074	(2,928)	32,033
Total financial liabilities measured at fair value through profit or loss	300,514	6,360	71,484	(44,977)	333,382
Provisions	1,904	239	1,041	(2)	3,183
Other non-financial liabilities	1,630	1,019	3,742	98	6,489
Total liabilities	600,782	331,009	290,490	(173,785)	1,048,496
Equity attributable to shareholders	60,075	15,513	34,313	(53,303)	56,598
Equity attributable to non-controlling interests			342	0	342
Total equity	60,075	15,513	34,655	(53,303)	56,940
Total liabilities and equity	660,856	346,522	325,144	(227,087)	1,105,436

1 Amounts presented for UBS AG standalone and UBS Switzerland AG standalone represent IFRS standalone information. Refer to the UBS AG standalone and UBS Switzerland AG standalone financial statements, available under "Complementary financial information" at ubs.com/investors, for information prepared in accordance with Swiss GAAP. 2 The "Other subsidiaries" column includes consolidated information for the UBS Americas Holding LLC, UBS Europe SE and UBS Asset Management AG significant sub-groups, as well as standalone information for other subsidiaries.

Note 16 Supplemental guarantor information required under SEC regulations (continued)

Supplemental guarantor consolidated statement of cash flows

USD m For the six months ended 30 June 2022	UBS AG[1]	UBS Switzerland AG[1]	Other subsidiaries[1]	UBS AG (consolidated)
Net cash flow from / (used in) operating activities	13,625	6,134	(3,121)	16,639
Cash flow from / (used in) investing activities				
Disposal of subsidiaries, associates and intangible assets[2]	31		880	911
Purchase of property, equipment and software	(276)	(145)	(275)	(695)
Disposal of property, equipment and software	3	0	0	3
Purchase of financial assets measured at fair value through other comprehensive income	(2,275)		(547)	(2,821)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	1,498		794	2,291
Purchase of debt securities measured at amortized cost	(5,879)	(622)	(1,666)	(8,167)
Disposal and redemption of debt securities measured at amortized cost	2,160	313	1,440	3,914
Net cash flow from / (used in) investing activities	(4,738)	(454)	627	(4,565)
Cash flow from / (used in) financing activities				
Net issuance (repayment) of short-term debt measured at amortized cost	(10,421)	(3)	(16)	(10,440)
Distributions paid on UBS AG shares	(4,200)			(4,200)
Issuance of debt designated at fair value and long-term debt measured at amortized cost[3]	48,258	550	48	48,856
Repayment of debt designated at fair value and long-term debt measured at amortized cost[3]	(35,671)	(385)	(253)	(36,309)
Net cash flows from other financing activities	(130)		(211)	(341)
Net activity related to group internal capital transactions and dividends	4,092	(2,088)	(2,004)	0
Net cash flow from / (used in) financing activities	1,929	(1,926)	(2,436)	(2,433)

Total cash flow

Cash and cash equivalents at the beginning of the year	57,895	92,799	57,061	207,755
Net cash flow from / (used in) operating, investing and financing activities	10,816	3,755	(4,930)	9,642
Effects of exchange rate differences on cash and cash equivalents	(3,671)	(4,342)	(1,635)	(9,648)
Cash and cash equivalents at the end of the period[4]	65,040	92,212	50,496	207,748

1 Cash flows generally represent a third-party view from a UBS AG consolidated perspective, except for Net activity related to group internal capital transactions and dividends. 2 Includes cash proceeds from the sale of UBS AG's shareholding in its Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc., and dividends received from associates. 3 Includes funding from UBS Group AG to UBS AG. 4 Consists of balances with an original maturity of three months or less. USD 4,434m were restricted.

Standalone financial information

Unaudited

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UBS AG interim standalone financial information (unaudited)

Income statement

	USD m		CHF m	
	Year-to-date		Year-to-date	
	30.6.23	30.6.22	30.6.23	30.6.22
Interest and discount income[1]	8,075	2,120	7,357	2,002
Interest and dividend income from trading portfolio[1]	1,403	1,167	1,279	1,103
Interest and dividend income from financial investments	549	90	501	85
Interest expense[2]	(11,255)	(3,060)	(10,249)	(2,904)
Gross interest income	(1,228)	316	(1,113)	286
Credit loss (expense) / release	3	27	3	25
Net interest income	(1,225)	343	(1,110)	311
Fee and commission income from securities and investment business and other fee and commission income	1,322	1,572	1,207	1,477
Credit-related fees and commissions	52	53	48	50
Fee and commission expense	(345)	(373)	(315)	(352)
Net fee and commission income	1,028	1,251	939	1,175
Net trading income	4,128	3,303	3,759	3,110
Net income from disposal of financial investments	17	(37)	15	(35)
Dividend income from investments in subsidiaries and other participations	5,131	4,405	4,592	4,248
Income from real estate holdings	192	200	175	188
Sundry ordinary income	741	718	675	676
Sundry ordinary expenses	(203)	(651)	(188)	(610)
Other income from ordinary activities	5,877	4,636	5,270	4,468
Total operating income	9,809	9,532	8,859	9,064
Personnel expenses	1,640	1,505	1,496	1,417
General and administrative expenses	1,910	1,738	1,741	1,637
Subtotal operating expenses	3,550	3,243	3,237	3,054
Impairment of investments in subsidiaries and other participations	3,677	1,218	3,294	1,156
Depreciation, amortization and impairment of property, equipment, software and intangible assets	367	372	334	350
Changes in provisions for litigation, regulatory and similar matters, and other provisions	32	22	29	20
Total operating expenses	7,625	4,855	6,894	4,580
Operating profit	2,183	4,677	1,965	4,484
Extraordinary income	19	9	19	8
Extraordinary expenses	0	0	0	0
Tax expense / (benefit)	207	143	188	135
Net profit / (loss)	1,996	4,543	1,795	4,356

1 Includes negative interest income, which was not material for the period ended 30 June 2023 (period ended 30 June 2022: approximately USD 0.3bn (CHF 0.3bn)). 2 Includes negative interest expense on financial liabilities, which was not material for the period ended 30 June 2023 (period ended 30 June 2022: approximately USD 0.3bn (CHF 0.3bn)).

Balance sheet

	USD m		CHF m	
	30.6.23	31.12.22	30.6.23	31.12.22
Assets				
Cash and balances at central banks	41,120	48,344	36,836	44,684
Due from banks	52,099	31,450	46,671	29,069
Receivables from securities financing transactions	61,159	58,141	54,787	53,739
Due from customers	108,889	105,552	97,545	97,561
Funding provided to significant regulated subsidiaries eligible as total loss-absorbing capacity[1]	28,680	27,678	25,692	25,582
Mortgage loans	4,991	5,039	4,471	4,657
Trading portfolio assets	109,427	98,566	98,027	91,104
Derivative financial instruments	12,835	14,701	11,498	13,588
Financial investments	43,582	43,746	39,042	40,434
Accrued income and prepaid expenses	2,545	1,872	2,280	1,730
Investments in subsidiaries and other participations	47,381	51,029	42,445	47,165
Property, equipment and software	5,077	5,134	4,548	4,745
Other assets	13,108	13,516	11,741	12,491
Total assets	530,893	504,767	475,583	466,550
of which: subordinated assets	*19,389*	*18,748*	*17,369*	*17,329*
of which: subject to mandatory conversion and / or debt waiver	*18,576*	*18,042*	*16,640*	*16,676*
Liabilities				
Due to banks	52,671	47,329	47,184	43,745
Payables from securities financing transactions	35,751	23,497	32,026	21,718
Due to customers	134,882	138,941	120,829	128,421
Funding received from UBS Group AG measured at amortized cost	66,345	61,202	59,433	56,568
Trading portfolio liabilities	30,727	25,058	27,526	23,160
Derivative financial instruments	12,327	17,429	11,043	16,109
Financial liabilities designated at fair value	77,578	70,603	69,496	65,258
of which: funding received from UBS Group AG	*2,425*	*1,959*	*2,172*	*1,811*
Bonds issued	59,655	56,148	53,440	51,897
Accrued expenses and deferred income	3,675	3,592	3,292	3,320
Other liabilities	1,911	1,582	1,711	1,462
Provisions	2,014	2,026	1,804	1,872
Total liabilities	477,536	447,406	427,784	413,532
Equity				
Share capital	386	393	380	386
Statutory capital reserve	36,334	36,326	35,655	35,649
of which: capital contribution reserve	*38,562*	*36,326*	*37,716*	*35,649*
of which: other statutory capital reserve	*(2,228)*	*0*	*(2,062)*	*0*
Voluntary earnings reserve	14,642	13,485	9,969	10,167
Net profit / (loss) for the period	1,996	7,157	1,795	6,817
Total equity	53,357	57,361	47,798	53,018
Total liabilities and equity	530,893	504,767	475,583	466,550
of which: subordinated liabilities	*72,459*	*66,872*	*64,910*	*61,809*
of which: subject to mandatory conversion and / or debt waiver	*71,894*	*66,314*	*64,404*	*61,293*

1 Represents the Swiss GAAP carrying amount of instruments qualifying as total loss-absorbing capital.

Basis of accounting

UBS AG standalone financial statements are prepared in accordance with Swiss GAAP (the FINMA Accounting Ordinance, FINMA Circular 2020/1 "Accounting – banks" and the Banking Ordinance).

The accounting policies are principally the same as the IFRS-based accounting policies for the consolidated financial statements outlined in Note 1 to the consolidated financial statements of UBS AG included in the Annual Report 2022. Major differences between the Swiss GAAP requirements and International Financial Reporting Standards are described in Note 33 to the consolidated financial statements of UBS AG. Further information on the accounting policies applied for the standalone financial statements of UBS AG is provided in Note 2 to the UBS AG standalone financial statements as of 31 December 2022.

In preparing the interim standalone financial information for UBS AG standalone, the same accounting policies and methods of computation have been applied as in the annual standalone financial statements as of 31 December 2022, except that the previous equity line item *General reserves* was replaced by its sole component, *Statutory capital reserve*, in line with the amendment of the Swiss Code of Obligations effective from 1 January 2023.

This interim financial information is unaudited and should be read in conjunction with the audited 2022 standalone financial statements of UBS AG, available under "Holding company and significant regulated subsidiaries and sub-groups" under "Complementary financial information" at *ubs.com/investors*.

Investments in subsidiaries and other participations

During the reporting period, UBS AG recorded impairments of investments in subsidiaries and other participations of USD 3.7bn (CHF 3.3bn). This included an impairment of USD 3.5bn (CHF 3.1bn) of its investment in UBS Americas Holdings LLC as the recoverable amount of this participation declined, mostly due to lower forecasted profits and dividend payouts. An integration of Credit Suisse operations into UBS AG may impact the recoverable amount in the future.

Share capital

On 5 April 2023, the Annual General Meeting of UBS AG approved a change of the share capital currency from the Swiss franc to the US dollar, resulting in a slight reduction to the nominal value per share to USD 0.10 (from CHF 0.10 previously), with the amount of the reduction allocated to the *Capital contribution reserve*. As a consequence of the change in the share capital currency, the capital contribution reserve was also converted from Swiss francs to US dollars, resulting in an increase, with the offset recorded in the *Other statutory capital reserve*. Total equity reported for UBS AG standalone was not affected by these changes.

Appendix

Alternative performance measures

Alternative performance measures

An alternative performance measure (an APM) is a financial measure of historical or future financial performance, financial position or cash flows other than a financial measure defined or specified in the applicable recognized accounting standards or in other applicable regulations. A number of APMs are reported in the discussion of the financial and operating performance of the external reports (annual, quarterly and other reports). APMs are used to provide a more complete picture of operating performance and to reflect management's view of the fundamental drivers of the business results. A definition of each APM, the method used to calculate it and the information content are presented in alphabetical order in the table below. These APMs may qualify as non-GAAP measures as defined by US Securities and Exchange Commission (SEC) regulations.

APM label	Calculation	Information content
Active Digital Banking clients in Corporate & Institutional Clients (%) – Personal & Corporate Banking	Calculated as the average number of active clients for each month in the relevant period divided by the average number of total clients. "Clients" refers to the number of unique business relationships or legal entities operated by Corporate & Institutional Clients, excluding clients that do not have an account, mono-product clients and clients that have defaulted on loans or credit facilities. At the end of each month, any client that has logged on at least once in that month is determined to be "active" (a log-in time stamp is allocated to all business relationship numbers or per legal entity in a digital banking contract).	This measure provides information about the proportion of active Digital Banking clients in the total number of UBS clients (within the aforementioned meaning) which are serviced by Corporate & Institutional Clients.
Active Digital Banking clients in Personal Banking (%) – Personal & Corporate Banking	Calculated as the average number of active clients for each month in the relevant period divided by the average number of total clients. "Clients" refers to the number of unique business relationships operated by Personal Banking, excluding persons under the age of 15, clients who do not have a private account, clients domiciled outside Switzerland and clients who have defaulted on loans or credit facilities. At the end of each month, any client that has logged on at least once in that month is determined to be "active" (a log-in time stamp is allocated to all business relationship numbers in a digital banking contract).	This measure provides information about the proportion of active Digital Banking clients in the total number of UBS clients (within the aforementioned meaning) who are serviced by Personal Banking.
Active Mobile Banking clients in Personal Banking (%) – Personal & Corporate Banking	Calculated as the average number of active clients for each month in the relevant period divided by the average number of total clients. "Clients" refers to the number of unique business relationships operated by Personal Banking, excluding persons under the age of 15, clients who do not have a private account, clients domiciled outside Switzerland and clients who have defaulted on loans or credit facilities. At the end of each month, any client that has logged on via the mobile app at least once in that month is determined to be "active" (a log-in time stamp is allocated to all business relationship numbers in a digital banking contract).	This measure provides information about the proportion of active Mobile Banking clients in the total number of UBS clients (within the aforementioned meaning) who are serviced by Personal Banking.
Cost / income ratio (%)	Calculated as operating expenses divided by total revenues.	This measure provides information about the efficiency of the business by comparing operating expenses with gross income.
Cost / income ratio (excluding integration-related expenses) (%)	Calculated as operating expenses, excluding integration-related expenses associated with the acquisition of the Credit Suisse Group, divided by total revenues.	This measure provides information about the efficiency of the business by comparing operating expenses, excluding integration-related expenses associated with the acquisition of the Credit Suisse Group, with gross income.

APM label	Calculation	Information content
Fee and trading income for Corporate & Institutional Clients (USD and CHF) – Personal & Corporate Banking	Calculated as the total of recurring net fee and transaction-based income for Corporate & Institutional Clients.	This measure provides information about the amount of fee and trading income for Corporate & Institutional Clients.
Fee-generating assets (USD) – Global Wealth Management	Calculated as the sum of discretionary and nondiscretionary wealth management portfolios (mandate volume) and assets where generated revenues are predominantly of a recurring nature, i.e., mainly investment, mutual, hedge and private-market funds where the firm has a distribution agreement, including client commitments into closed-ended private-market funds from the date that recurring fees are charged. Assets related to the Global Financial Intermediaries business are excluded, as are assets of sanctioned clients.	This measure provides information about the volume of invested assets that create a revenue stream, whether as a result of the nature of the contractual relationship with clients or through the fee structure of the asset. An increase in the level of fee-generating assets results in an increase in the associated revenue stream. Assets of sanctioned clients are excluded from fee-generating assets.
Fee-generating asset margin (bps) – Global Wealth Management	Calculated as revenues from fee-generating assets (a portion of which is included in recurring fee income and a portion of which is included in transaction-based income, annualized as applicable) divided by average fee-generating assets for the relevant mandate fee billing period. For the US, fees have been billed on daily balances since the fourth quarter of 2020 and average fee-generating assets are calculated as the average of the monthly average balances. Prior to the fourth quarter of 2020, billing was based on prior quarter-end balances, and the average fee-generating assets were thus the prior quarter-end balance. For balances outside of the US, billing is based on prior month-end balances and average fee-generating assets are thus the average of the prior month-end balances.	This measure provides information about the revenues from fee-generating assets in relation to their average volume during the relevant mandate fee billing period.
Fee-pool-comparable revenues (USD) – the Investment Bank	Calculated as the total of revenues from: merger-and-acquisition-related transactions; Equity Capital Markets, excluding derivatives; Leveraged Capital Markets, excluding the impact of mark-to-market movements on loan portfolios; and Debt Capital Markets, excluding revenues related to debt underwriting of UBS instruments.	This measure provides information about the amount of revenues in the Investment Bank that are comparable with the relevant global fee pools.
Gross margin on invested assets (bps) – Asset Management	Calculated as total revenues (annualized as applicable) divided by average invested assets.	This measure provides information about the total revenues of the business in relation to invested assets.
Impaired loan portfolio as a percentage of total loan portfolio, gross (%) – Global Wealth Management, Personal & Corporate Banking	Calculated as impaired loan portfolio divided by total gross loan portfolio.	This measure provides information about the proportion of impaired loan portfolio in the total gross loan portfolio.
Invested assets (USD and CHF) – Global Wealth Management, Personal & Corporate Banking, Asset Management	Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts.	This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.
Investment products for Personal Banking (USD and CHF) – Personal & Corporate Banking	Calculated as the sum of investment funds (including UBS Vitainvest third-pillar pension funds, as well as money market funds), mandates and third-party life insurance operated in Personal Banking.	This measure provides information about the volume of investment funds (including UBS Vitainvest third-pillar pension funds, as well as money market funds), mandates and third-party life insurance operated in Personal Banking.
Net interest margin (bps) – Personal & Corporate Banking	Calculated as net interest income (annualized as applicable) divided by average loans.	This measure provides information about the profitability of the business by calculating the difference between the price charged for lending and the cost of funding, relative to loan value.
Net new fee-generating assets (USD) – Global Wealth Management	Calculated as the net amount of fee-generating asset inflows and outflows, including dividend and interest inflows into mandates and outflows from mandate fees paid by clients during a specific period. Excluded from the calculation are the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.	This measure provides information about the development of fee-generating assets during a specific period as a result of net flows, excluding movements due to market performance and foreign exchange translation, as well as the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.
Net new fee-generating asset growth rate (%) – Global Wealth Management	Calculated as the net amount of fee-generating asset inflows and outflows recorded during a specific period (annualized as applicable) divided by total fee-generating assets at the beginning of the period.	This measure provides information about the growth of fee-generating assets during a specific period as a result of net new fee-generating asset flows.
Net new investment products for Personal Banking (USD and CHF) – Personal & Corporate Banking	Calculated as the net amount of inflows and outflows of investment products during a specific period.	This measure provides information about the development of investment products during a specific period as a result of net new investment product flows.

APM label	Calculation	Information content
Net new money (USD) – Global Wealth Management, Asset Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period. Excluded from the calculation are movements due to market performance, foreign exchange translation, dividends, interest and fees, as well as the effects on invested assets of strategic decisions by UBS to exit markets or services. Net new money is not measured for Personal & Corporate Banking.	This measure provides information about the development of invested assets during a specific period as a result of net new money flows.
Net profit growth (%)	Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period.	This measure provides information about profit growth since the comparison period.
Net profit growth (excluding integration-related expenses) (%)	Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period. Net profit attributable to shareholders excludes integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.	This measure provides information about profit growth since the comparison period, while excluding integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.
Operating profit / (loss) before tax (excluding integration-related expenses) (USD)	Calculated as total revenues less operating expenses, which exclude integration-related expenses associated with the acquisition of the Credit Suisse Group, less the impact of credit loss expense or release.	This measure provides information about financial performance, excluding the impact of integration-related expenses associated with the acquisition of the Credit Suisse Group.
Pre-tax profit growth (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank	Calculated as the change in net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by net profit before tax attributable to shareholders from continuing operations of the comparison period.	This measure provides information about pre-tax profit growth since the comparison period.
Recurring net fee income (USD and CHF) – Global Wealth Management, Personal & Corporate Banking	Calculated as the total of fees for services provided on an ongoing basis, such as portfolio management fees, asset-based investment fund fees and custody fees, which are generated on client assets, and administrative fees for accounts.	This measure provides information about the amount of recurring net fee income.
Return on attributed equity (%) – Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank	Calculated as annualized business division operating profit before tax divided by average attributed equity.	This measure provides information about the profitability of the business divisions in relation to attributed equity.
Return on common equity tier 1 capital (%)	Calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital.	This measure provides information about the profitability of the business in relation to common equity tier 1 capital.
Return on common equity tier 1 capital (excluding integration-related expenses) (%)	Calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital. Net profit attributable to shareholders and common equity tier 1 capital exclude integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.	This measure provides information about the profitability of the business in relation to common equity tier 1 capital, while excluding integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.
Return on equity (%)	Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders.	This measure provides information about the profitability of the business in relation to equity.
Return on equity (excluding integration-related expenses) (%)	Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders. Net profit attributable to shareholders and equity attributable to shareholders exclude integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.	This measure provides information about the profitability of the business in relation to equity, while excluding integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.
Return on leverage ratio denominator, gross (%)	Calculated as annualized total revenues divided by average leverage ratio denominator.	This measure provides information about the revenues of the business in relation to the leverage ratio denominator.
Return on tangible equity (%)	Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders less average goodwill and intangible assets.	This measure provides information about the profitability of the business in relation to tangible equity.

APM label	Calculation	Information content
Return on tangible equity (excluding integration-related expenses) (%)	Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders less average goodwill and intangible assets. Net profit attributable to shareholders and equity attributable to shareholders exclude integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.	This measure provides information about the profitability of the business in relation to tangible equity, while excluding integration-related expenses associated with the acquisition of the Credit Suisse Group and related tax impact.
Total operating expenses (excluding integration-related expenses) (USD)	Calculated as total operating expenses less the impact of integration-related expenses associated with the acquisition of the Credit Suisse Group.	This measure provides information about the amount of total operating expenses excluding integration-related expenses associated with the acquisition of the Credit Suisse Group.
Transaction-based income (USD and CHF) – Global Wealth Management, Personal & Corporate Banking	Calculated as the total of the non-recurring portion of net fee and commission income, mainly composed of brokerage and transaction-based investment fund fees, and credit card fees, as well as fees for payment and foreign exchange transactions, together with other net income from financial instruments measured at fair value through profit or loss.	This measure provides information about the amount of the non-recurring portion of net fee and commission income, together with other net income from financial instruments measured at fair value through profit or loss.

Abbreviations frequently used in our financial reports

A

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

B

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

C

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

D

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

E

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

F

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

G

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

H

HQLA	high-quality liquid assets

I

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

Abbreviations frequently used in our financial reports (continued)

K

KRT	Key Risk Taker

L

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

M

M&A	mergers and acquisitions
MRT	Material Risk Taker

N

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

O

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

P

PCI	purchased credit-impaired
PD	probability of default
PIT	point in time
P&L	profit or loss

Q

QCCP	Qualifying central counterparty

R

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

S

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

T

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

U

USD	US dollar

V

VaR	value-at-risk
VAT	value added tax

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

Information sources

Reporting publications

Annual publications

Annual Report: Published in English, this single-volume report provides descriptions of: the Group strategy and performance; the strategy and performance of the business divisions and Group Functions; risk, treasury and capital management; corporate governance, corporate responsibility and the compensation framework, including information about compensation for the Board of Directors and the Group Executive Board members; and financial information, including the financial statements.

"Auszug aus dem Geschäftsbericht": This publication provides a German translation of selected sections of the Annual Report.

Compensation Report: This report discusses the compensation framework and provides information about compensation for the Board of Directors and the Group Executive Board members. It is available in English and German (*"Vergütungsbericht"*) and represents a component of the Annual Report.

Sustainability Report: Published in English, the Sustainability Report provides disclosures on environmental, social and governance topics related to the UBS Group.

Diversity, Equity and Inclusion Report: This report details UBS's diversity, equity and inclusion priority areas of focus, strategic goals and approach to achieving them.

Quarterly publications

Quarterly financial report: This report provides an update on performance and strategy (where applicable) for the respective quarter. It is available in English.

The annual and quarterly publications are available in .pdf and online formats at *ubs.com/investors*, under "Financial information." Starting with the Annual Report 2022, printed copies, in any language, of the aforementioned annual publications are no longer provided.

Other information

Website

The "Investor Relations" website at *ubs.com/investors* provides the following information about UBS: results-related news releases; financial information, including results-related filings with the US Securities and Exchange Commission (the SEC); information for shareholders, including UBS share price charts, as well as data and dividend information, and for bondholders; the corporate calendar; and presentations by management for investors and financial analysts. Information is available online in English, with some information also available in German.

Results presentations

Quarterly results presentations are webcast live. Recordings of most presentations can be downloaded from *ubs.com/presentations*.

Messaging service

Email alerts to news about UBS can be subscribed for under "UBS News Alert" at *ubs.com/global/en/investor-relations/contact/investor-services.html*. Messages are sent in English, German, French or Italian, with an option to select theme preferences for such alerts.

Form 20-F and other submissions to the US Securities and Exchange Commission

UBS files periodic reports with and submits other information to the SEC. Principal among these filings is the annual report on Form 20-F, filed pursuant to the US Securities Exchange Act of 1934. The filing of Form 20-F is structured as a wraparound document. Most sections of the filing can be satisfied by referring to the combined UBS Group AG and UBS AG Annual Report. However, there is a small amount of additional information in Form 20-F that is not presented elsewhere and is particularly targeted at readers in the US. Readers are encouraged to refer to this additional disclosure. Any document that filed with the SEC is available on the SEC's website: *sec.gov*. Refer to *ubs.com/investors* for more information.

Cautionary Statement Regarding Forward-Looking Statements | This report contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development and goals or intentions to achieve climate, sustainability and other social objectives. While these forward-looking statements represent UBS's judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. The Russia–Ukraine war continues to affect global markets, exacerbate global inflation, and slow global growth. In addition, the war has caused significant population displacement, and shortages of vital commodities, including energy shortages and food insecurity, and has increased the risk of recession in OECD economies. The coordinated sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the war will widen and intensify, may continue to have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. UBS's acquisition of Credit Suisse has materially changed our outlook and strategic direction and introduced new operational challenges. The integration of the Credit Suisse entities into the UBS structure is expected to take between three to five years and presents significant risks, including the risks that UBS Group AG may be unable to achieve the cost reductions and other benefits contemplated by the transaction. This creates significantly greater uncertainty about forward-looking statements. Other factors that may affect our performance and ability to achieve our plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and the size of the combined bank; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions, including as a result of the acquisition of Credit Suisse; (iii) increased inflation and interest rate volatility in major markets; (iv) developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates, deterioration or slow recovery in residential and commercial real estate markets, the effects of economic conditions, including increasing inflationary pressures, market developments, increasing geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS's clients and counterparties, as well as on client sentiment and levels of activity, including the COVID-19 pandemic and the measures taken to manage it, which have had and may also continue to have a significant adverse effect on global and regional economic activity, including disruptions to global supply chains and labor market displacements; (v) changes in the availability of capital and funding, including any adverse changes in UBS's credit spreads and credit ratings of UBS, Credit Suisse, sovereign issuers, structured credit products or credit-related exposures, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC), in particular in light of the acquisition of Credit Suisse; (vi) changes in central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS's business activities; (vii) UBS's ability to successfully implement resolvability and related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS in response to legal and regulatory requirements and any additional requirements due to its acquisition of Credit Suisse, or other developments; (viii) UBS's ability to maintain and improve its systems and controls for complying with sanctions in a timely manner and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in current geopolitical turmoil; (ix) the uncertainty arising from domestic stresses in certain major economies; (x) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers adversely affect UBS's ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to our businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA, including as a result of its acquisition of Credit Suisse, as well as the amount of capital available for return to shareholders; (xiii) the effects on UBS's business, in particular cross-border banking, of sanctions, tax or regulatory developments and of possible changes in UBS's policies and practices; (xiv) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xv) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xvi) UBS's ability to implement new technologies and business methods, including digital services and technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xvii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, data leakage and systems failures, the risk of which is increased with cyberattack threats from both nation states and non-nation-state actors targeting financial institutions; (xix) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS's operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xx) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS's ability to maintain its stated capital return objective; (xxi) uncertainty over the scope of actions that may be required by UBS, governments and others for UBS to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and the possibility of conflict between different governmental standards and regulatory regimes; (xxii) the ability of UBS to access capital markets; (xxiii) the ability of UBS to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, conflict (e.g., the Russia–Ukraine war), pandemic, security breach, cyberattack, power loss, telecommunications failure or other natural or man-made event, including the ability to function remotely during long-term disruptions such as the COVID-19 (coronavirus) pandemic; (xxiv) the level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, and in the execution of the planned strategy regarding cost reduction and divestment of any non-core assets, the existing assets and liabilities currently existing in the Credit Suisse Group, the level of resulting impairments and write-downs, the effect of the consummation of the integration on the operational results, share price and credit rating of UBS – delays, difficulties, or failure in closing the transaction may cause market disruption and challenges for UBS to maintain business, contractual and operational relationships; and (xxv) the effect that these or other factors or unanticipated events, including media reports and speculations, may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the US Securities and Exchange Commission (the SEC). More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including the Annual Report on Form 20-F for the year ended 31 December 2022. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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

Tables | Within tables, blank fields generally indicate non-applicability or that presentation of any content would not be meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Values that are zero on a rounded basis can be either negative or positive on an actual basis.

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Risks relating to UBS

Certain risks, including those described below, may affect UBS's ability to execute its strategy or its business activities, financial condition, results of operations and prospects. UBS is inherently exposed to multiple risks, many of which may become apparent only with the benefit of hindsight. As a result, risks that UBS does not consider to be material, or of which it is not currently aware, could also adversely affect UBS. Within each category, the risks that UBS considers to be most material are presented first.

Strategy, management and operational risks

UBS's acquisition of Credit Suisse Group AG exposes UBS to heightened litigation risk and regulatory scrutiny and entails significant additional costs, liabilities and business integration risks that affects UBS AG

UBS acquired the Credit Suisse Group under exceptional circumstances of volatile financial markets and the continued outflows and deteriorating overall financial position of Credit Suisse, in order to avert a failure of Credit Suisse and thus damage to the Swiss financial center and to global financial stability. The acquisition was effected through a merger of Credit Suisse Group AG with and into UBS Group AG, with UBS Group AG succeeding to all assets and all liabilities of Credit Suisse Group AG, becoming the direct or indirect shareholder of the former Credit Suisse Group AG's direct and indirect subsidiaries (the "Credit Suisse Group"). Therefore, on a consolidated basis, all assets, risks and liabilities of the Credit Suisse Group became a part of UBS. This includes all ongoing and future litigation, regulatory and similar matters arising out of the business of Credit Suisse Group, thereby materially increasing UBS's exposure to litigation and investigation risks, as described in further detail below.

UBS has incurred substantial transaction fees and costs in connection with the transaction and will continue to incur substantial integration and restructurings costs. In addition, UBS may not realize all of the expected cost reductions and other benefits of the transaction. UBS may not be able to successfully execute its strategic plans or to achieve the expected benefits of the acquisition of Credit Suisse Group. The success of the transaction, including anticipated benefits and cost savings, will depend, in part, on the ability to successfully integrate the operations of both firms rapidly and effectively, while maintaining stability of operations and high levels of service to customers of the combined franchise.

UBS's ability to successfully integrate Credit Suisse will depend on a number of factors, some of which are outside of its control, including UBS's ability to:

- Combine the operations of the two firms in a manner that preserves client service, simplifies infrastructure and results in operating cost savings.
- Reverse outflows of deposits and client invested assets at Credit Suisse, particularly in its Wealth Management and Switzerland and to attract additional deposits and other client assets to the combined firm.
- Achieve cost reductions at the levels and in the timeframe it plans.
- Enhance, integrate, and, where necessary, remediate risk management and financial control and other systems and frameworks, including to remediate the material weaknesses in Credit Suisse's internal controls over financial reporting.
- Simplify the legal structure of the combined firm in an expedited manner, including through mergers of UBS Switzerland AG and Credit Suisse Schweiz AG and the planned merger of UBS AG and Credit Suisse AG, as well as other mergers and asset dispositions, including obtaining regulatory approvals and licenses required to implement such changes.
- Retain staff and to reverse attrition of staff in certain of Credit Suisse's business areas.
- Successfully execute the wind-down of the assets and liabilities in its Non-core and legacy unit and release capital and resources for other purposes.
- Resolve outstanding litigation, regulatory and similar matters, including matters relating to Credit Suisse, on terms that are not significantly adverse to UBS Group, as well as to successfully remediate outstanding regulatory and supervisory matters and meet other regulatory commitments.

Further investigation and planning for integration is taking place, and risks that UBS does not currently consider to be material, or of which it is not currently aware, could also adversely affect UBS.

The level of success in the absorption of the Credit Suisse Group, in the integration of the two groups and their businesses, particularly in the area of the Swiss domestic bank, as well as domestic and international wealth management business, and in the execution of the planned strategy regarding cost reduction and divestment of any non-core assets, and the level of resulting impairments and write-downs, may impact the operational results, share price and credit rating of UBS. The past financial performance of each of UBS Group AG and Credit Suisse may not be indicative of their future financial performance. The combined group will be required to devote significant management attention and resources to integrating its business practices and support functions. The diversion of management's attention and any delays or difficulties encountered in connection with the transaction and the coordination of the two companies' operations could have an adverse effect on the business, financial results, financial condition or the share price of the combined group following the transaction. The coordination process may also result in additional and unforeseen expenses.

UBS's reputation is critical to its success

UBS's reputation is critical to the success of its strategic plans, business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. In the past, UBS's reputation has been adversely affected by its losses during the financial crisis, investigations into its cross-border private banking services, criminal resolutions of LIBOR-related and foreign exchange matters, as well as other matters. UBS believes that reputational damage as a result of these events was an important factor in its loss of clients and client assets across its asset-gathering businesses. Credit Suisse has more recently been subject significant litigation and regulatory matters and to financial losses that adversely affected its reputation and the confidence of clients, which played a significant role in the failure of Credit Suisse in March. These events, or new events that cause reputational damage could have a material adverse effect on its results of operation and financial condition, as well as its ability to achieve its strategic goals and financial targets.

Operational risks affect UBS's business

UBS's businesses depend on its ability to process a large number of transactions, many of which are complex, across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorised, fictitious or fraudulent transactions. UBS also relies on access to, and on the functioning of, systems maintained by third parties, including clearing systems, exchanges, information processors and central counterparties. Any failure of its or third-party systems could have an adverse effect on UBS. These risks may be greater as UBS deploys newer technologies, such as blockchain, or processes, platforms or products that rely on these technologies. UBS's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities – including those arising from process error, failed execution, misconduct, unauthorised trading, fraud, system failures, financial crime, cyberattacks, breaches of information security, inadequate or ineffective access controls and failure of security and physical protection – are appropriately controlled. If UBS's internal controls fail or prove ineffective in identifying and remedying these risks, it could suffer operational failures that might result in material losses, such as the substantial loss it incurred from the unauthorised trading incident announced in September 2011. The acquisition of the Credit Suisse Group may elevate these risks, particularly during the first phases of integration, as the firms have historically operated under different procedures, IT systems, risk policies and structures of governance.

As a significant proportion of its staff have been and will continue working from outside the office, UBS has faced, and will continue to face, new challenges and operational risks, including maintenance of supervisory and surveillance controls, as well as increased fraud and data security risks. While UBS has taken measures to manage these risks, such measures have never been tested on the scale or duration that UBS is currently experiencing, and there is risk that these measures will prove not to have been effective in the current unprecedented operating environment.

UBS uses automation as part of its efforts to improve efficiency, reduce the risk of error and improve its client experience. UBS intends to expand the use of robotic processing, machine learning and artificial intelligence to further these goals. Use of these tools presents their own risks, including the need for effective design and testing; the quality of the data used for development and operation of machine learning and artificial intelligence tools may adversely affect their functioning and result in errors and other operational risks.

Financial services firms have increasingly been subject to breaches of security and to cyber- and other forms of attack, some of which are sophisticated and targeted attacks intended to gain access to confidential information or systems, disrupt service or steal or destroy data, which may result in business disruption or the corruption or loss of data at our locations or those of third parties. Cyberattacks by hackers, terrorists, criminal organizations, nation states and extremists have also increased in frequency and sophistication. Current geopolitical tensions have led to increased risk of cyberattack from foreign state actors. In particular, the Russia–Ukraine war and the imposition of significant sanctions on Russia by Switzerland, the US, the EU, the UK and others has resulted and may continue to result in an increase in the risk of cyberattacks. Such attacks may occur on UBS's own systems or on the systems that are operated by external service providers, may be attempted through the introduction of ransomware, viruses or malware, phishing and other forms of social engineering, distributed denial of service attacks and other means. These attempts may occur directly, or using equipment or security passwords of UBS employees, third-party service providers or other users. Cybersecurity risks also have increased due to the widespread use of digital technologies, cloud computing and mobile devices to conduct financial business and transactions. During the first quarter of 2023, a third-party vendor, ION XTP, suffered a ransomware attack, which resulted in some disruption to our exchange-traded derivatives clearing activities, although we restored our services within 36 hours, using an available alternative solution. In addition to external attacks, UBS has experienced loss of client data from failure by employees and others to follow internal policies and procedures and from misappropriation of UBS's data by employees and others.

UBS may not be able to anticipate, detect or recognise threats to its systems or data and its preventative measures may not be effective to prevent an attack or a security breach. In the event of a security breach, notwithstanding its preventative measures, UBS may not immediately detect a particular breach or attack. The acquisition of Credit Suisse may elevate and intensify these risks as would-be attackers have a larger potential target in the combined bank and differences in systems, policies, and platforms could make threat detection more difficult. Once a particular attack is detected, time may be required to investigate and assess the nature and extent of the attack, and to restore and test systems and data. If a successful attack occurs at a service provider, as UBS has recently experienced, UBS may be dependent on the service provider's ability to detect the attack, investigate and assess the attack and successfully restore the relevant systems and data. A successful breach or circumvention of security of UBS's or a service provider's systems or data could have significant negative consequences for UBS, including disruption of its operations, misappropriation of confidential information concerning UBS or its clients, damage to its systems, financial losses for UBS or its clients, violations of data privacy and similar laws, litigation exposure and damage to its reputation. UBS may be subject to enforcement actions as regulatory focus on cybersecurity increases and regulators have announced new rules, guidance and initiatives on ransomware and other cybersecurity-related issues.

UBS is subject to complex and frequently changing laws and regulations governing the protection of client and personal data, such as the EU General Data Protection Regulation. Ensuring that UBS complies with applicable laws and regulations when it collects, uses and transfers personal information requires substantial resources and may affect the ways in which UBS conducts its business. In the event that UBS fails to comply with applicable laws, it may be exposed to regulatory fines and penalties and other sanctions. It may also incur such penalties if its vendors or other service providers or clients or counterparties fail to comply with these laws or to maintain appropriate controls over protected data. In addition, any loss or exposure of client or other data may adversely damage UBS's reputation and adversely affect its business.

A major focus of US and other countries' governmental policies relating to financial institutions in recent years has been on fighting money laundering and terrorist financing. UBS is required to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of its clients under the laws of many of the countries in which it operates. It is also subject to laws and regulations related to corrupt and illegal payments to government officials by others, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. UBS has implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. Notwithstanding this, US regulators have found deficiencies in the design and operation of anti-money laundering programs in UBS's US operations. UBS has undertaken a significant program to address these regulatory findings with the objective of fully meeting regulatory expectations for its programs. Failure to maintain and implement adequate programs to combat money laundering, terrorist financing or corruption, or any failure of its programs in these areas, could have serious consequences both from legal enforcement action and from damage to UBS's reputation. Frequent changes in sanctions imposed and increasingly complex sanctions imposed on countries, entities and individuals, as exemplified by the breadth and scope of the sanctions imposed in relation to the war in Ukraine, increase UBS's cost of monitoring and complying with sanctions requirements and increase the risk that it will not identify in a timely manner client activity that is subject to a sanction.

As a result of new and changed regulatory requirements and the changes UBS has made in its legal structure, the volume, frequency and complexity of its regulatory and other reporting has remained elevated. Regulators have also significantly increased expectations regarding UBS's internal reporting and data aggregation, as well as management reporting. UBS has incurred, and continues to incur, significant costs to implement infrastructure to meet these requirements. Failure to meet external reporting requirements accurately and in a timely manner or failure to meet regulatory expectations of internal reporting, data aggregation and management reporting could result in enforcement action or other adverse consequences for UBS.

In addition, despite the contingency plans that UBS has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it operates. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services that UBS uses or that are used by third parties with whom UBS conducts business.

UBS depends on its risk management and control processes to avoid or limit potential losses in its businesses

Controlled risk-taking is a major part of the business of a financial services firm. Some losses from risk-taking activities are inevitable, but to be successful over time, UBS must balance the risks it takes against the returns generated. Therefore, UBS must diligently identify, assess, manage and control its risks, not only in normal market conditions but also as they might develop under more extreme, stressed conditions, when concentrations of exposures can lead to severe losses.

UBS has not always been able to prevent serious losses arising from risk management failures and extreme or sudden market events. It recorded substantial losses on fixed-income trading positions in the 2008 financial crisis, in the unauthorised trading incident in 2011 and, more recently, positions resulting from the default of a US prime brokerage client. In the recent past, Credit Suisse has suffered very significant losses from the default of the US prime brokerage client, the losses in supply-chain finance funds managed by it, as well as other matters. As a result of these Credit Suisse is subject to significant regulatory remediation obligations to address deficiencies in its risk management and controls systems, that will continue following the merger.

UBS regularly revises and strengthens its risk management and control frameworks to seek to address identified shortcomings. Nonetheless, it could suffer further losses in the future if, for example:

UBS does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;

- its assessment of the risks identified, or its response to negative trends, proves to be untimely, inadequate, insufficient or incorrect;
- its risk models prove insufficient to predict the scale of financial risks the bank faces;
- markets move in ways that UBS does not expect – in terms of their speed, direction, severity or correlation – and its ability to manage risks in the resulting environment is, therefore, affected;
- third parties to whom UBS has credit exposure or whose securities UBS holds are severely affected by events and UBS suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by its counterparties and clients proves inadequate to cover their obligations at the time of default.

UBS also holds legacy risk positions, primarily in its Non-core and legacy, that, in many cases, are illiquid and may deteriorate in value. The acquisition of the Credit Suisse Group will increase, materially, the portfolio of business that are outside of UBS's risk appetite and subject to exit that will be managed in the Non-core and legacy segment.

UBS also manages risk on behalf of its clients. The performance of assets UBS holds for its clients may be adversely affected by the same aforementioned factors. If clients suffer losses or the performance of their assets held with UBS is not in line with relevant benchmarks against which clients assess investment performance, UBS may suffer reduced fee income and a decline in assets under management, or withdrawal of mandates.

Investment positions, such as equity investments made as part of strategic initiatives and seed investments made at the inception of funds that UBS manages, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. Deteriorations in the fair value of these positions would have a negative effect on UBS's earnings.

UBS may be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterised by intense competition, continuous innovation, restrictive, detailed, and sometimes fragmented regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth, as well as competition from new technology-based market entrants, which may not be subject to the same level of regulation. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase. UBS's competitive strength and market position could be eroded if it is unable to identify market trends and developments, does not respond to such trends and developments by devising and implementing adequate business strategies, does not adequately develop or update its technology, including its digital channels and tools, or is unable to attract or retain the qualified people needed.

The amount and structure of UBS's employee compensation is affected not only by its business results, but also by competitive factors and regulatory considerations.

In response to the demands of various stakeholders, including regulatory authorities and shareholders, and in order to better align the interests of UBS's staff with other stakeholders, UBS has increased average deferral periods for stock awards, expanded forfeiture provisions and, to a more limited extent, introduced clawback provisions for certain awards linked to business performance. UBS has also introduced individual caps on the proportion of fixed to variable pay for the Group Executive Board ("**GEB**") members, as well as certain other employees. UBS will also be required to introduce and enforce provisions requiring UBS to recover from GEB members and certain other executives a portion of performance-based incentive compensation in the event that UBS Group or another entity with securities listed on a US national securities exchange, is required to restate its financial statements as a result of a material error.

Constraints on the amount or structure of employee compensation, higher levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect UBS's ability to retain and attract key employees, particularly where UBS competes with companies that are not subject to these constraints. The loss of key staff and the inability to attract qualified replacements could seriously compromise its ability to execute its strategy and to successfully improve its operating and control environment, and could affect its business performance. This risk is intensified by elevated levels of attrition among Credit Suisse employees. Swiss law requires that shareholders approve the compensation of the Board of Directors (the "**BoD**") and the GEB each year. If the shareholders fail to approve the compensation for the GEB or the BoD, this could have an adverse effect on UBS's ability to retain experienced directors and its senior management.

UBS AG's operating results, financial condition and ability to pay its obligations in the future may be affected by funding, dividends and other distributions received from UBS Switzerland AG, UBS Americas Holding LLC, UBS Europe SE and other subsidiaries, which may be subject to restrictions

UBS AG's ability to pay its obligations in the future will depend on the level of funding, dividends and other distributions, if any, received from UBS Switzerland AG and other subsidiaries. The ability of such subsidiaries to make loans or distributions, directly or indirectly, to UBS AG may be restricted as a result of several factors, including restrictions in financing agreements and the requirements of applicable law and regulatory, fiscal or other restrictions. In particular, UBS AG's direct and indirect subsidiaries, including UBS Switzerland AG, UBS Americas Holding LLC and UBS Europe SE, are subject to laws and regulations that require the entities to maintain minimum levels of capital and liquidity, restrict dividend payments, authorise regulatory bodies to block or reduce the flow of funds from those subsidiaries to UBS AG, or could affect their ability to repay any loans made to, or other investments in, such subsidiary by UBS AG or another member of the UBS AG Group. For example, in the early stages of the COVID-19 pandemic, the European Central Bank ordered all banks under its supervision to cease dividend distributions and the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**") has limited capital distributions by bank holding companies and intermediate holding companies. Restrictions and regulatory actions of this kind could impede access to funds that UBS AG may need to meet its obligations. In addition, UBS AG's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganisation is subject to all prior claims of the subsidiary's creditors.

Furthermore, UBS AG may guarantee some of the payment obligations of certain of its subsidiaries from time to time. These guarantees may require UBS AG to provide substantial funds or assets to subsidiaries or their creditors or counterparties at a time when UBS AG is in need of liquidity to fund its own obligations.

<u>Market, credit and macroeconomic risks</u>

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

UBS's businesses are materially affected by market and macroeconomic conditions. A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, such as international armed conflicts, war, or acts of terrorism, the imposition of sanctions, global trade or global supply chain disruptions, including energy shortages and food insecurity, changes in monetary or fiscal policy, changes in trade policies or international trade disputes, significant inflationary or deflationary price changes, disruptions in one or more concentrated economic sectors, natural disasters, pandemics or local and regional civil unrest. Such developments can have unpredictable and destabilizing effects.

Adverse changes in interest rates, credit spreads, securities prices, market volatility and liquidity, foreign exchange rates, commodity prices, and other market fluctuations, as well as changes in investor sentiment, can affect UBS's earnings and ultimately its financial and capital positions. As financial markets are global and highly interconnected, local and regional events can have widespread effects well beyond the countries in which they occur. Any of these developments may adversely affect UBS's business or financial results.

As a result of significant volatility in the market, UBS's businesses may experience a decrease in client activity levels and market volumes, which would adversely affect its ability to generate transaction fees, commissions and margins, particularly in Global Wealth Management and the Investment Bank. A market downturn would likely reduce the volume and valuation of assets that UBS manages on behalf of its clients, which would reduce recurring fee income that is charged based on invested assets, primarily in Global Wealth Management and Asset Management, and performance-based fees in Asset Management. Such a downturn could also cause a decline in the value of assets that UBS owns and accounts for as investments or trading positions. In addition, reduced market liquidity or volatility may limit trading opportunities and may therefore reduce transaction-based income and may also impede UBS's ability to manage risks.

Geopolitical events: For example, the Russia–Ukraine war has led to one of the largest humanitarian crises in decades, with millions of people displaced, a mass exodus of businesses from Russia, and heightened volatility across global markets. In addition, as a result of the war, several jurisdictions, including the US, the EU, the UK, Switzerland and others, have imposed extensive sanctions on Russia and Belarus and certain Russian and Belarusian entities and nationals, as well as the Russian Central Bank. Among others, the financial sanctions include barring certain Russian banks from using the Society for Worldwide Interbank Financial Telecommunication (SWIFT) messaging system, asset freezes for sanctioned individuals and corporations, limits on financial transactions with sanctioned entities and individuals, and limitation of deposits in the EU and Switzerland from Russian persons not entitled to residency in the European Economic Area (the "**EEA**") or Switzerland. The scale of the conflict and the speed and extent of sanctions may produce many of the effects described in the paragraph above, including in ways that cannot now be anticipated.

If individual countries impose restrictions on cross-border payments or trade, or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the Eurozone, as a result of the imposition of sanctions on individuals, entities or countries, or escalation of trade restrictions and other actions between the US, or other countries, and China), UBS could suffer adverse effects on its business, losses from enforced default by counterparties, be unable to access its own assets or be unable to effectively manage its risks.

UBS could be materially affected if a crisis develops, regionally or globally, as a result of disruptions in markets due to macroeconomic or political developments, trade restrictions, or the failure of a major market participant. Over time, UBS's strategic plans have become more heavily dependent on its ability to generate growth and revenue in emerging markets, including China, causing UBS to be more exposed to the risks associated with such markets.

Global Wealth Management derives revenues from all the principal regions, but has a greater concentration in Asia than many peers and a substantial presence in the US, unlike many European peers. The Investment Bank's business is more heavily weighted to Europe and Asia than its peers, while its derivatives business is more heavily weighted to structured products for wealth management clients, in particular with European and Asian underlyings. UBS's performance may therefore be more affected by political, economic and market developments in these regions and businesses than some other financial service providers.

COVID-19 pandemic: The COVID-19 pandemic, the governmental measures taken to manage it, and related effects, such as labor market displacements, supply chain disruptions, and inflationary pressures, have adversely affected, and may still adversely affect, global and regional economic conditions, resulting in contraction in the global economy, substantial volatility in the financial markets, crises in markets for goods and services, as well as significant disruptions in certain regional real estate markets, increased unemployment, increased credit and counterparty risk, and operational challenges. While in most jurisdictions the pandemic-related governmental measures were reversed, resurgence of the pandemic, ineffectiveness of vaccines and continuance or imposition of new pandemic control measures may result in additional adverse effects on the global economy negatively affecting UBS's results of operations and financial condition. Should inflationary pressures or other adverse global market conditions persist, or should the pandemic lead to additional economic or market disruptions, UBS may experience reduced levels of client activity and demand for its products and services, increased utilisation of lending commitments, significantly increased client defaults, continued and increasing credit and valuation losses in its loan portfolios, loan commitments and other assets, and impairments of other financial assets. A fall in equity markets and a consequent decline in invested assets would also reduce recurring fee income in UBS's Global Wealth Management and Asset Management businesses, as was experienced in the second quarter of 2022. These factors and other consequences of the COVID-19 pandemic may negatively affect UBS's financial condition, including possible constraints on capital and liquidity, as well as a higher cost of capital, and possible downgrades to its credit ratings.

The extent to which the pandemic, the ongoing Russia–Ukraine war, and current inflationary pressures and related adverse economic conditions affect UBS's businesses, results of operations and financial condition, as well as its regulatory capital and liquidity ratios, will depend on future developments, including the effects of the current conditions on its clients, counterparties, employees and third-party service providers.

UBS's credit risk exposure to clients, trading counterparties and other financial institutions would increase under adverse or other economic conditions

Credit risk is an integral part of many of UBS's activities, including lending, underwriting and derivatives activities. Adverse economic or market conditions, or the imposition of sanctions or other restrictions on clients, counterparties or financial institutions, may lead to impairments and defaults on these credit exposures. Losses may be exacerbated by declines in the value of collateral securing loans and other exposures. In UBS's prime brokerage, securities finance and Lombard lending businesses, it extends substantial amounts of credit against securities collateral, the value or liquidity of which may decline rapidly. Market closures and the imposition of exchange controls, sanctions or other measures may limit UBS's ability to settle existing transactions or to realise on collateral, which may result in unexpected increases in exposures. UBS's Swiss mortgage and corporate lending portfolios are a large part of its overall lending. It is therefore exposed to the risk of adverse economic developments in Switzerland, including property valuations in the housing market, the strength of the Swiss franc and its effect on Swiss exports, return to negative interest rates applied by the Swiss National Bank, economic conditions within the Eurozone or the European Union (the "**EU**"), and the evolution of agreements between Switzerland and the EU or EEA, which represent Switzerland's largest export market. UBS has exposures related to real estate in various countries, including a substantial Swiss mortgage portfolio. Although it believes this portfolio is prudently managed, UBS could nevertheless be exposed to losses if a substantial deterioration in the Swiss real estate market were to occur.

As UBS experienced in 2020, under the IFRS 9 expected credit loss ("**ECL**") regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect UBS's common equity tier 1 ("**CET1**") capital and regulatory capital ratios.

Interest rate trends and changes could negatively affect UBS's financial results

UBS's businesses are sensitive to changes in interest rate trends. A prolonged period of low or negative interest rates, particularly in Switzerland and the Eurozone, adversely affected the net interest income generated by UBS's Personal & Corporate Banking and Global Wealth Management businesses prior to 2022. Actions that UBS took to mitigate adverse effects on income, such as the introduction of selective deposit fees or minimum lending rates, contributed to outflows of customer deposits (a key source of funding for UBS), net new money outflows and a declining market share in its Swiss lending business.

During 2022, interest rates increased sharply in the US and most other markets, including a shift from negative to positive central bank policy rates in the Eurozone and Switzerland, as central banks responded to higher inflation. Higher interest rates generally benefit UBS's net interest income. However, as returns on alternatives to deposits increase with rising interest rates, such as returns on money market funds, UBS has experienced outflows from customer deposits and shifts of deposits from lower-interest account types to accounts bearing higher interest rates, such as savings and certificates of deposit, particularly in the US, where rates have rapidly increased. Customer deposit outflows may require UBS to obtain alternative funding, which would likely be more costly than customer deposits.

The equity and capital of UBS's shareholders are also affected by changes in interest rates.

Currency fluctuation may have an adverse effect on UBS's profits, balance sheet and regulatory capital

UBS is subject to currency fluctuation risks. Although the change from the Swiss franc to the US dollar as its presentation currency in 2018 reduces UBS's exposure to currency fluctuation risks with respect to the Swiss franc, a substantial portion of UBS's assets and liabilities are denominated in currencies other than the US dollar. Additionally, in order to hedge its CET1 capital ratio, UBS's CET1 capital must have foreign currency exposure, which leads to currency sensitivity. As a consequence, it is not possible to simultaneously fully hedge both the amount of capital and the capital ratio. Accordingly, changes in foreign exchange rates may adversely affect UBS's profits, balance sheet, and capital, leverage and liquidity coverage ratios.

<u>Regulatory and legal risks</u>

Material legal and regulatory risks arise in the conduct of UBS's businesses

As a global financial services firm operating in more than 50 countries, UBS is subject to many different legal, tax and regulatory regimes, including extensive regulatory oversight, and is exposed to significant liability risk. UBS is subject to a large number of claims, disputes, legal proceedings and government investigations and expects that its ongoing business activities will continue to give rise to such matters in the future. The extent of UBS's financial exposure to these and other matters is material and could substantially exceed the level of provisions that it has established. UBS is not able to predict the financial and non-financial consequences these matters may have when resolved.

UBS may be subject to adverse preliminary determinations or court decisions that may negatively affect public perception and its reputation, result in prudential actions from regulators, and cause UBS to record additional provisions for such matters even when it believes it has substantial defences and expects to ultimately achieve a more favourable outcome. This risk is illustrated by the award of aggregate penalties and damages of EUR 4.5bn by the court of first instance in France. This award was reduced to an aggregate of EUR 1.8bn by the Court of Appeal, and UBS has further appealed this judgment.

Guilty pleas and DPA

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, a guilty plea to, or conviction of, a crime (including as a result of termination of the Deferred Prosecution Agreement Credit Suisse entered into with the United States Department of Justice in 2021 to resolve its Mozambique matter) could have material consequences for us. Resolution of regulatory proceedings may require us to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate our participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for us.

Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorisations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in them. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorisations or participations, could have material adverse consequences for UBS.

UBS's settlements with governmental authorities in connection with foreign exchange, London Interbank Offered Rates ("**LIBOR**") and other benchmark interest rates starkly illustrate the significantly increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. In connection with investigations related to LIBOR and other benchmark rates and to foreign exchange and precious metals, very large fines and disgorgement amounts were assessed against UBS, and it was required to enter guilty pleas despite its full cooperation with the authorities in the investigations, and despite its receipt of conditional leniency or conditional immunity from anti-trust authorities in a number of jurisdictions, including the US and Switzerland.

For a number of years, UBS has been, and continues to be, subject to a very high level of regulatory scrutiny and to certain regulatory measures that constrain its strategic flexibility. UBS believes it has remediated the deficiencies that led to significant losses in the past and made substantial changes in its controls and it conducts risk frameworks to address the issues highlighted by the LIBOR-related, foreign exchange and precious metals regulatory resolutions. UBS has also undertaken extensive efforts to implement new regulatory requirements and meet heightened expectations.

Credit Suisse and or UBS have become the target of lawsuits, and may become the target of further litigation, in connection with the transaction and/or the regulatory and other actions taken in connection with the transaction, all of which could result in substantial costs. As of June 5, 2023, Credit Suisse had incurred a net charge of USD 7.4 billion in respect of its supply chain finance funds (SCFF) matter, and the ultimate cost of resolving the SCFF matter may be material to the operating results of the combined group. Since the close of the acquisition, various litigation claims have been lodged against UBS under Swiss merger law alleging that Credit Suisse shareholders received disadvantaged treatment in the acquisition. In addition, numerous cases have been lodged against FINMA in respect of the write down of Credit Suisse's AT1 bonds ordered by FINMA. UBS Group AG, as the successor to Credit Suisse, is participating in proceedings as an aggrieved party. The cumulative effects of the litigations to which UBS has succeeded and the claims related to the acquisition and the circumstances surrounding it, may have material adverse consequences for the combined group.

Credit Suisse delayed its reporting for the year ending 2022 stating that it had identified material weaknesses in its internal controls over financial reporting as a result of which Credit Suisse management had concluded that, as of December 31, 2022, its internal controls over financial reporting were not effective, and for the same reasons, it reached the same conclusion regarding December 31, 2021. Since the acquisition, UBS has undertaken a review of the processes and systems giving rise to the material weaknesses and the remediation program undertaken. This review is ongoing and UBS expects to adopt and implement further controls and procedures following the completion of such review and discussions with its regulators. In the course of this review, UBS may become aware of facts that cause it to broaden the scope of the findings.

UBS continues to be in active dialogue with regulators concerning the actions it is taking to improve its operational risk management, risk control, anti-money laundering, data management and other frameworks, and otherwise seek to meet supervisory expectations, but there can be no assurance that its efforts will have the desired effects. As a result of this history, UBS's level of risk with respect to regulatory enforcement may be greater than that of some of its peers.

Substantial changes in regulation may adversely affect UBS's businesses and its ability to execute its strategic plans

Since the financial crisis of 2008, UBS has been subject to significant regulatory requirements, including recovery and resolution planning, changes in capital and prudential standards, changes in taxation regimes as a result of changes in governmental administrations, new and revised market standards and fiduciary duties, as well as new and developing environmental, social and governance standards and requirements. Notwithstanding attempts by regulators to align their efforts, the measures adopted or proposed for banking regulation differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. In addition, Swiss regulatory changes with regard to such matters as capital and liquidity have often proceeded more quickly than those in other major jurisdictions, and Switzerland's requirements for major international banks are among the strictest of the major financial centres. This could put Swiss banks, such as UBS, at a disadvantage when competing with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

UBS's implementation of additional regulatory requirements and changes in supervisory standards, as well as its compliance with existing laws and regulations, continues to receive heightened scrutiny from supervisors. If UBS does not meet supervisory expectations in relation to these or other matters, or if additional supervisory or regulatory issues arise, it would likely be subject to further regulatory scrutiny, as well as measures that may further constrain its strategic flexibility.

Resolvability and resolution and recovery planning: UBS has moved significant operations into subsidiaries to improve resolvability and meet other regulatory requirements, and this has resulted in substantial implementation costs, increased its capital and funding costs and reduced operational flexibility. For example, UBS has transferred all of its US subsidiaries under a US intermediate holding company to meet US regulatory requirements and has transferred substantially all the operations of Personal & Corporate Banking and Global Wealth Management booked in Switzerland to UBS Switzerland AG to improve resolvability.

These changes create operational, capital, liquidity, funding and tax inefficiencies. UBS's operations in subsidiaries are subject to local capital, liquidity, stable funding, capital planning and stress testing requirements. These requirements have resulted in increased capital and liquidity requirements in affected subsidiaries, which limit UBS's operational flexibility and negatively affect its ability to benefit from synergies between business units and to distribute earnings to the Group.

Under the Swiss too-big-to-fail ("**TBTF**") framework, UBS is required to put in place viable emergency plans to preserve the operation of systemically important functions in the event of a failure. Moreover, under this framework and similar regulations in the US, the UK, the EU and other jurisdictions in which it operates, UBS is required to prepare credible recovery and resolution plans detailing the measures that would be taken to recover in a significant adverse event or in the event of winding down the Group or the operations in a host country through resolution or insolvency proceedings. If a recovery or resolution plan that UBS produces is determined by the relevant authority to be inadequate or not credible, relevant regulation may permit the authority to place limitations on the scope or size of UBS's business in that jurisdiction, or oblige UBS to hold higher amounts of capital or liquidity or to change its legal structure or business in order to remove the relevant impediments to resolution.

Capital and prudential standards: As an internationally active Swiss systemically relevant bank (an "**SRB**"), UBS is subject to capital and total loss-absorbing capacity ("**TLAC**") requirements that are among the most stringent in the world. Moreover, many of UBS's subsidiaries must comply with minimum capital, liquidity and similar requirements and, as a result, UBS Group AG and UBS AG have contributed a significant portion of their capital and provide substantial liquidity to these subsidiaries. These funds are available to meet funding and collateral needs in the relevant entities, but are generally not readily available for use by the Group as a whole.

UBS expects its risk-weighted assets ("**RWA**") to further increase as the effective date for additional capital standards promulgated by the Basel Committee on Banking Supervision (the "**BCBS**") draws nearer. In connection with the acquisition of Credit Suisse, FINMA has permitted Credit Suisse entities to continue to apply certain prior interpretations and has provided supervisory rulings on the treatment of certain items for RWA or capital purposes. In general, these interpretations require that UBS phase out the treatment over the next several years. In addition, FINMA has agreed that additional capital requirement applicable to Swiss systemically relevant banks, which is based on market share in Switzerland and LRD, will not increase as a result of acquisition of Credit Suisse before the end of 2025. The phase-out or end of these periods will likely increase the overall capital requirements of UBS Group, which increase may be substantial.

Increases in capital and liquidity standards could significantly curtail UBS's ability to pursue strategic opportunities or to return capital to shareholders.

Market regulation and fiduciary standards: UBS's wealth and asset management businesses operate in an environment of increasing regulatory scrutiny and changing standards with respect to fiduciary and other standards of care and the focus on mitigating or eliminating conflicts of interest between a manager or advisor and the client, which require effective implementation across the global systems and processes of investment managers and other industry participants. For example, UBS has made material changes to its business processes, policies and the terms on which it interacts with these clients in order to comply with SEC Regulation Best Interest, which is intended to enhance and clarify the duties of brokers and investment advisers to retail customers, the Volcker Rule, which limits UBS's ability to engage in proprietary trading, as well as changes in European and Swiss market conduct regulation. Future changes in the regulation of its duties to customers may require UBS to make further changes to its businesses, which would result in additional expense and may adversely affect its business. UBS may also become subject to other similar regulations substantively limiting the types of activities in which it may engage or the way it conducts its operations.

In many instances, UBS provides services on a cross-border basis, and it is therefore sensitive to barriers restricting market access for third-country firms. In particular, efforts in the EU to harmonise the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect UBS's ability to conduct business in these jurisdictions from Switzerland. In addition, a number of jurisdictions are increasingly regulating cross-border activities based on determinations of equivalence of home country regulation, substituted compliance or similar principles of comity. A negative determination with respect to Swiss equivalence could limit UBS's access to the market in those jurisdictions and may negatively influence its ability to act as a global firm. For example, the EU declined to extend its equivalence determination for Swiss exchanges, which lapsed as of 30 June 2019.

UBS experienced cross-border outflows over a number of years as a result of heightened focus by fiscal authorities on cross-border investment and fiscal amnesty programs, in anticipation of the implementation in Switzerland of the global automatic exchange of tax information, and as a result of the measures UBS has implemented in response to these changes. Further changes in local tax laws or regulations and their enforcement, additional cross-border tax information exchange regimes, national tax amnesty or enforcement programs or similar actions may affect the ability or willingness of its clients to do business with UBS and could result in additional cross-border outflows.

If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on UBS's shareholders and creditors

Under the Swiss Banking Act, FINMA is able to exercise broad statutory powers with respect to Swiss banks and Swiss parent companies of financial groups, such as UBS Group AG, UBS AG, Credit Suisse AG, UBS Switzerland AG and Credit Suisse Schweiz AG, if there is justified concern that the entity is over-indebted, has serious liquidity problems or, after the expiration of any relevant deadline, no longer fulfils capital adequacy requirements. Such powers include ordering protective measures, instituting restructuring proceedings (and exercising any Swiss resolution powers in connection therewith), and instituting liquidation proceedings, all of which may have a material adverse effect on shareholders and creditors or may prevent these entities from paying dividends or making payments on debt obligations.

UBS would have limited ability to challenge any such protective measures, and creditors and shareholders would also have limited ability under Swiss law or in Swiss courts to reject them, seek their suspension, or challenge their imposition, including measures that require or result in the deferment of payments.

If restructuring proceedings are opened with respect to UBS Group AG, UBS AG, Credit Suisse AG, UBS Switzerland AG or Credit Suisse Schweiz AG, the resolution powers that FINMA may exercise include the power to: (i) transfer all or some of the assets, debt and other liabilities, and contracts of the entity subject to proceedings to another entity; (ii) stay for a maximum of two business days (a) the termination of, or the exercise of rights to terminate, netting rights, (b) rights to enforce or dispose of certain types of collateral or (c) rights to transfer claims, liabilities or certain collateral, under contracts to which the entity subject to proceedings is a party; and / or (iii) partially or fully write down the equity capital and regulatory capital instruments and, if such regulatory capital is fully written down, write down or convert into equity the other debt instruments of the entity subject to proceedings. Shareholders and creditors would have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised. They would have only limited rights to challenge any decision to exercise resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise.

Upon full or partial write-down of the equity and regulatory capital instruments of the entity subject to restructuring proceedings, the relevant shareholders and creditors would receive no payment in respect of the equity and debt that is written down, the write-down would be permanent, and the investors would likely not, at such time or at any time thereafter, receive any shares or other participation rights, or be entitled to any write-up or any other compensation in the event of a potential subsequent recovery of the debtor. If FINMA orders the conversion of debt of the entity subject to restructuring proceedings into equity, the securities received by the investors may be worth significantly less than the original debt and may have a significantly different risk profile. In addition, creditors receiving equity would be effectively subordinated to all creditors of the restructured entity in the event of a subsequent winding up, liquidation or dissolution of the restructured entity, which would increase the risk that investors would lose all or some of their investment.

FINMA has significant discretion in the exercise of its powers in connection with restructuring proceedings. Furthermore, certain categories of debt obligations, such as certain types of deposits, are subject to preferential treatment. As a result, holders of obligations of an entity subject to a Swiss restructuring proceeding may have their obligations written down or converted into equity even though obligations ranking on par with such obligations are not written down or converted.

Developments in sustainability, climate, environmental and social standards and regulations may affect UBS's business and impact its ability to fully realise its goals

UBS has set ambitious goals for environmental, social and governance ("**ESG**") matters. These goals include its ambitions for environmental sustainability in its operations, including carbon emissions, in the business it does with clients and in products that it offers. They also include goals or ambitions for diversity in UBS's workforce and supply chain, and support for the United Nations Sustainable Development Goals. There is substantial uncertainty as to the scope of actions that may be required of UBS, governments and others to achieve the goals it has set, and many of such goals and objectives are only achievable with a combination of government and private action. National and international standards and expectations, industry and scientific practices, and regulatory taxonomies and disclosure obligations addressing these matters are relatively immature and are rapidly evolving. In many cases, goals and standards are defined at a high level and can be subject to different interpretations. In addition, there are significant limitations in the data available to measure UBS's climate and other goals. Although UBS has defined and disclosed its goals based on the standards existing at the time of disclosure, there can be no assurance (i) that the various ESG regulatory and disclosure regimes under which UBS operates will not come into conflict with one another, (ii) that the current standards will not be interpreted differently than UBS's understanding or change in a manner that substantially increases the cost or effort for UBS to achieve such goals or (iii) that additional data or methods, whether voluntary or required by regulation, may substantially change UBS's calculation of its goals and aspirations. It is possible that such goals may prove to be considerably more difficult or even impossible to achieve. The evolving standards may also require UBS to substantially change the stated goals and ambitions. If UBS is not able to achieve the goals it has set, or can only do so at significant expense to its business, it may fail to meet regulatory expectations, incur damage to its reputation or be exposed to an increased risk of litigation or other adverse action.

While ESG regulatory regimes and international standards are being developed, including to require consideration of ESG risks in investment decisions, some jurisdictions, notably in the US, have developed rules restricting the consideration of ESG factors in investment and business decisions. Under these anti-ESG rules, companies that are perceived as boycotting or discriminating against certain industries may be restricted from doing business with certain governmental entities. UBS's businesses may be adversely affected if the firm is considered as discriminating against companies based on ESG considerations, or if further anti-ESG rules are developed or broadened.

UBS's financial results may be negatively affected by changes to assumptions and valuations, as well as changes to accounting standards

UBS prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). The application of these accounting standards requires the use of judgment based on estimates and assumptions that may involve significant uncertainty at the time they are made. This is the case, for example, with respect to the measurement of fair value of financial instruments, the recognition of deferred tax assets ("**DTAs**"), the assessment of the impairment of goodwill, expected credit losses and estimation of provisions for litigation, regulatory and similar matters. Such judgments, including the underlying estimates and assumptions, which encompass historical experience, expectations of the future and other factors, are regularly evaluated to determine their continuing relevance based on current conditions. Using different assumptions could cause the reported results to differ. Changes in assumptions, or failure to make the changes necessary to reflect evolving market conditions, may have a significant effect on the financial statements in the periods when changes occur. Estimates of provisions may be subject to a wide range of potential outcomes and significant uncertainty. For example, the broad range of potential outcomes in UBS's legal proceedings in France and in a number of Credit Suisse's legal proceedings increase the uncertainty associated with assessing the appropriate provision. If the estimates and assumptions in future periods deviate from the current outlook, UBS's financial results may also be negatively affected.

Changes to IFRS or interpretations thereof may cause future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect UBS's regulatory capital and ratios. For example, the introduction of the ECL regime under IFRS 9 in 2018 fundamentally changed how credit risk arising from loans, loan commitments, guarantees and certain revocable facilities is accounted for. Under the ECL regime, credit loss expenses may increase rapidly at the onset of an economic downturn as a result of higher levels of credit impairments (stage 3), as well as higher ECL from stages 1 and 2, only gradually diminishing once the economic outlook improves. As UBS observed in 2020, this effect may be more pronounced in a deteriorating economic environment. Substantial increases in ECL could exceed expected loss for regulatory capital purposes and adversely affect UBS's CET1 capital and regulatory capital ratios.

UBS may be unable to maintain its capital strength

Capital strength enables UBS to grow its businesses and absorb increases in regulatory and capital requirements. UBS's ability to maintain its capital ratios is subject to numerous risks, including the financial results of its businesses, the effect of changes to capital standards, methodologies and interpretations that may adversely affect the calculation of its capital ratios, the imposition of risk add-ons or capital buffers, and the application of additional capital, liquidity and similar requirements to subsidiaries. UBS's capital and leverage ratios are driven primarily by RWA, the leverage ratio denominator and eligible capital, all of which may fluctuate based on a number of factors, some of which are outside of UBS's control. The results of UBS's businesses may be adversely affected by events arising from other risk factors described herein. In some cases, such as litigation and regulatory risk and operational risk events, losses may be sudden and large. These risks could reduce the amount of capital available for return to shareholders and hinder UBS's ability to achieve its capital returns target of a progressive cash dividend coupled with a share repurchase program.

UBS's eligible capital may be reduced by losses recognised within net profit or other comprehensive income. Eligible capital may also be reduced for other reasons, including acquisitions that change the level of goodwill, changes in temporary differences related to DTAs included in capital, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, changes in regulatory interpretations on the inclusion or exclusion of items contributing to UBS's shareholder equity in regulatory capital, and changes in the value of certain pension fund assets and liabilities or in the interest rate and other assumptions used to calculate the changes in UBS's net defined benefit obligation recognised in other comprehensive income.

RWA are driven by UBS's business activities, by changes in the risk profile of its exposures, by changes in its foreign currency exposures and foreign exchange rates, and by regulation. For instance, substantial market volatility, a widening of credit spreads, adverse currency movements, increased counterparty risk, deterioration in the economic environment or increased operational risk could result in an increase in RWA. Changes in the calculation of RWA, the imposition of additional supplemental RWA charges or multipliers applied to certain exposures and other methodology changes, as well as the finalisation of the Basel III framework and Fundamental Review of the Trading Book promulgated by the BCBS, which are expected to increase UBS's RWA.

The leverage ratio is a balance sheet-driven measure and therefore limits balance sheet-intensive activities, such as lending, more than activities that are less balance sheet intensive, and it may constrain UBS's business even if UBS satisfies other risk-based capital requirements. UBS's leverage ratio denominator is driven by, among other things, the level of client activity, including deposits and loans, foreign exchange rates, interest rates and other market factors. Many of these factors are wholly or partly outside of UBS's control.

The effect of taxes on UBS's financial results is significantly influenced by tax law changes and reassessments of its deferred tax assets

UBS's effective tax rate is highly sensitive to its performance, its expectation of future profitability and any potential increases or decreases in statutory tax rates, such as any potential increase in the US federal corporate tax rate. Furthermore, based on prior years' tax losses, UBS has recognised DTAs reflecting the probable recoverable level based on future taxable profit as informed by its business plans. If UBS's performance is expected to produce diminished taxable profit in future years, particularly in the US, it may be required to write down all or a portion of the currently recognised DTAs through the income statement in excess of anticipated amortisation. This would have the effect of increasing UBS's effective tax rate in the year in which any write-downs are taken. Conversely, if UBS expects the performance of entities in which it has unrecognised tax losses to improve, particularly in the US or the UK, UBS could potentially recognise additional DTAs. The effect of doing so would be to reduce its effective tax rate in years in which additional DTAs are recognised and to increase its effective tax rate in future years. UBS's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US, which would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This, in turn, would cause a write-down of the associated DTAs. Conversely, an increase in US corporate tax rates would result in an increase in the Group's DTAs.

UBS generally revalues its DTAs in the fourth quarter of the financial year based on a reassessment of future profitability taking into account its updated business plans. UBS considers the performance of its businesses and the accuracy of historical forecasts, tax rates and other factors in evaluating the recoverability of its DTAs, including the remaining tax loss carry-forward period and its assessment of expected future taxable profits over the life of DTAs. Estimating future profitability is inherently subjective and is particularly sensitive to future economic, market and other conditions, which are difficult to predict.

UBS's results in past years have demonstrated that changes in the recognition of DTAs can have a very significant effect on its reported results. Any future change in the manner in which UBS remeasures DTAs could affect UBS's effective tax rate, particularly in the year in which the change is made.

UBS's full-year effective tax rate could change if aggregate tax expenses in respect of profits from branches and subsidiaries without loss coverage differ from what is expected, or if branches and subsidiaries generate tax losses that UBS cannot benefit from through the income statement. In particular, losses at entities or branches that cannot offset for tax purposes taxable profits in other Group entities, and which do not result in additional DTA recognition, may increase UBS's effective tax rate. In addition, tax laws or the tax authorities in countries where UBS has undertaken legal structure changes may cause entities to be subject to taxation as permanent establishments or may prevent the transfer of tax losses incurred in one legal entity to newly organised or reorganised subsidiaries or affiliates or may impose limitations on the utilisation of tax losses that relate to businesses formerly conducted by the transferor. Were this to occur in situations where there were also limited planning opportunities to utilise the tax losses in the originating entity, the DTAs associated with such tax losses may be required to be written down through the income statement.

Changes in tax law may materially affect UBS's effective tax rate, and, in some cases, may substantially affect the profitability of certain activities. In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws, including assertions that UBS is required to pay taxes in a jurisdiction as a result of activities connected to that jurisdiction constituting a permanent establishment or similar theory, and changes in UBS's assessment of uncertain tax positions, could cause the amount of taxes it ultimately pays to materially differ from the amount accrued.

UBS Group AG and Credit Suisse may incur substantial tax liabilities in connection with the transaction.

In the past, Credit Suisse has made significant impairments of the tax value of its participations in subsidiaries below their tax acquisition costs. As a result of the transaction, tax acquisition costs of participations held by Credit Suisse may be transferred to UBS Group AG. Additionally, UBS may further impair its participations in former Credit Suisse subsidiaries after the closing of the transaction. UBS Group AG may become subject to additional Swiss tax on future reversals of such impairments for Swiss tax purposes. Reversals of prior impairments may occur to the extent that the net asset value of the previously impaired subsidiary increases, e.g., as a result of an increase in retained earnings. Although it is difficult to quantify this additional tax exposure, as various potential mitigants (e.g., transfers of assets and liabilities, business activities, subsidiary investments, as well as other restructuring measures within the Combined Group in the course of the integration) exist, such additional tax exposure may be material.

Liquidity and funding risk

Liquidity and funding management are critical to UBS's ongoing performance

The viability of UBS's business depends on the availability of funding sources, and its success depends on its ability to obtain funding at times, in amounts, for tenors and at rates that enable it to efficiently support its asset base in all market conditions. UBS's funding sources have generally been stable, but could change in the future because of, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A substantial part of UBS's liquidity and funding requirements are met using short-term unsecured funding sources, including retail and wholesale deposits and the regular issuance of money market securities. A change in the availability of short-term funding could occur quickly.

The addition of loss-absorbing debt as a component of capital requirements, the regulatory requirements to maintain minimum TLAC at UBS's holding company and at subsidiaries, as well as the power of resolution authorities to bail in TLAC instruments and other debt obligations, and uncertainty as to how such powers will be exercised, caused and may still cause further increase of UBS's cost of funding, and could potentially increase the total amount of funding required, in the absence of other changes in its business.

Reductions in UBS's credit ratings may adversely affect the market value of the securities and other obligations and increase its funding costs, in particular with regard to funding from wholesale unsecured sources, and could affect the availability of certain kinds of funding. In addition, as experienced in connection with Moody's downgrade of UBS AG's long-term debt rating in June 2012, rating downgrades can require UBS to post additional collateral or make additional cash payments under trading agreements. UBS's credit ratings, together with its capital strength and reputation, also contribute to maintaining client and counterparty confidence, and it is possible that rating changes could influence the performance of some of UBS's businesses. The acquisition of the Credit Suisse Group has elevated these risks and may cause these risks to intensify. One day after the announcement of the planned acquisition of Credit Suisse in March 2023, Standard & Poor's placed both UBS Group AG's Long-Term Counterparty Credit Rating and High-trigger additional Tier 1 instruments on Negative watch. Upon the close the acquisition in June, Fitch Ratings downgraded the Long-Term Issuer Default Ratings (IDRs) of UBS Group AG to 'A' from 'A+' and of UBS AG to 'A+' from 'AA-'. Fitch also upgraded Credit Suisse AG's Long-Term IDR to 'A+' from 'BBB+'.

The requirement to maintain a liquidity coverage ratio of high-quality liquid assets to estimated stressed short-term net cash outflows, and other similar liquidity and funding requirements, oblige UBS to maintain high levels of overall liquidity, limit its ability to optimise interest income and expense, make certain lines of business less attractive and reduce its overall ability to generate profits. In particular, UBS AG is subjected to increased liquidity coverage requirements under the direction of FINMA. The liquidity coverage ratio and net stable funding ratio requirements are intended to ensure that UBS is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets. The relevant calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in market-wide and firm-specific stress situations. In an actual stress situation, however, UBS's funding outflows could exceed the assumed amounts.

This Form 6-K is hereby incorporated by reference into (1) each of the registration statements of UBS AG on Form F-3 (Registration Number 333-263376), and into each prospectus outstanding under any of the foregoing registration statements, (2) any outstanding offering circular or similar document issued or authorized by UBS AG that incorporates by reference any Forms 6-K of UBS AG that are incorporated into its registration statements filed with the SEC, and (3) the base prospectus of Corporate Asset Backed Corporation ("CABCO") dated June 23, 2004 (Registration Number 333-111572), the Form 8-K of CABCO filed and dated June 23, 2004 (SEC File Number 001-13444), and the Prospectus Supplements relating to the CABCO Series 2004-101 Trust dated May 10, 2004 and May 17, 2004 (Registration Number 033-91744 and 033-91744-05).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UBS AG

By: /s/ Sergio Ermotti
Name: Sergio Ermotti
Title: President of the Executive Board

By: /s/ Todd Tuckner
Name: Todd Tuckner
Title: Chief Financial Officer

By: /s/ Steffen Henrich
Name: Steffen Henrich
Title: Controller

Date: August 31, 2023