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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: November 7, 2023

UBS AG
(Registrant's Name)
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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 the Third Quarter 2023 Report of UBS AG, which appears immediately following this page.

UBS AG

Third quarter 2023 report

Corporate calendar UBS AG

Publication of the fourth quarter 2023 report	Tuesday, 6 February 2024
Publication of the Annual Report 2023	Thursday, 28 March 2024
Publication of the first quarter 2024 report	Tuesday, 7 May 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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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.

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 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	30.9.23	30.6.23	31.12.22	30.9.22	30.9.23	30.9.22
Results						
Total revenues	8,348	8,468	8,078	8,308	25,661	26,838
Credit loss expense / (release)	27	16	7	(3)	80	22
Operating expenses	7,047	6,997	6,282	6,152	21,393	19,644
Operating profit / (loss) before tax	1,275	1,456	1,788	2,159	4,188	7,171
Net profit / (loss) attributable to shareholders	932	1,120	1,518	1,598	3,055	5,566
Profitability and growth[1]						
Return on equity (%)	7.0	8.0	10.9	11.7	7.4	13.2
Return on tangible equity (%)	8.0	9.1	12.3	13.2	8.3	14.8
Return on common equity tier 1 capital (%)	8.6	10.4	14.3	15.2	9.5	17.7
Return on leverage ratio denominator, gross (%)	3.2	3.3	3.2	3.3	3.3	3.4
Cost / income ratio (%)	84.4	82.6	77.8	74.0	83.4	73.2
Net profit growth (%)	(41.7)	(43.0)	20.9	(25.8)	(45.1)	(3.6)
Resources						
Total assets	1,097,536	1,096,318	1,105,436	1,111,926	1,097,536	1,111,926
Equity attributable to shareholders	52,836	52,922	56,598	54,610	52,836	54,610
Common equity tier 1 capital[2]	43,378	43,300	42,929	42,064	43,378	42,064
Risk-weighted assets[2]	321,134	323,406	317,823	308,571	321,134	308,571
Common equity tier 1 capital ratio (%)[2]	13.5	13.4	13.5	13.6	13.5	13.6
Going concern capital ratio (%)[2]	17.1	17.0	17.2	18.1	17.1	18.1
Total loss-absorbing capacity ratio (%)[2]	33.8	33.0	32.0	32.8	33.8	32.8
Leverage ratio denominator[2]	1,042,106	1,048,313	1,029,561	989,909	1,042,106	989,909
Common equity tier 1 leverage ratio (%)[2]	4.2	4.1	4.2	4.2	4.2	4.2
Liquidity coverage ratio (%)[3]	176.6	170.9			176.6	
Net stable funding ratio (%)	121.7	118.2			121.7	
Other						
Invested assets (USD bn)[1,4,5]	4,227	4,310	3,981	3,731	4,227	3,731
Personnel (full-time equivalents)	48,015	47,889	47,628	47,429	48,015	47,429

1 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 2 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. 3 The disclosed ratios represent quarterly averages for the quarters presented and are calculated based on an average of 63 data points in the third quarter of 2023 and 15 data points in the second quarter of 2023. Refer to the "Liquidity and funding 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 Starting with the second quarter of 2023, invested assets include invested assets from associates in the Asset Management business division, to better reflect the business strategy. Comparative figures have been restated to reflect this change.

UBS AG

Management report

Recent developments

Integration of Credit Suisse

We aim to substantially complete the integration for the Group by the end of 2026 and to achieve gross cost reductions of over USD 10bn by that time compared with the pre-acquisition 2022 combined cost base of UBS and Credit Suisse. We plan to merge UBS AG with Credit Suisse AG and Credit Suisse (Schweiz) AG with UBS Switzerland AG in 2024 and to transition to a single US intermediate holding company in the first half of 2024. The client migration to a combined platform for UBS Switzerland AG and Credit Suisse (Schweiz) AG is targeted for 2025.

Starting with the third quarter of 2023, we report five business divisions in line with International Financial Reporting Standards (IFRS), reflecting the way we are managing our businesses and engaging with clients: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank, and Non-core and Legacy. We separately report Group Items.

› **Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group third quarter 2023 report for more information**

Regulatory and legal developments

Introduction of a public liquidity backstop in Switzerland

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

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.

In a next step, the Swiss Parliament will assess the proposed legislation, and if adopted, legislative changes are expected to come into force by January 2025, at the earliest.

Findings of the group of experts on banking stability

In September 2023, a group of experts on banking stability, mandated by the Swiss Federal Department of Finance, published a report considering the role of banks and the legal and regulatory framework related to the stability of the Swiss financial center. The report concludes that the Swiss capital regulation is working as intended and that there is no need for a major revision. However, the report sees a need for reforms with regard to banking supervision and proposes that the relevant authorities be granted broader powers. Furthermore, the report suggests improvements regarding liquidity regulations, including a proposal to extend the supply of liquidity in the case of a crisis. The report also suggests that Swiss authorities should make improvements with regard to crisis preparation and management. The Swiss Federal Council will consider the findings of the group of experts in its too-big-to-fail (TBTF) review report to be presented by April 2024.

Revisions to the Swiss Liquidity Ordinance

In the third quarter of 2023, the Swiss Financial Market Supervisory Authority (FINMA) communicated the liquidity requirements arising from the revisions to the Swiss Liquidity Ordinance, with the aim of strengthening the resilience of SIBs in Switzerland. The impacted legal entities of the UBS Group expect to be compliant with these requirements when they become effective on 1 January 2024.

Swiss Federal Council consultation to strengthen the Swiss anti-money-laundering framework

In August 2023, the Swiss Federal Council launched a consultation on a bill to strengthen the Swiss anti-money-laundering framework, with the aim of reinforcing the integrity and competitiveness of Switzerland as a financial and business location. The measures aim to comply with the international standards of the Financial Action Task Force (the FATF). Among other matters, key elements of the proposal include the introduction of a non-public register managed by the Federal Department of Justice and Police containing information about the beneficial owners of companies and other legal entities in Switzerland, as well as due diligence requirements for activities with an increased risk of money laundering. The consultation ends in November 2023, and we expect to implement operational controls if the bill is implemented as proposed.

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

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

Disclosures on cybersecurity incidents and cybersecurity risk management, strategy and governance

In September 2023, the new rules from the SEC to enhance and standardize disclosure requirements related to cybersecurity incidents and cybersecurity risk management, strategy and governance became effective. Among other changes, the rules require foreign private issuers, including UBS AG, to annually report material information regarding their cybersecurity risk management, strategy and governance on Form 20-F. The Form 20-F disclosures will become applicable with annual reports for fiscal years ending on or after 15 December 2023.

Other developments

Sale of UBS Hana Asset Management Co., Ltd. in the fourth quarter of 2023

In October 2023, UBS AG completed the sale of its 51% stake in UBS Hana Asset Management Co., Ltd. to Hana Securities. UBS AG expects to record a pre-tax gain on sale of approximately USD 20m (net of a foreign currency translation loss) in Asset Management in the fourth quarter of 2023.

UBS AG consolidated performance

Income statement

	For the quarter ended			% change from		Year-to-date	
USD m	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Net interest income	984	1,305	1,565	(25)	(37)	3,678	4,946
Other net income from financial instruments measured at fair value through profit or loss	2,467	2,337	1,792	6	38	7,476	5,637
Net fee and commission income	4,666	4,589	4,495	2	4	13,883	14,664
Other income	231	237	456	(2)	(49)	624	1,591
Total revenues	8,348	8,468	8,308	(1)	0	25,661	26,838
Credit loss expense / (release)	27	16	(3)	70		80	22
Personnel expenses	3,951	3,847	3,617	3	9	11,697	11,613
General and administrative expenses	2,585	2,443	2,077	6	24	8,011	6,674
Depreciation, amortization and impairment of non-financial assets	510	707	458	(28)	11	1,686	1,358
Operating expenses	7,047	6,997	6,152	1	15	21,393	19,644
Operating profit / (loss) before tax	1,275	1,456	2,159	(12)	(41)	4,188	7,171
Tax expense / (benefit)	339	332	551	2	(38)	1,115	1,577
Net profit / (loss)	936	1,124	1,608	(17)	(42)	3,072	5,594
Net profit / (loss) attributable to non-controlling interests	5	4	9	11	(50)	17	28
Net profit / (loss) attributable to shareholders	932	1,120	1,598	(17)	(42)	3,055	5,566
Comprehensive income							
Total comprehensive income	(93)	539	(145)		(36)	2,251	699
Total comprehensive income attributable to non-controlling interests	(6)	1	(8)		(18)	8	1
Total comprehensive income attributable to shareholders	(86)	538	(137)		(37)	2,243	698

Results: 3Q23 vs 3Q22

Operating profit before tax decreased by USD 884m, or 41%, to USD 1,275m, reflecting an increase in operating expenses, partly offset by an increase in total revenues. Operating expenses, which in the third quarter of 2023 included USD 421m of integration-related expenses, increased by USD 895m, or 15%, to USD 7,047m. This was mainly due to increases of USD 508m and USD 334m, respectively, in general and administrative expenses and personnel expenses. Total revenues increased by USD 40m to USD 8,348m. Net fee and commission income increased by USD 171m and combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 94m. These increases were partly offset by a USD 225m decrease in other income. Net credit loss expenses were USD 27m, compared with net credit loss releases of USD 3m in the prior-year quarter.

Integration-related expenses primarily included higher real estate costs and higher consulting fees in general and administrative expenses, as well as higher personnel expenses, which were mainly due to salaries, related to the integration of Credit Suisse.

Integration-related expenses are defined as expenses that are temporary, incremental and directly related to the integration of Credit Suisse. They generally include costs of internal staff and contractors substantially dedicated to integration activities, redundancy costs, incremental expenses from the shortening of useful lives of property, equipment and software, and impairment charges relating to these assets. Classification as integration-related expenses does not affect the timing of recognition and measurement of those expenses or the presentation in the income statement.

Total revenues: 3Q23 vs 3Q22

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 94m to USD 3,451m, mainly driven by Personal & Corporate Banking, partly offset by the Investment Bank.

Personal & Corporate Banking increased by USD 300m to USD 929m, 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 (SNB) deposit exemption.

The Investment Bank decreased by USD 218m to USD 1,142m. Derivatives & Solutions decreased by USD 301m, driven by Foreign Exchange, Rates and Equity Derivatives, due to lower levels of both volatility and client activity. This was partly offset by an USD 82m increase in Global Banking, mainly reflecting an improvement in mark-to-market and from higher revenues in Public 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	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	617	876	1,287	(30)	(52)	2,454	3,901
Net interest income from financial instruments measured at fair value through profit or loss and other	368	430	278	(14)	32	1,224	1,045
Other net income from financial instruments measured at fair value through profit or loss	2,467	2,337	1,792	6	38	7,476	5,637
Total	3,451	3,642	3,357	(5)	3	11,154	10,583
Global Wealth Management	1,594	1,721	1,634	(7)	(2)	5,118	4,626
of which: net interest income	*1,300*	*1,443*	*1,366*	*(10)*	*(5)*	*4,235*	*3,775*
of which: transaction-based income from foreign exchange and other intermediary activity [1]	*294*	*278*	*268*	*6*	*10*	*883*	*851*
Personal & Corporate Banking	929	952	629	(2)	48	2,715	1,936
of which: net interest income	*799*	*823*	*502*	*(3)*	*59*	*2,327*	*1,559*
of which: transaction-based income from foreign exchange and other intermediary activity [1]	*130*	*128*	*127*	*2*	*3*	*387*	*377*
Asset Management	(14)	(9)	(3)	65	382	(29)	(14)
Investment Bank[2]	1,142	1,209	1,360	(6)	(16)	4,007	4,731
Global Banking	*92*	*56*	*10*	*65*	*852*	*220*	*156*
Global Markets	*1,050*	*1,154*	*1,350*	*(9)*	*(22)*	*3,787*	*4,575*
Non-core and Legacy[3]	32	26	5	22	559	76	105
Group Items[3]	(231)	(257)	(267)	(10)	(13)	(733)	(802)

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. 3 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes.

Net fee and commission income

Net fee and commission income increased by USD 171m to USD 4,666m.

Portfolio management and related services and investment fund fees increased by USD 145m and USD 20m, respectively, driven by Global Wealth Management and Asset Management, mainly reflecting higher invested assets resulting from positive market performance.

Underwriting fees decreased by USD 45m to USD 143m, mainly driven by Global Banking in the Investment Bank, reflecting lower equity underwriting revenues, partly offset by higher debt underwriting revenues.

› **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 231m, compared with USD 456m in the prior-year quarter. The decrease was largely due to the prior-year quarter including gains in Global Wealth Management of USD 133m and USD 86m, respectively, on the sales of our domestic wealth management business in Spain and our wholly owned subsidiary UBS Swiss Financial Advisers AG, as well as a USD 70m gain related to a legacy litigation settlement. This was partially offset by USD 36m higher income from associates and joint ventures, largely attributable to a gain that resulted from a change to the equity method measurement basis for our investment in SIX Group. Furthermore, in the third quarter of 2023, there was a USD 29m increase in shared services costs charged to other subsidiaries of UBS Group AG, mainly related to acquisition-related costs.

Credit loss expense / release: 3Q23 vs 3Q22

Total net credit loss expenses were USD 27m, compared with net credit loss releases of USD 3m in the prior-year quarter, reflecting net credit loss expenses of USD 20m related to stage 1 and 2 positions and USD 6m 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	Non-core and Legacy[1]	Group Items[1]	Total
For the quarter ended 30.9.23							
Stages 1 and 2	(7)	16	0	10	0	1	20
Stage 3	15	(15)	0	7	(1)	0	6
Total credit loss expense / (release)	**8**	**1**	**0**	**17**	**(1)**	**1**	**27**
For the quarter ended 30.6.23							
Stages 1 and 2	(4)	(11)	0	5	0	0	(10)
Stage 3	9	21	0	(4)	0	0	26
Total credit loss expense / (release)	**5**	**10**	**0**	**1**	**0**	**0**	**16**
For the quarter ended 30.9.22							
Stages 1 and 2	6	(6)	0	4	0	0	4
Stage 3	1	(9)	0	1	0	0	(7)
Total credit loss expense / (release)	**7**	**(15)**	**0**	**4**	**0**	**0**	**(3)**

1 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes.

Operating expenses: 3Q23 vs 3Q22

Operating expenses

	For the quarter ended			% change from		Year-to-date	
USD m	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Personnel expenses	3,951	3,847	3,617	3	9	11,697	11,613
of which: salaries and variable compensation	*3,431*	*3,364*	*3,151*	*2*	*9*	*10,151*	*10,151*
of which: variable compensation – financial advisors[1]	*1,150*	*1,110*	*1,093*	*4*	*5*	*3,372*	*3,436*
General and administrative expenses	2,585	2,443	2,077	6	24	8,011	6,674
of which: net expenses for litigation, regulatory and similar matters	*8*	*55*	*21*	*(85)*	*(60)*	*784*	*298*
of which: other general and administrative expenses	*2,577*	*2,387*	*2,057*	*8*	*25*	*7,227*	*6,376*
Depreciation, amortization and impairment of non-financial assets	510	707	458	(28)	11	1,686	1,358
Total operating expenses	**7,047**	**6,997**	**6,152**	**1**	**15**	**21,393**	**19,644**

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 334m to USD 3,951m. Salaries and variable compensation increased by USD 280m, mainly due to salary adjustments, higher variable compensation, foreign currency effects, and USD 53m of integration-related expenses in connection with the acquisition of the Credit Suisse Group, as well as a USD 57m increase in financial advisor compensation, reflecting higher compensable revenues.

› **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 508m to USD 2,585m, mostly driven by integration-related expenses of USD 328m, largely reflected in higher shared services costs charged by other subsidiaries of UBS Group AG, higher real estate costs and higher consulting fees.

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 52m to USD 510m, mainly driven by higher depreciation of internally developed software, reflecting a higher level of capitalized costs, as well as higher costs in respect of leasehold improvements, primarily related to integration-related expenses.

Tax: 3Q23 vs 3Q22

Income tax expenses were USD 339m for the third quarter of 2023, representing an effective tax rate of 26.6%, compared with USD 551m and an effective tax rate of 25.5% for the prior-year quarter. Current tax expenses were USD 484m, compared with USD 347m, and related to the taxable profits of UBS Switzerland AG and other entities. There was a net deferred tax benefit of USD 145m, compared with an expense of USD 204m in the prior-year quarter. This included a benefit of USD 133m that resulted from the recognition of deferred tax assets (DTAs) for tax credits carried forward in relation to US corporate alternative minimum tax and a benefit of USD 89m in respect of an increase in the expected value of future tax deductions for deferred compensation awards, due to an increase in the Group's share price during the quarter. These benefits were partly offset by an expense of USD 75m that primarily related to the amortization of DTAs previously recognized in relation to tax losses carried forward and deductible temporary differences of UBS Americas Inc.

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 fourth quarter of 2023 of around 23% is expected for UBS AG and its consolidated subsidiaries.

Total comprehensive income attributable to shareholders

In the third quarter of 2023, total comprehensive income attributable to shareholders was negative USD 86m, reflecting net profit of USD 932m and other comprehensive income (OCI), net of tax, of negative USD 1,018m.

OCI related to cash flow hedges was negative USD 372m, mainly reflecting net unrealized losses on US dollar hedging derivatives resulting from increases in the relevant US dollar long-term interest rates.

Foreign currency translation OCI was negative USD 348m, mainly resulting from a weakening of the Swiss franc and the euro against the US dollar.

OCI related to own credit on financial liabilities designated at fair value was negative USD 284m, primarily due to a tightening of UBS's own credit spreads.

› **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 September 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 1.0bn in Global Wealth Management and Personal & Corporate Banking in the first year after such a shift. Of this increase, approximately USD 0.6bn, USD 0.2bn 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 0.9bn 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 September 2023 applied to Global Wealth Management and Personal & Corporate Banking. These estimates further assume no change to balance sheet size and structure, stable foreign exchange rates, and no specific management action. These estimates do not represent a forecast of net interest income variability.

› **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: 3Q23 vs 3Q22

The cost / income ratio was 84.4%, compared with 74.0%, mainly reflecting a decrease in total revenues and an increase in operating expenses.

Personnel: 3Q23 vs 2Q23

The number of personnel employed as of 30 September 2023 increased by 126 to 48,015 (full-time equivalents).

Equity, CET1 capital and returns

	As of or for the quarter ended			Year-to-date	
USD m, except where indicated	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Net profit					
Net profit attributable to shareholders	932	1,120	1,598	3,055	5,566
Equity					
Equity attributable to shareholders	52,836	52,922	54,610	52,836	54,610
Less: goodwill and intangible assets	6,240	6,281	6,210	6,240	6,210
Tangible equity attributable to shareholders	46,596	46,640	48,400	46,596	48,400
Less: other CET1 deductions	3,218	3,341	6,336	3,218	6,336
CET1 capital	43,378	43,300	42,064	43,378	42,064
Returns					
Return on equity (%)	7.0	8.0	11.7	7.4	13.2
Return on tangible equity (%)	8.0	9.1	13.2	8.3	14.8
Return on CET1 capital (%)	8.6	10.4	15.2	9.5	17.7

Common equity tier 1 capital: 3Q23 vs 2Q23

During the third quarter of 2023, CET1 capital increased by USD 0.1bn to USD 43.4bn, mainly reflecting operating profit before tax of USD 1.3bn, almost entirely offset by current tax expenses of USD 0.5bn, additional dividend accruals of USD 0.5bn and negative effects from foreign currency translation of USD 0.4bn.

Return on common equity tier 1 capital: 3Q23 vs 3Q22

The annualized return on CET1 capital was 8.6%, compared with 15.2%, driven by lower net profit attributable to shareholders and an increase in average CET1 capital.

Risk-weighted assets: 3Q23 vs 2Q23

Risk-weighted assets (RWA) decreased by USD 2.3bn to USD 321.1bn, reflecting decreases of USD 4.4bn from model updates, as well as USD 3.1bn from currency effects, partly offset by an increase of USD 5.2bn from asset size and other movements.

Common equity tier 1 capital ratio: 3Q23 vs 2Q23

The CET1 capital ratio increased to 13.5% from 13.4%, mainly reflecting the aforementioned decrease in RWA.

Leverage ratio denominator: 3Q23 vs 2Q23

The leverage ratio denominator (the LRD) decreased by USD 6.2bn to USD 1,042.1bn, driven by currency effects of USD 14.4bn, partly offset by asset size and other movements of USD 8.2bn.

Common equity tier 1 leverage ratio: 3Q23 vs 2Q23

The CET1 leverage ratio increased to 4.2% from 4.1%, largely due to the decrease in the LRD.

Going concern leverage ratio: 3Q23 vs 2Q23

The going concern leverage ratio increased to 5.3% from 5.2%, mainly due to the aforementioned decrease in the LRD.

Results 9M23 vs 9M22

Operating profit before tax decreased by USD 2,983m, or 42%, to USD 4,188m.

Total revenues decreased by USD 1,177m, or 4%, to USD 25,661m. Other income decreased by USD 967m, largely due to the prior-year period including an USD 848m gain in Asset Management from the sale of a joint venture. Net fee and commission income decreased by USD 781m, largely due to lower investment fund fees and fees from portfolio management and related services, 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 Global Wealth Management. Underwriting fees, mainly those relating to equity, as well as M&A and corporate finance fees, decreased due to lower related revenues in Global Banking in the Investment Bank. 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 571m, mainly due to increases in Personal & Corporate Banking, primarily reflecting the impact of higher interest rates on deposit revenues, and higher loan revenues, partly offset by lower deposit fees and the prior-year period including benefits from the SNB deposit exemption. In addition, revenues were higher in Global Wealth Management, reflecting an increase in deposit margins, driven by higher rates. These increases were partly offset by a decrease in the Investment Bank, due to lower levels of both volatility and client activity, predominantly in Derivatives & Solutions. This decrease was partly offset by an increase in Financing, driven by increases across all products.

Expected credit loss expenses were USD 80m, compared with expenses of USD 22m in the prior-year period.

Operating expenses increased by USD 1,749m, or 9%, to USD 21,393m. General and administrative expenses increased by USD 1,337m, mainly due to a USD 486m increase in expenses for litigation, regulatory and similar matters, driven by a USD 665m increase in provisions recognized in the first quarter of 2023 related to the US residential mortgage-backed securities litigation matter. In addition, there were increases in shared services costs charged by other subsidiaries of UBS Group AG of USD 432m, real estate costs of USD 94m and consulting fees of USD 69m, all mainly reflecting integration-related expenses. Depreciation, amortization and impairment of non-financial assets increased by USD 328m, primarily relating to 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 costs. In addition, there was an USD 84m increase in personnel expenses, largely driven by higher salaries, mainly reflecting salary adjustments and integration-related expenses, partly offset by lower variable compensation, including lower financial advisor compensation, attributable to lower compensable revenues.

Outlook

Central banks have paused interest rate increases, but uncertainties remain in terms of the appropriate level of interest rates that will allow inflation to converge to their targets. As a result, the outlook for economic growth, asset valuations and market volatility remains difficult to predict. In addition, the ongoing geopolitical tensions including the conflicts in the Middle East and Ukraine continue to cloud the macroeconomic outlook.

This, in addition to normal seasonality, may affect wealth management and institutional clients' transactional activity in the fourth quarter of 2023. We also expect clients to continue to shift cash holdings from deposits into higher-yielding products, resulting in similar sequential net interest income performance.

As we continue to execute on our strategy, growth and integration plans, our focus remains on offsetting some of these ongoing challenges by helping clients to manage the inherent risks and opportunities, gaining share of wallet and actively winding down our non-core assets and costs.

Business divisions and Group Items

Management report

Starting with the third quarter of 2023, Group Functions has been renamed Group Items. The Non-core and Legacy Portfolio, which was previously reported within Group Functions, is now included in the new reportable segment Non-core and Legacy. Prior periods have been revised to reflect these presentational changes.

Additionally, a small amount of exposure of pre-integration UBS business divisions was included in Non-core and Legacy, starting with the third quarter of 2023, as such exposure was assessed as not strategic in light of the acquisition of the Credit Suisse Group.

Global Wealth Management

Global Wealth Management[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Results							
Net interest income	1,300	1,443	1,366	(10)	(5)	4,235	3,775
Recurring net fee income[2]	2,601	2,535	2,464	3	6	7,590	7,883
Transaction-based income[2]	765	749	732	2	5	2,356	2,480
Other income	15	10	224	51	(93)	29	224
Total revenues	4,682	4,736	4,786	(1)	(2)	14,210	14,363
Credit loss expense / (release)	8	5	7	76	13	29	(3)
Operating expenses	3,668	3,627	3,344	1	10	10,872	10,518
Business division operating profit / (loss) before tax	1,006	1,104	1,434	(9)	(30)	3,309	3,847
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(29.9)	(2.3)	(4.4)			(14.0)	(7.6)
Cost / income ratio (%)[2]	78.3	76.6	69.9			76.5	73.2
Financial advisor compensation[3]	1,150	1,110	1,093	4	5	3,372	3,436
Invested assets (USD bn)[2]	2,986	3,037	2,655	(2)	12	2,986	2,655
Loans, gross (USD bn)[4]	215.4	220.4	221.7	(2)	(3)	215.4	221.7
Customer deposits (USD bn)[4]	339.3	336.1	336.0	1	1	339.3	336.0
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,5]	0.3	0.3	0.2			0.3	0.2
Advisors (full-time equivalents)	8,916	8,992	9,230	(1)	(3)	8,916	9,230

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 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 1,764m as of 30 September 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: 3Q23 vs 3Q22

Profit before tax decreased by USD 428m, or 30%, to USD 1,006m, driven by higher operating expenses and lower total revenues.

Total revenues

Total revenues decreased by USD 104m, or 2%, to USD 4,682m, reflecting lower other income and net interest income, partly offset by higher recurring net fee and transaction-based income.

Net interest income decreased by USD 66m, or 5%, to USD 1,300m, mainly driven by lower loan revenues, reflecting lower average loan volumes and margins, and due to shifts to lower-margin deposit products, partly offset by the effect of higher deposit margins, resulting from rising interest rates.

Recurring net fee income increased by USD 137m, or 6%, to USD 2,601m, mainly reflecting positive market performance.

Transaction-based income increased by USD 33m, or 5%, to USD 765m, mainly driven by higher levels of client activity, particularly in Asia Pacific, Switzerland and EMEA.

Other income decreased by USD 209m, or 93%, to USD 15m, as the third quarter of 2022 included a USD 133m gain from the sale of our domestic wealth management business in Spain and an USD 86m gain from the sale of UBS Swiss Financial Advisers AG.

Credit loss expense / release
Net credit loss expenses were USD 8m, primarily related to stage 3 positions, compared with net expenses of USD 7m in the third quarter of 2022.

Operating expenses
Operating expenses increased by USD 324m, or 10%, to USD 3,668m, mainly driven by integration-related expenses associated with the acquisition of the Credit Suisse Group, unfavorable foreign currency effects, higher financial advisor variable compensation and an increase in technology expenses.

Invested assets: 3Q23 vs 2Q23

Invested assets decreased by USD 51bn, or 2%, to USD 2,986bn, mainly driven by negative market performance of USD 49bn and unfavorable foreign currency effects of USD 19bn, partly offset by net new money inflows.

Loans: 3Q23 vs 2Q23

Loans decreased by USD 5.0bn to USD 215.4bn, mainly driven by negative net new loans of USD 2.8bn, as well as unfavorable foreign currency effects.

Customer deposits: 3Q23 vs 2Q23

Customer deposits increased by USD 3.2bn to USD 339.3bn, 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, as well as unfavorable foreign currency effects.

Results: 9M23 vs 9M22

Profit before tax decreased by USD 538m, or 14%, to USD 3,309m, mainly driven by higher operating expenses and lower total revenues.

Total revenues decreased by USD 153m, or 1%, to USD 14,210m, with decreases in recurring net fee, other income and transaction-based income partly offset by increases in net interest income.

Net interest income increased by USD 460m, or 12%, to USD 4,235m, mainly driven by higher deposit margins, resulting from rising interest rates, partly offset by the effects of shifts to lower-margin deposit products, lower average deposit volumes, and lower loan revenues, reflecting lower average volumes and margins.

Recurring net fee income decreased by USD 293m, or 4%, to USD 7,590m, primarily driven by negative market performance.

Transaction-based income decreased by USD 124m, or 5%, to USD 2,356m, mainly driven by lower levels of client activity, particularly in the Americas and Asia Pacific.

Other income decreased by USD 195m, or 87%, to USD 29m, as the first nine months of 2022 included a USD 133m gain from the sale of our domestic wealth management business in Spain and an USD 86m gain from the sale of UBS Swiss Financial Advisers AG.

Net credit loss expenses were USD 29m, primarily related to stage 3 positions, compared with net releases of USD 3m in the first nine months of 2022.

Operating expenses increased by USD 354m, or 3%, to USD 10,872m, mostly driven by integration-related expenses associated with the acquisition of the Credit Suisse Group, unfavorable foreign currency effects and higher technology expenses. These were partly offset by lower provisions for litigation, regulatory and similar matters, as well as lower financial advisor variable compensation.

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	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Results							
Net interest income	711	741	489	(4)	46	2,104	1,484
Recurring net fee income[2]	215	213	206	1	4	638	618
Transaction-based income[2]	296	305	285	(3)	4	910	887
Other income	40	14	20	191	100	64	33
Total revenues	1,263	1,273	1,000	(1)	26	3,716	3,022
Credit loss expense / (release)	2	9	(15)	(82)		25	39
Operating expenses	657	643	590	2	11	1,915	1,777
Business division operating profit / (loss) before tax	604	621	425	(3)	42	1,776	1,206
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	42.0	57.8	(3.2)			47.2	(3.6)
Cost / income ratio (%)[2]	52.1	50.5	59.0			51.5	58.8
Net interest margin (bps)[2]	194	204	137			193	140
Fee and trading income for Corporate & Institutional Clients[2]	196	228	190	(14)	4	655	624
Investment products for Personal Banking (CHF bn)[2]	23.6	23.6	20.7	0	14	23.6	20.7
Net new investment products for Personal Banking (CHF bn)[2]	0.50	0.55	0.43			1.91	1.86
Active Digital Banking clients in Personal Banking (%)[2,3]	78.1	77.5	74.5			77.6	73.8
Active Mobile Banking clients in Personal Banking (%)[2]	65.6	64.3	57.9			64.3	55.0
Active Digital Banking clients in Corporate & Institutional Clients (%)[2]	80.9	81.0	79.6			81.1	79.8
Loans, gross (CHF bn)	147.8	145.8	142.8	1	3	147.8	142.8
Customer deposits (CHF bn)	168.7	165.1	163.4	2	3	168.7	163.4
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,4]	0.8	0.8	0.8			0.8	0.8

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 third quarter of 2023, 89.0% 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: 3Q23 vs 3Q22

Profit before tax increased by CHF 179m, or 42%, to CHF 604m, with higher total revenues partly offset by higher operating expenses and net credit loss expenses, compared with net credit loss releases in the third quarter of 2022.

Total revenues

Total revenues increased by CHF 263m, or 26%, to CHF 1,263m, reflecting increases across all income lines, predominantly in net interest income.

Net interest income increased by CHF 222m to CHF 711m, mainly driven by higher deposit margins, which resulted from rising interest rates, and higher loan revenues, partly offset by lower deposit fees. The third quarter of 2022 included a benefit from the Swiss National Bank deposit exemption.

Recurring net fee income increased by CHF 9m to CHF 215m, mainly due to higher revenues related to custody assets and mandates, reflecting higher average volumes of underlying assets.

Transaction-based income increased by CHF 11m to CHF 296m, mainly driven by higher income from Corporate & Institutional Clients.

Other income increased by CHF 20m to CHF 40m, mainly reflecting a one-time effect of CHF 23m that resulted from a change to the equity method measurement basis for our investment in SIX Group.

Credit loss expense / release

Net credit loss expenses were CHF 2m, compared with net releases of CHF 15m in the third quarter of 2022.

Operating expenses

Operating expenses increased by CHF 67m, or 11%, to CHF 657m, mainly driven by integration-related expenses associated with the acquisition of the Credit Suisse Group.

Results: 9M23 vs 9M22

Profit before tax increased by CHF 570m, or 47%, to CHF 1,776m, with higher total revenues and lower net credit loss expenses, partly offset by higher operating expenses.

Total revenues increased by CHF 694m, or 23%, to CHF 3,716m, reflecting increases across all income lines, predominantly in net interest income.

Net interest income increased by CHF 620m to CHF 2,104m, mainly driven by higher deposit margins, which resulted from rising interest rates, and higher loan revenues, partly offset by lower deposit fees. The first nine months of 2022 included a benefit from the Swiss National Bank deposit exemption.

Recurring net fee income increased by CHF 20m to CHF 638m, mainly reflecting higher revenues from account fees.

Transaction-based income increased by CHF 23m to CHF 910m, mainly driven by higher income from Corporate & Institutional Clients.

Other income increased by CHF 31m to CHF 64m, mainly reflecting a one-time effect of CHF 23m that resulted from a change to the equity method measurement basis for our investment in SIX Group.

Net credit loss expenses were CHF 25m, mainly related to model-driven credit loss expenses, compared with net expenses of CHF 39m in the first nine months of 2022.

Total operating expenses increased by CHF 138m, or 8%, to CHF 1,915m, mainly driven by integration-related expenses associated with the acquisition of the Credit Suisse Group, technology expenses, and accruals for variable compensation.

Personal & Corporate Banking – in US dollars[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Results							
Net interest income	799	823	502	(3)	59	2,327	1,559
Recurring net fee income[2]	241	237	212	2	14	705	649
Transaction-based income[2]	333	339	294	(2)	13	1,007	932
Other income	45	15	21	190	115	70	34
Total revenues	1,418	1,414	1,029	0	38	4,110	3,175
Credit loss expense / (release)	1	10	(15)	(89)		27	42
Operating expenses	739	714	607	3	22	2,118	1,867
Business division operating profit / (loss) before tax	678	690	437	(2)	55	1,965	1,266
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	55.2	68.8	(8.7)			55.3	(7.2)
Cost / income ratio (%)[2]	52.1	50.5	59.0			51.5	58.8
Net interest margin (bps)[2]	197	206	137			195	139
Fee and trading income for Corporate & Institutional Clients[2]	220	254	195	(13)	13	724	656
Investment products for Personal Banking (USD bn)[2]	25.7	26.4	21.0	(2)	22	25.7	21.0
Net new investment products for Personal Banking (USD bn)[2]	0.56	0.61	0.44			2.10	1.97
Active Digital Banking clients in Personal Banking (%)[2,3]	78.1	77.5	74.5			77.6	73.8
Active Mobile Banking clients in Personal Banking (%)[2]	65.6	64.3	57.9			64.3	55.0
Active Digital Banking clients in Corporate & Institutional Clients (%)[2]	80.9	81.0	79.6			81.1	79.8
Loans, gross (USD bn)	161.3	162.7	144.7	(1)	11	161.3	144.7
Customer deposits (USD bn)	184.1	184.3	165.6	0	11	184.1	165.6
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,4]	0.8	0.8	0.8			0.8	0.8

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 third quarter of 2023, 89.0% 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.

Asset Management

Asset Management[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Results							
Net management fees[2]	499	492	502	2	(1)	1,470	1,578
Performance fees	11	7	14	53	(20)	42	40
Net gain from disposal of a joint venture							848
Total revenues	511	499	516	2	(1)	1,512	2,466
Credit loss expense / (release)	0	0	0			(1)	0
Operating expenses	425	410	377	4	13	1,243	1,192
Business division operating profit / (loss) before tax	86	89	139	(4)	(38)	270	1,274
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[3]	(38.4)	(90.7)	(35.1)			(78.9)	83.3
Cost / income ratio (%)[3]	83.3	82.1	73.0			82.2	48.3
Gross margin on invested assets (bps)[3,4]	17	17	20			18	30
Information by business line / asset class							
Invested assets (USD bn)[3]							
Equities	494	519	411	(5)	20	494	411
Fixed Income	324	321	271	1	20	324	271
of which: money market	*143*	*136*	*99*	*5*	*44*	*143*	*99*
Multi-asset & Solutions	164	168	149	(2)	10	164	149
Hedge Fund Businesses	55	55	51	(2)	6	55	51
Real Estate & Private Markets	98	102	97	(4)	0	98	97
Total invested assets excluding associates	1,134	1,165	979	(3)	16	1,134	979
of which: passive strategies	*487*	*508*	*408*	*(4)*	*19*	*487*	*408*
Associates[5]	23	23	25	1	(7)	23	25
Total invested assets[4]	1,157	1,188	1,004	(3)	15	1,157	1,004
Information by region							
Invested assets (USD bn)[3]							
Americas	333	328	271	1	23	333	271
Asia Pacific[4]	168	173	166	(3)	1	168	166
Europe, Middle East and Africa (excluding Switzerland)	291	303	239	(4)	22	291	239
Switzerland	366	384	328	(5)	12	366	328
Total invested assets[4]	1,157	1,188	1,004	(3)	15	1,157	1,004
Information by channel							
Invested assets (USD bn)[3]							
Third-party institutional	638	656	563	(3)	13	638	563
Third-party wholesale	115	124	108	(7)	7	115	108
UBS's wealth management businesses	382	386	309	(1)	24	382	309
Associates[5]	23	23	25	1	(7)	23	25
Total invested assets[4]	1,157	1,188	1,004	(3)	15	1,157	1,004

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 Starting with the second quarter of 2023, invested assets include invested assets from associates, to better reflect the business strategy. Comparative figures have been restated to reflect this change. 5 The invested assets amounts reported for associates are prepared in accordance with their local regulatory requirements and practices.

Results: 3Q23 vs 3Q22

Profit before tax decreased by USD 53m, or 38%, to USD 86m, primarily reflecting higher operating expenses.

Total revenues

Total revenues were stable at USD 511m.

Net management fees decreased by USD 3m, or 1%, to USD 499m, reflecting negative interest income and the impact of continued margin compression, almost entirely offset by positive market performance and foreign currency effects.

Performance fees decreased by USD 3m to USD 11m, driven by decreases in Real Estate & Private Markets, partly offset by increases in Hedge Fund Businesses.

Operating expenses

Operating expenses increased by USD 48m, or 13%, to USD 425m, mainly reflecting integration-related expenses, adverse foreign currency effects, increases in technology and personnel expenses.

Invested assets: 3Q23 vs 2Q23

Invested assets decreased by USD 31bn, or 3%, to USD 1,157bn, reflecting negative market performance of USD 17bn, unfavorable foreign currency effects of USD 17bn, partly offset by net new money generation of USD 6bn. Excluding money market flows, net new money (excluding associates) was negative USD 1bn.

Results: 9M23 vs 9M22

Profit before tax decreased by USD 1,004m, or 79%, to USD 270m, primarily due to the first nine months 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 157m, or 37%, mainly reflecting lower net management fees and higher operating expenses.

Total revenues decreased by USD 954m, or 39%, to USD 1,512m. The decrease was primarily due to the first nine months of 2022 including the aforementioned gain of USD 848m. Excluding that gain, total revenues decreased by USD 107m, or 7%.

Net management fees decreased by USD 108m, or 7%, to USD 1,470m, mainly reflecting negative market performance and the impact of continued margin compression.

Performance fees increased by USD 2m, or 4%, to USD 42m.

Operating expenses increased by USD 51m, or 4%, to USD 1,243m, mainly reflecting integration-related expenses, adverse foreign currency effects, increases in technology expenses, partly offset by decreases in personnel expenses.

Investment Bank

Investment Bank[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Results							
Advisory	106	160	136	(34)	(22)	437	561
Capital Markets	258	210	193	23	34	681	695
Global Banking	364	371	329	(2)	11	1,118	1,256
Execution Services	374	358	376	5	(1)	1,154	1,271
Derivatives & Solutions	562	629	866	(11)	(35)	2,194	3,121
Financing	468	533	460	(12)	2	1,538	1,384
Global Markets	1,405	1,520	1,702	(8)	(17)	4,887	5,775
of which: Equities	*1,043*	*1,133*	*1,107*	*(8)*	*(6)*	*3,480*	*4,084*
of which: Foreign Exchange, Rates and Credit	*362*	*387*	*595*	*(7)*	*(39)*	*1,407*	*1,692*
Total revenues	1,769	1,891	2,031	(6)	(13)	6,004	7,031
Credit loss expense / (release)	17	1	4		282	25	(20)
Operating expenses	1,840	1,757	1,591	5	16	5,480	5,320
Business division operating profit / (loss) before tax	(89)	133	436			500	1,731
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(120.3)	(65.7)	(47.7)			(71.1)	(8.0)
Cost / income ratio (%)[2]	104.1	92.9	78.3			91.3	75.7
Average VaR (1-day, 95% confidence, 5 years of historical data)	16	12	10	37	62	13	10

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: 3Q23 vs 3Q22

Loss before tax was USD 89m, mainly reflecting lower total revenues and higher operating expenses, compared with profit before tax of USD 436m in the third quarter of 2022.

Total revenues

Total revenues decreased by USD 262m, or 13%, to USD 1,769m, reflecting lower revenues in Global Markets, partly offset by an increase in Global Banking.

Global Banking

Global Banking revenues increased by USD 35m, or 11%, to USD 364m, driven by higher Capital Markets revenues, partly offset by lower Advisory revenues. Fee-pool-comparable revenues[1] decreased 15%, compared with a 19% decrease in the overall global fee pool.[2]

Advisory revenues decreased by USD 30m, or 22%, to USD 106m, mainly due to lower merger and acquisition transaction revenues, which decreased by USD 37m, or 30%, compared with a 33% decrease in the relevant global fee pool.[2]

Capital Markets revenues increased by USD 65m, or 34%, to USD 258m, mainly due to higher Leveraged Capital Markets revenues, with a USD 36m, or 76%, increase in fees, and prior-year mark-to-market losses of USD 28m which did not recur. Leveraged Capital Markets outperformed the relevant global fee pool[2] increase of 17%.

Global Markets

Global Markets revenues decreased by USD 297m, or 17%, to USD 1,405m, primarily driven by lower Derivatives & Solutions revenues.

Execution Services revenues were stable at USD 374m.

Derivatives & Solutions revenues decreased by USD 304m, or 35%, to USD 562m, mostly driven by Foreign Exchange, Rates and Equity Derivatives, due to lower levels of both volatility and client activity.

Financing revenues increased by USD 8m, or 2%, to USD 468m, supported by increased client balances.

Equities
Global Markets Equities revenues decreased by USD 64m, or 6%, to USD 1,043m, mainly driven by a decrease in Equity Derivatives revenues.

Foreign Exchange, Rates and Credit
Global Markets Foreign Exchange, Rates and Credit revenues decreased by USD 233m, or 39%, to USD 362m, primarily driven by lower Foreign Exchange and Rates revenues.

Credit loss expense / release
Net credit loss expenses were USD 17m, compared with net expenses of USD 4m in the third quarter of 2022.

Operating expenses
Operating expenses increased by USD 249m, or 16%, to USD 1,840m, mainly driven by integration-related expenses associated with the acquisition of the Credit Suisse Group, and by higher technology expenses.

Results: 9M23 vs 9M22

Profit before tax decreased by USD 1,231m, or 71%, to USD 500m, mainly reflecting lower total revenues and higher operating expenses.

Total revenues decreased by USD 1,027m, or 15%, to USD 6,004m, reflecting lower revenues in Global Markets and Global Banking.

Global Banking revenues decreased by USD 138m, or 11%, to USD 1,118m, reflecting lower Advisory and Capital Markets revenues. Fee-pool-comparable revenues[1] decreased 24%, compared with a 20% decrease in the overall global fee pool.[2]

Advisory revenues decreased by USD 124m, or 22%, to USD 437m, mostly due to lower merger and acquisition transaction revenues, which decreased by USD 125m, or 25%, compared with a 32% decrease in the relevant global fee pool.[2]

Capital Markets revenues decreased by USD 14m, or 2%, to USD 681m.

Global Markets revenues decreased by USD 888m, or 15%, to USD 4,887m, driven by lower Derivatives & Solutions and Execution Services revenues, partly offset by higher Financing revenues.

Execution Services revenues decreased by USD 117m, or 9%, to USD 1,154m, mainly driven by Cash Equities revenues, due to lower exchange-traded volumes.

Derivatives & Solutions revenues decreased by USD 927m, or 30%, to USD 2,194m, mostly driven by decreases in Equity Derivatives, Foreign Exchange and Rates, due to lower levels of both volatility and client activity.

Financing revenues increased by USD 154m, or 11%, to USD 1,538m, with increases across all products.

Global Markets Equities revenues decreased by USD 604m, or 15%, to USD 3,480m, mainly driven by Equity Derivatives revenues.

Global Markets Foreign Exchange, Rates and Credit revenues decreased by USD 285m, or 17%, to USD 1,407m, largely driven by Foreign Exchange and Rates.

Net credit loss expenses were USD 25m, compared with net releases of USD 20m in the first nine months of 2022.

Operating expenses increased by USD 160m, or 3%, to USD 5,480m, mainly driven by integration-related expenses associated with the acquisition of the Credit Suisse Group.

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 29 September 2023.

Non-core and Legacy

Non-core and Legacy[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Results							
Total revenues	35	28	77	25	(54)	87	184
Credit loss expense / (release)	(1)	0	0			(1)	2
Operating expenses	142	21	25	586	479	861	84
Operating profit / (loss) before tax	(106)	8	52			(774)	98

1 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment, which includes Non-core and Legacy Portfolio previously reported within Group Functions. Prior periods have been revised to reflect this presentational change. Additionally, a small amount of exposure of pre-integration UBS business divisions was included in Non-core and Legacy starting with the third quarter of 2023, as it was assessed as not strategic in light of the acquisition of the Credit Suisse Group.

Results: 3Q23 vs 3Q22

Loss before tax was USD 106m, compared with a profit before tax of USD 52m.

Total revenues

Total revenues decreased by USD 42m, or 54%, to USD 35m, mainly due to the third quarter of 2022 including income of USD 62m related to a legacy litigation settlement.

Operating expenses

Operating expenses increased by USD 117m to USD 142m, largely due to integration-related expenses of USD 115m.

Results: 9M23 vs 9M22

Loss before tax was USD 774m, compared with a profit before tax of USD 98m.

Total revenues

Total revenues decreased by USD 97m, or 53%, to USD 87m, mainly due to the first nine months of 2022 including income of USD 62m related to a legacy litigation settlement. In addition, valuation gains on our portfolio of auction rate securities in the first nine months of 2023 were USD 54m lower than in the prior-year period.

Operating expenses

Operating expenses increased by USD 777m to USD 861m, largely reflecting an increase in provisions of USD 665m related to the US residential mortgage-backed securities litigation matter and integration-related expenses of USD 115m.

Group Items

Group Items[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m	30.9.23	30.6.23	30.9.22	2Q23	3Q22	30.9.23	30.9.22
Results							
Total revenues	(65)	(100)	(130)	(35)	(49)	(262)	(382)
Credit loss expense / (release)	1	0	0			1	0
Operating expenses	233	469	209	(50)	11	819	664
Operating profit / (loss) before tax	(299)	(569)	(339)	(47)	(12)	(1,082)	(1,045)

1 Starting with the third quarter of 2023, Group Functions has been renamed Group Items, and Non-core and Legacy Portfolio, which was previously reported within Group Functions, was included in Non-core and Legacy, which represents a separate reportable segment. Prior periods have been revised to reflect these presentational changes.

Results: 3Q23 vs 3Q22

Loss before tax was USD 299m, compared with a loss of USD 339m.

Income from accounting asymmetries, including hedge accounting ineffectiveness, was net negative USD 11m, compared with net negative income of USD 177m. 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 movements. Income related to centralized Group Treasury risk management was negative USD 6m, compared with positive USD 17m.

In addition, the third quarter of 2023 included an increase of USD 61m in funding costs related to deferred tax assets (DTAs).

Results: 9M23 vs 9M22

Loss before tax was USD 1,082m, compared with a loss of USD 1,045m.

This included income from accounting asymmetries, including hedge accounting ineffectiveness, of net negative USD 136m, compared with net negative income of USD 562m. Income related to centralized Group Treasury risk management was positive USD 19m, compared with negative USD 38m in the first nine months of 2022.

Furthermore, the first nine months of 2023 included integration-related expenses of USD 288m associated with the acquisition of the Credit Suisse Group and an increase of USD 241m in funding costs related to DTAs, partly offset by remeasurement losses of USD 46m on properties held for sale in the first nine months 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 decreased by USD 6bn to USD 688bn as of 30 September 2023, driven by a USD 11bn decrease in loans and advances to customers, partly offset by a USD 3bn increase in guarantees and loan commitments and a USD 2bn increase in cash and balances at central banks.

Total net credit loss expenses were USD 27m, reflecting USD 20m net credit loss expenses related to stage 1 and 2 positions and USD 6m net credit loss expenses related to stage 3 positions.

In aggregate, exposure related to traded products increased by USD 8bn to USD 51bn during the third quarter of 2023, mainly driven by market movements and increased clearing activities.

› **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 increased by USD 0.9bn to USD 2.8bn as of 30 September 2023, driven by new deals. USD 0.1bn of commitments had not yet been distributed as originally planned as of 30 September 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 Items

	30.9.23						
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[1]	Group Items[1]	Total
Banking products[2,3]							
Gross exposure	307,528	237,082	1,432	64,592	3,744	74,070	688,448
of which: loans and advances to customers (on-balance sheet)	*210,209*	*161,328*	*(1)*	*12,036*	*197*	*3,395*	*387,164*
of which: guarantees and loan commitments (off-balance sheet)	*11,108*	*27,087*	*0*	*15,126*	*1,733*	*11,844*	*66,898*
Traded products[4,5]							
Gross exposure	9,907	528	0		40,089		50,525
of which: over-the-counter derivatives	*7,648*	*513*	*0*		*11,862*		*20,023*
of which: securities financing transactions	*0*	*0*	*0*		*18,784*		*18,784*
of which: exchange-traded derivatives	*2,260*	*16*	*0*		*9,444*		*11,719*
Other credit lines, gross[6]	11,656	24,982	0	4,634	0	1,317	42,589
Total credit-impaired exposure, gross	884	1,481	0	347	12	0	2,724
Total allowances and provisions for expected credit losses	229	717	0	186	5	6	1,142
of which: stage 1	*73*	*163*	*0*	*55*	*0*	*6*	*297*
of which: stage 2	*55*	*154*	*0*	*55*	*0*	*0*	*265*
of which: stage 3	*101*	*400*	*0*	*76*	*5*	*0*	*581*

	30.6.23						
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[1]	Group Items[1]	Total
Banking products[3]							
Gross exposure	322,668	241,501	1,361	63,117	677	65,146	694,470
of which: loans and advances to customers (on-balance sheet)	*214,887*	*162,721*	*(1)*	*12,750*	*8*	*8,090*	*398,455*
of which: guarantees and loan commitments (off-balance sheet)	*13,861*	*27,296*	*0*	*13,361*	*3*	*9,022*	*63,543*
Traded products[4,5]							
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[6]	12,813	25,002	0	5,357	0	1,544	44,716
Total credit-impaired exposure, gross	781	1,549	0	324	6	0	2,660
Total allowances and provisions for expected credit losses	225	734	0	170	3	5	1,136
of which: stage 1	*86*	*163*	*0*	*53*	*0*	*5*	*307*
of which: stage 2	*51*	*145*	*0*	*48*	*0*	*0*	*244*
of which: stage 3	*88*	*426*	*0*	*69*	*3*	*0*	*585*

1 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes. 2 In the third quarter of 2023, a small amount of exposure of pre-integration UBS business divisions was included in Non-core and Legacy, as it was assessed as not strategic in light of the acquisition of the Credit Suisse Group. 3 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. 4 Internal management view of credit risk, which differs in certain respects from IFRS. 5 As counterparty risk for traded products is managed at counterparty level, no further split between exposures in the Investment Bank, Non-core and Legacy and Group Items is provided. 6 Unconditionally revocable committed credit lines.

Collateralization of Loans and advances to customers[1]

	Global Wealth Management		Personal & Corporate Banking	
USD m, except where indicated	30.9.23	30.6.23	30.9.23	30.6.23
Secured by collateral	207,489	212,280	144,491	145,375
Residential real estate	*64,066*	*64,178*	*115,600*	*116,429*
Commercial / industrial real estate	*4,956*	*4,990*	*20,979*	*21,291*
Cash	*23,794*	*25,884*	*2,906*	*3,046*
Equity and debt instruments	*97,242*	*101,435*	*2,168*	*2,191*
Other collateral	*17,431*	*15,792*	*2,838*	*2,418*
Subject to guarantees	77	103	2,568	2,669
Uncollateralized and not subject to guarantees	2,643	2,504	14,269	14,677
Total loans and advances to customers, gross	210,209	214,887	161,328	162,721
Allowances	(154)	(154)	(582)	(601)
Total loans and advances to customers, net of allowances	210,056	214,733	160,746	162,120
Collateralized loans and advances to customers in % of total loans and advances to customers, gross (%)	98.7	98.8	89.6	89.3

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) increased from USD 13m to USD 17m at the end of the third quarter of 2023 driven by Global Markets in the Investment Bank.

There were no new VaR negative backtesting exceptions in the third quarter of 2023. The number of negative backtesting exceptions within the most recent 250-business-day window decreased from one to zero. 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 Items 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	8	23	14	16	12	10	5	2	3
Non-core and Legacy	1	2	1	1	0	1	1	0	0
Group Items	4	5	4	4	1	3	4	1	0
Diversification effect[2,3]			(5)	(5)	(1)	(4)	(4)	(1)	0
Total as of 30.9.23	10	25	15	17	12	11	7	2	3
Total as of 30.6.23	7	20	18	13	8	11	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 Items and the total VaR. 3 As the minima and maxima for different business divisions and Group Items 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 to a +1 basis point parallel shift in yield curves was negative USD 24.8m as of 30 September 2023, compared with negative USD 23.5m as of 30 June 2023. This excludes the sensitivity of USD 2.5m 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 longer modeled duration assigned to its own equity.

The majority of UBS AG's interest rate risk in the banking book is a reflection of the net asset duration that it runs to offset its modeled sensitivity of net USD 20.3m (30 June 2023: USD 18.8m) assigned to its equity, goodwill and real estate, with the aim of generating a stable net interest income contribution. Of this, USD 14.4m and USD 4.9m are attributable to the US dollar and the Swiss franc portfolios, respectively, (30 June 2023: USD 12.8m and USD 5.1m, respectively).

In addition to the sensitivity mentioned above, UBS AG calculates 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 4.6bn, or 8.4%, of UBS AG's tier 1 capital (30 June 2023: negative USD 4.4bn, or 7.9%), 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 UBS AG's tier 1 capital in the "Parallel up" scenario as of 30 September 2023 would have been a decrease of USD 0.6bn, or 1.0% (30 June 2023: USD 0.4bn, or 0.7%), reflecting the fact that the vast majority of its 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 AG 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

	30.9.23							
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	(4.0)	(0.7)	0.0	(20.2)	0.1	(24.8)	2.5	(22.2)
Parallel up[2]	(562.9)	(140.8)	7.9	(3,906.8)	(10.9)	(4,613.6)	476.3	(4,137.2)
Parallel down[2]	630.8	151.8	(15.6)	4,110.1	11.4	4,888.6	(525.9)	4,362.7
Steepener[3]	(268.9)	(8.4)	(12.2)	(954.4)	(18.2)	(1,262.1)	(54.8)	(1,316.9)
Flattener[4]	159.0	(13.6)	12.7	49.7	13.5	221.3	161.0	382.3
Short-term up[5]	(67.7)	(54.6)	15.1	(1,563.3)	5.3	(1,665.2)	342.8	(1,322.4)
Short-term down[6]	71.7	58.0	(15.2)	1,677.6	(7.2)	1,784.9	(357.7)	1,427.2

	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

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, the escalating conflict in the Middle East and US–China trade relations. UBS AG's direct exposure to Israel is USD 0.1bn, mainly from collateralized over-the-counter derivatives exposure to Israeli banks. Direct exposure to Gulf Cooperation Council countries is USD 2.1bn, while direct exposure to Egypt, Jordan and Lebanon is limited, and there is no direct exposure to Iran, Iraq or Syria. UBS AG's direct exposure to Russia, Belarus and Ukraine is immaterial, and potential second-order impacts, such as European energy security, continue to be monitored. UBS AG has significant country risk exposure to major European economies, including France, Germany and the UK.

Inflation has abated to some extent in major Western economies, though there are still concerns regarding future developments, and central banks' monetary policy is in the spotlight. The potential for "higher-for-longer" interest rates raises the prospect of a global recession, particularly as Chinese economic growth has been muted. This combination of factors translates into a more uncertain and volatile environment, which increases the risk of financial market disruptions.

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 non-financial risks emerging from the acquisition of the Credit Suisse Group, including the current operation of dual corporate structures, and the scale, pace and complexity of the required integration activities. These activities continue to be managed by our program run by the Group Integration Office. We place an increased focus on maintaining and enhancing our control environment and continue to cooperate with regulators to submit and execute implementation plans to meet regulatory requirements, including regulatory remediation requirements applicable to Credit Suisse AG. In addition, the Group is closely monitoring operational risk indicators, including attrition, to detect any potential for adverse impacts on the control environment.

There is an increased risk of cyber-related operational disruption to business activities at our locations and / or those of third parties due to operating an enlarged group of entities. This is combined with the increasingly dynamic threat environment, which is intensified by current geopolitical factors and evidenced by the increased volumes and sophistication of cyberattacks against financial institutions globally.

UBS was not affected by significant cyber events in the third quarter of 2023 but, due to the high threat level observed, remains on heightened alert to respond to and mitigate new threats. Given this backdrop, we are continuing to invest in improving our technology infrastructure to enhance our information security and data protection and improve our defense, detection and response capabilities against cyberattacks, including addressing regulatory expectations and advancing overall organizational development. In addition, the Group faces multiple related regulatory deadlines to enhance operational resilience between 2023 and 2026. To that end, a global framework designed to drive enhancements in operational resilience continues to be implemented across all business divisions and jurisdictions, as well as being provided to third parties, including third-party vendors, that are of critical importance to us.

Following a post-incident review of the ION XTP ransomware attack, we are proceeding with improvements to our frameworks for managing third parties that support our important business services and continue with actions to enhance our cyber-risk assessments and controls over third-party vendors.

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 technology, 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, particularly during periods of market volatility and rising interest rates. 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, and major legislation, such as the Consumer Duty Regulation in the United Kingdom, 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.

Cross-border risk remains an area of regulatory attention for global financial institutions, including a focus on market access, such as third-country market access into the European Economic Area, and taxation of US persons. Unintended permanent establishment remains an area of ongoing attention and the risk that tax authorities may, on the basis of new interpretations of existing law, seek to impose taxation. We maintain a series of controls designed to address these risks, and we are increasing the number of controls that are automated.

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, such as the extensive and continuously evolving sanctions arising from the Russia–Ukraine war, which also requires constant attention to prevent circumvention risks.

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 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.

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

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

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 September 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 30.9.23	RWA		LRD	
USD m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	14.73[1]	47,316	5.00[1]	52,105
Common equity tier 1 capital	10.43	33,508	3.50[2]	36,474
of which: minimum capital	*4.50*	*14,451*	*1.50*	*15,632*
of which: buffer capital	*5.50*	*17,662*	*2.00*	*20,842*
of which: countercyclical buffer	*0.43*	*1,394*		
Maximum additional tier 1 capital	4.30	13,809	1.50	15,632
of which: additional tier 1 capital	*3.50*	*11,240*	*1.50*	*15,632*
of which: additional tier 1 buffer capital	*0.80*	*2,569*		
Eligible going concern capital				
Total going concern capital	17.14	55,037	5.28	55,037
Common equity tier 1 capital	13.51	43,378	4.16	43,378
Total loss-absorbing additional tier 1 capital	3.63	11,660	1.12	11,660
of which: high-trigger loss-absorbing additional tier 1 capital	*3.26*	*10,466*	*1.00*	*10,466*
of which: low-trigger loss-absorbing additional tier 1 capital[3]	*0.37*	*1,194*	*0.11*	*1,194*
Required gone concern capital				
Total gone concern loss-absorbing capacity[4,5,6]	10.73	34,442	3.75	39,079
of which: base requirement including add-ons for market share and LRD	*10.73*[7]	*34,442*	*3.75*[7]	*39,079*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	16.61	53,349	5.12	53,349
Total tier 2 capital	0.17	536	0.05	536
of which: non-Basel III-compliant tier 2 capital	*0.17*	*536*	*0.05*	*536*
TLAC-eligible senior unsecured debt	16.45	52,814	5.07	52,814
Total loss-absorbing capacity				
Required total loss-absorbing capacity	25.46	81,758	8.75	91,184
Eligible total loss-absorbing capacity	33.75	108,387	10.40	108,387
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		321,134		
Leverage ratio denominator				1,042,106

1 Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.50% for leverage ratio denominator (LRD). 2 Our minimum CET1 leverage ratio requirement of 3.5% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement and a 0.25% market share add-on requirement based on our Swiss credit business. 3 Existing outstanding low-trigger additional tier 1 capital instruments qualify as going concern capital at the UBS AG consolidated level, as agreed with 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 (TBTF) 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 September 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 third 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	30.9.23	30.6.23	31.12.22
Eligible going concern capital			
Total going concern capital	55,037	55,017	54,770
Total tier 1 capital	55,037	55,017	54,770
Common equity tier 1 capital	43,378	43,300	42,929
Total loss-absorbing additional tier 1 capital	11,660	11,718	11,841
of which: high-trigger loss-absorbing additional tier 1 capital	*10,466*	*10,528*	*10,654*
of which: low-trigger loss-absorbing additional tier 1 capital	*1,194*	*1,189*	*1,187*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	53,349	51,572	46,991
Total tier 2 capital	536	539	2,958
of which: low-trigger loss-absorbing tier 2 capital	*0*	*0*	*2,422*
of which: non-Basel III-compliant tier 2 capital	*536*	*539*	*536*
TLAC-eligible senior unsecured debt	52,814	51,033	44,033
Total loss-absorbing capacity			
Total loss-absorbing capacity	108,387	106,589	101,761
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	321,134	323,406	317,823
Leverage ratio denominator	1,042,106	1,048,313	1,029,561
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	17.1	17.0	17.2
of which: common equity tier 1 capital ratio	*13.5*	*13.4*	*13.5*
Gone concern loss-absorbing capacity ratio	16.6	15.9	14.8
Total loss-absorbing capacity ratio	33.8	33.0	32.0
Leverage ratios (%)			
Going concern leverage ratio	5.3	5.2	5.3
of which: common equity tier 1 leverage ratio	4.2	4.1	4.2
Gone concern leverage ratio	5.1	4.9	4.6
Total loss-absorbing capacity leverage ratio	10.4	10.2	9.9

Total loss-absorbing capacity and movement

Total loss-absorbing capacity (TLAC) increased by USD 1.8bn to USD 108.4bn in the third quarter of 2023.

Going concern capital and movement

Going concern capital was broadly stable at USD 55.0bn. Common equity tier 1 (CET1) capital increased by USD 0.1bn to USD 43.4bn, mainly reflecting operating profit before tax of USD 1.3bn, offset by current tax expenses of USD 0.5bn, additional dividend accruals of USD 0.5bn and negative effects from foreign currency translation of USD 0.4bn.

Additional tier 1 capital decreased by USD 0.1bn to USD 11.7bn, reflecting interest rate risk hedge, foreign currency translation and other effects.

Gone concern loss-absorbing capacity and movement

Total gone concern loss-absorbing capacity increased by USD 1.8bn to USD 53.3bn, mainly due to three new issuances of TLAC-eligible senior unsecured debt denominated in US dollars of USD 4.5bn, partly offset by a call of one TLAC-eligible unsecured debt instrument denominated in US dollars of USD 1.3bn, and interest rate risk hedge, foreign currency translation and other effects. On 18 October 2023, UBS announced that it would redeem TLAC-eligible senior unsecured debt on 8 November 2023 (ISIN CH0445624981 with a nominal amount of JPY 130bn, issued on 9 November 2018). This instrument remained eligible as gone concern capital as of 30 September 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 13.5% from 13.4%, mainly reflecting a USD 2.3bn decrease in RWA.

The CET1 leverage ratio increased to 4.2% from 4.1%, largely due to a USD 6.2bn decrease in the LRD.

The gone concern loss-absorbing capacity ratio increased to 16.6% from 15.9%, mainly due to the aforementioned increase in gone concern loss-absorbing capacity.

The gone concern leverage ratio increased to 5.1% from 4.9%, mainly reflecting the aforementioned increase 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 30.6.23	43,300
Operating profit before tax	1,275
Current tax (expense) / benefit	(484)
Foreign currency translation effects, before tax	(352)
Other[1]	(362)
Common equity tier 1 capital as of 30.9.23	43,378
Loss-absorbing additional tier 1 capital as of 30.6.23	11,718
Interest rate risk hedge, foreign currency translation and other effects	(58)
Loss-absorbing additional tier 1 capital as of 30.9.23	11,660
Total going concern capital as of 30.6.23	55,017
Total going concern capital as of 30.9.23	55,037
Gone concern loss-absorbing capacity	
Tier 2 capital as of 30.6.23	539
Interest rate risk hedge, foreign currency translation and other effects	(4)
Tier 2 capital as of 30.9.23	536
TLAC-eligible senior unsecured debt as of 30.6.23	51,033
Issuance of TLAC-eligible senior unsecured debt	4,500
Call of TLAC-eligible senior unsecured debt	(1,300)
Interest rate risk hedge, foreign currency translation and other effects	(1,419)
TLAC-eligible senior unsecured debt as of 30.9.23	52,814
Total gone concern loss-absorbing capacity as of 30.6.23	51,572
Total gone concern loss-absorbing capacity as of 30.9.23	53,349
Total loss-absorbing capacity	
Total loss-absorbing capacity as of 30.6.23	106,589
Total loss-absorbing capacity as of 30.9.23	108,387

1 Includes dividend accruals for the current year (negative USD 0.5bn) and movements related to other items.

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

USD m	30.9.23	30.6.23	31.12.22
Total IFRS equity	53,181	53,274	56,940
Equity attributable to non-controlling interests	(345)	(352)	(342)
Defined benefit plans, net of tax	(379)	(388)	(311)
Deferred tax assets recognized for tax loss carry-forwards	(3,734)	(3,903)	(4,077)
Deferred tax assets for unused tax credits	(245)	(117)	
Deferred tax assets on temporary differences, excess over threshold	(462)	(319)	(262)
Goodwill, net of tax[1]	(5,736)	(5,761)	(5,754)
Intangible assets, net of tax	(139)	(149)	(150)
Expected losses on advanced internal ratings-based portfolio less provisions	(492)	(480)	(471)
Unrealized (gains) / losses from cash flow hedges, net of tax	4,560	4,218	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	(92)	(391)	(523)
Own credit related to (gains) / losses on derivative financial instruments that existed at the balance sheet date	(86)	(95)	(105)
Prudential valuation adjustments	(176)	(207)	(201)
Accruals for dividends to shareholders for 2022			(6,000)
Other[2]	(2,477)	(2,030)	(51)
Total common equity tier 1 capital	43,378	43,300	42,929

1 Includes goodwill related to significant investments in financial institutions of USD 19m as of 30 September 2023 (USD 19m as of 30 June 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 September 2023 (30 June 2023: USD 14bn and USD 1.4bn, respectively) and decreased its CET1 capital ratio 14 basis points (30 June 2023: 13 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased its RWA by USD 12bn and its CET1 capital by USD 1.3bn (30 June 2023: USD 13bn and USD 1.3bn, respectively) and increased its CET1 capital ratio 13 basis points (30 June 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 September 2023 (30 June 2023: USD 63bn) and decreased its CET1 leverage ratio 11 basis points (30 June 2023: 11 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased its LRD by USD 57bn (30 June 2023: USD 57bn) and increased its CET1 leverage ratio 11 basis points (30 June 2023: 11 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 September 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 third quarter of 2023, RWA decreased by USD 2.3bn to USD 321.1bn, reflecting decreases of USD 4.4bn from model updates and USD 3.1bn from currency effects, partly offset by an increase of USD 5.2bn from asset size and other movements.

Movement in risk-weighted assets by key driver

USD bn	RWA as of 30.6.23	Currency effects	Methodology and policy changes	Model updates / changes	Regulatory add-ons	Asset size and other[1]	RWA as of 30.9.23
Credit and counterparty credit risk[2]	205.5	(3.0)		0.4		4.0	207.0
Non-counterparty-related risk[3]	22.4	(0.1)				(0.1)	22.1
Market risk	14.1			0.1		1.3	15.5
Operational risk	81.4			(4.9)			76.5
Total	**323.4**	**(3.1)**		**(4.4)**		**5.2**	**321.1**

1 Includes the Pillar 3 categories "Asset size," "Credit quality of counterparties," "Acquisitions and disposals" and "Other." For more information, refer to the 30 September 2023 Pillar 3 Report, available under "Pillar 3 disclosures" at ubs.com/investors. 2 Includes settlement risk, credit valuation adjustments, equity and investments in funds exposures in the banking book, 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 207.0bn as of 30 September 2023. The increase of USD 1.5bn included a decrease related to currency effects of USD 3.0bn.

Asset size and other movements resulted in a USD 4.0bn increase in RWA.

- Global Wealth Management RWA increased by USD 1.3bn, mainly due to higher RWA from loan balances that carry a higher risk weighting when measured under the standardized approach.
- Personal & Corporate Banking RWA increased by USD 1.1bn, primarily driven by higher RWA from loans.
- Investment Bank RWA increased by USD 0.7bn, mainly due to an increase in RWA from loan commitments, partly offset by lower RWA from securities financing transactions.
- Group Items RWA increased by USD 1.1bn, mainly driven by higher RWA from nostro accounts, derivatives, and securities financing transactions.
- Asset Management RWA increased by USD 0.1bn.
- Non-core and Legacy RWA decreased by USD 0.2bn.

Model updates resulted in an RWA increase of USD 0.4bn. RWA increases of USD 1.0bn related to the phase-in of model updates for hedge funds, USD 0.5bn related to updates to the Lombard model, USD 0.3bn related to a model update for income-producing real estate and USD 0.3bn related to the Swiss corporate model were partly offset by an RWA decrease of USD 1.5bn related to the recalibration of certain multipliers as a result of improvements to models. The remaining variance was spread across various small model updates.

› **Refer to the "Risk management and control" section of this report for more information**

› **Refer to the 30 September 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**

› **Refer to the "Recent developments" section of this report for more information about the Non-core and Legacy business division**

Market risk

Market risk RWA increased by USD 1.4bn to USD 15.5bn in the third quarter of 2023, driven by an increase of USD 1.3bn from asset size and other movements in Global Markets in the Investment Bank and an increase of USD 0.1bn 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 September 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 decreased by USD 4.9bn to USD 76.5bn. In the second quarter of 2023 we reflected diversification effects at the level of UBS Group AG consolidated, which were allocated partly to UBS AG consolidated in the third quarter of 2023. Furthermore, in the third quarter of 2023, we updated our methodology that we use to allocate operational risk RWA to the business divisions and Group Items. The updated methodology has been prospectively applied starting with the third quarter of 2023.

› **Refer to "Integration of Credit Suisse" in the "Recent developments" section of the UBS Group third quarter 2023 for more information about the updated allocation of operational risk RWA to the business divisions and Group Items**

› **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 Items

USD bn	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[1]	Group Items[1]	Total RWA
				30.9.23			
Credit and counterparty credit risk[2]	71.4	70.0	2.4	55.4	1.4	6.4	207.0
Non-counterparty-related risk[3]	5.5	1.8	0.6	3.7	0.0	10.5	22.1
Market risk	1.4	0.0		11.9	1.6	0.6	15.5
Operational risk	30.2	10.3	3.8	13.1	15.8	3.3	76.5
Total	108.5	82.1	6.8	84.2	18.8	20.7	321.1
				30.6.23			
Credit and counterparty credit risk[2]	70.1	69.7	2.3	56.2	2.1	5.2	205.5
Non-counterparty-related risk[3]	5.7	1.9	0.6	3.8	0.0	10.4	22.4
Market risk	1.7	0.0		10.4	0.7	1.4	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**	**12.9**	**17.0**	**323.4**
				30.9.23 vs 30.6.23			
Credit and counterparty credit risk[2]	1.3	0.3	0.1	(0.7)	(0.6)	1.2	1.5
Non-counterparty-related risk[3]	(0.2)	(0.1)	0.0	(0.1)	0.0	0.1	(0.3)
Market risk	(0.2)	0.0		1.5	0.9	(0.8)	1.4
Operational risk	(7.4)	1.1	0.6	(8.2)	5.6	3.3	(4.9)
Total	**(6.6)**	**1.4**	**0.7**	**(7.5)**	**5.9**	**3.8**	**(2.3)**

1 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes. 2 Includes settlement risk, credit valuation adjustments, equity and investments in funds exposures in the banking book, and securitization exposures in the banking book. 3 Non-counterparty-related risk includes deferred tax assets recognized for temporary differences (30 September 2023: USD 11.0bn; 30 June 2023: USD 10.9bn), as well as property, equipment, software and other items (30 September 2023: USD 11.1bn; 30 June 2023: USD 11.5bn).

Leverage ratio denominator

During the third quarter of 2023, the LRD decreased by USD 6.2bn to USD 1,042.1bn, driven by currency effects of USD 14.4bn, partly offset by asset size and other movements of USD 8.2bn.

Movement in leverage ratio denominator by key driver

USD bn	LRD as of 30.6.23	Currency effects	Asset size and other	LRD as of 30.9.23
On-balance sheet exposures (excluding derivatives and securities financing transactions)[1]	833.5	(11.7)	(1.0)	820.8
Derivatives	93.1	(1.4)	7.2	98.9
Securities financing transactions	98.3	(0.9)	2.0	99.4
Off-balance sheet items	34.5	(0.4)	0.1	34.1
Deduction items	(11.1)	0.0	(0.1)	(11.2)
Total	**1,048.3**	**(14.4)**	**8.2**	1,042.1

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 decreased by USD 1.0bn, mainly due to lower lending balances and trading portfolio assets, partly offset by higher central bank balances and high-quality liquid asset securities.

Derivative exposures increased by USD 7.2bn, mainly due to market-driven movements on foreign-currency contracts and higher trading volumes in equity contracts in the Investment Bank.

Securities financing transactions increased by USD 2.0bn, mainly due to client-driven increases in brokerage receivables.

› **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 Items

USD bn	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[1]	Group Items[1]	Total
				30.9.23			
Total IFRS assets	359.7	237.4	17.9	370.3	13.6	98.7	1,097.5
Difference in scope of consolidation[2]	0.0	0.0	(14.1)	(0.1)	0.0	0.0	(14.2)
Less: derivatives and securities financing transactions[3]	(25.9)	(14.4)	(0.1)	(188.6)	(9.5)	(24.0)	(262.5)
On-balance sheet exposures	333.7	223.0	3.7	181.6	4.1	74.8	820.8
Derivatives	6.0	2.3	0.0	87.8	1.7	1.1	98.9
Securities financing transactions	22.5	12.5	0.1	40.4	1.3	22.6	99.4
Off-balance sheet items	7.5	16.4		7.8	0.9	1.6	34.1
Items deducted from Swiss SRB tier 1 capital	(5.2)	(0.2)	(1.2)	(0.4)	0.0	(4.2)	(11.2)
Total	364.4	254.2	2.6	317.2	7.9	95.8	1,042.1
				30.6.23			
Total IFRS assets	375.1	241.7	18.8	363.3	12.6	84.7	1,096.3
Difference in scope of consolidation[2]	0.0	0.0	(15.1)	(0.1)	0.0	0.0	(15.2)
Less: derivatives and securities financing transactions[3]	(27.8)	(14.5)	(0.1)	(179.2)	(9.9)	(16.2)	(247.6)
On-balance sheet exposures	**347.3**	**227.2**	**3.6**	**184.0**	**2.8**	**68.6**	**833.5**
Derivatives	6.1	1.3	0.0	83.2	1.9	0.7	93.1
Securities financing transactions	24.5	13.4	0.1	41.8	1.2	17.3	98.3
Off-balance sheet items	9.6	16.9		7.2	0.0	0.8	34.5
Items deducted from Swiss SRB tier 1 capital	(5.2)	(0.2)	(1.2)	(0.4)	0.0	(4.1)	(11.1)
Total	**382.3**	**258.7**	**2.4**	**315.7**	**5.9**	**83.4**	**1,048.3**
				30.9.23 vs 30.6.23			
Total IFRS assets	(15.5)	(4.3)	(0.9)	7.0	1.0	13.9	1.2
Difference in scope of consolidation[2]	0.0	0.0	0.9	0.0	0.0	0.0	1.0
Less: derivatives and securities financing transactions[3]	1.9	0.1	0.0	(9.4)	0.3	(7.8)	(14.8)
On-balance sheet exposures	**(13.6)**	**(4.2)**	**0.1**	**(2.4)**	**1.3**	**6.2**	**(12.7)**
Derivatives	(0.1)	1.1	0.0	4.7	(0.3)	0.3	5.7
Securities financing transactions	(2.0)	(0.9)	0.0	(1.4)	0.1	5.3	1.1
Off-balance sheet items	(2.1)	(0.5)		0.6	0.9	0.8	(0.3)
Items deducted from Swiss SRB tier 1 capital	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Total	**(17.8)**	**(4.5)**	**0.1**	**1.5**	**2.0**	**12.5**	**(6.2)**

1 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes. 2 Represents the difference between the IFRS and the regulatory scope of consolidation, which is the applicable scope for the leverage ratio denominator calculation. 3 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.

Liquidity coverage ratio

The quarterly average liquidity coverage ratio (the LCR) of UBS AG consolidated increased 5.6 percentage points to 176.6%. The average LCR for the third quarter of 2023 was calculated based on a simple average of 63 data points in the third quarter of 2023. The average LCR for the second quarter of 2023 was reported for the first time and calculated based on a simple average of 15 data points in the second quarter of 2023 from the formal date of the acquisition of the Credit Suisse Group, i.e., 12 June 2023, until 30 June 2023. The movement in the average LCR was primarily driven by an increase in high-quality liquid assets (HQLA) of USD 6.1bn to USD 230.9bn, mainly due to proceeds received from debt issued. Net cash outflows remained largely unchanged at USD 131.0bn.

Refer to the 30 September 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 3Q23[1]	Average 2Q23[1]
High-quality liquid assets	230.9	224.8
Net cash outflows[2]	131.0	131.5
Liquidity coverage ratio (%)[3]	176.6	170.9

1 Calculated based on an average of 63 data points in the third quarter and 15 data points in the second quarter of 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 September 2023, the net stable funding ratio (the NSFR) of UBS AG consolidated increased 3.5 percentage points to 121.7%.

Required stable funding decreased by USD 10.5bn to USD 467.1bn, mainly driven by lower lending and trading assets, partly offset by higher derivative balances. Available stable funding increased by USD 4.0bn to USD 568.5bn, mainly driven by debt issued at fair value.

› **Refer to the 30 September 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	30.9.23	30.6.23
Available stable funding	568.5	564.5
Required stable funding	467.1	477.6
Net stable funding ratio (%)	121.7	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 September 2023 vs 30 June 2023)

Total assets were USD 1,097.5bn as of 30 September 2023. The increase of USD 1.2bn included negative currency effects of approximately USD 13.7bn.

Derivatives and cash collateral receivables on derivative instruments increased by USD 12.2bn, mainly in Derivatives & Solutions in the Investment Bank, primarily reflecting market-driven movements on foreign-currency contracts amid volatility in exchange rates. Brokerage receivables increased by USD 3.2bn, mainly in Financing in the Investment Bank, driven by lower netting effects. The increases were largely offset by a decrease in lending assets by USD 12.5bn, reflecting currency effects of approximately USD 6.3bn and lower balances with UBS Group AG. Trading assets decreased by USD 2.5bn, primarily reflecting lower inventory levels held to hedge client positions in Financing.

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

Assets

	As of		% change from
USD bn	30.9.23	30.6.23	30.6.23
Cash and balances at central banks	161.7	159.4	1
Lending[1]	406.5	419.0	(3)
Securities financing transactions at amortized cost	61.3	62.0	(1)
Trading assets	117.7	120.2	(2)
Derivatives and cash collateral receivables on derivative instruments	171.3	159.1	8
Brokerage receivables	24.4	21.2	15
Other financial assets measured at amortized cost	52.9	52.2	1
Other financial assets measured at fair value[2]	64.9	65.9	(2)
Non-financial assets	36.9	37.2	(1)
Total assets	1,097.5	1,096.3	0

1 Consists of Loans and advances to customers and Amounts 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 September 2023 vs 30 June 2023)

Total liabilities were USD 1,044.4bn as of 30 September 2023. The increase of USD 1.4bn included negative currency effects of approximately USD 12.1bn.

Derivatives and cash collateral payables on derivative instruments increased by USD 7.0bn, mainly in Derivatives & Solutions, primarily reflecting market-driven movements, broadly in line with the asset side. Debt issued designated at fair value and long-term debt issued measured at amortized cost increased by USD 6.8bn, mainly driven by issuances of debt issued designated at fair value in Derivatives & Solutions. The increases were partly offset by a USD 6.1bn decrease in securities financing transactions at amortized cost, mainly reflecting roll-offs. Trading liabilities decreased by USD 3.6bn, in Financing, mainly reflecting a decrease in short positions due to lower hedging requirements. Brokerage payables decreased by USD 2.4bn, with a decrease in client deposits.

Customer deposits were broadly stable, with net inflows, mainly in Global Wealth Management, of USD 7.7bn, primarily reflecting higher time deposits, largely offset by currency effects and lower balances with UBS Group AG.

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	30.9.23	30.6.23	30.6.23
Short-term borrowings[1,2]	52.6	51.9	1
Securities financing transactions at amortized cost	6.2	12.3	(49)
Customer deposits	521.5	521.7	0
Funding from UBS Group AG measured at amortized cost	63.4	61.4	3
Debt issued designated at fair value and long-term debt issued measured at amortized cost[2]	112.5	105.7	6
Trading liabilities	32.0	35.6	(10)
Derivatives and cash collateral payables on derivative instruments	165.8	158.8	4
Brokerage payables	41.0	43.4	(5)
Other financial liabilities measured at amortized cost	11.1	11.7	(5)
Other financial liabilities designated at fair value	30.0	31.4	(4)
Non-financial liabilities	8.1	9.1	(11)
Total liabilities	1,044.4	1,043.0	0
Share capital	0.4	0.4	0
Share premium	24.6	24.6	0
Retained earnings	28.4	27.8	2
Other comprehensive income[3]	(0.6)	0.1	
Total equity attributable to shareholders	52.8	52.9	0
Equity attributable to non-controlling interests	0.3	0.4	(2)
Total equity	53.2	53.3	0
Total liabilities and equity	1,097.5	1,096.3	0

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 September 2023 vs 30 June 2023)

Equity attributable to shareholders decreased by USD 86m to USD 52,836m as of 30 September 2023.

The decrease of USD 86m was mainly driven by negative total comprehensive income attributable to shareholders of USD 86m, reflecting net profit of USD 932m and negative other comprehensive income (OCI) of USD 1,018m. OCI mainly included negative cash flow hedge OCI of USD 372m, negative OCI related to foreign currency translation of USD 348m and negative OCI related to own credit on financial liabilities designated at fair value of USD 284m.

› **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	30.9.23	30.6.23	30.9.23	30.6.23	30.9.23	30.6.23	30.9.23	30.6.23
Short-term borrowings	52.6	51.9	36.0	33.0	3.9	4.5	5.1	6.0
of which: amounts due to banks	*16.2*	*16.3*	*8.9*	*8.2*	*3.8*	*4.3*	*0.5*	*0.7*
of which: short-term debt issued[1,2]	*36.4*	*35.6*	*27.2*	*24.8*	*0.1*	*0.1*	*4.6*	*5.3*
Securities financing transactions at amortized cost	6.2	12.3	5.3	11.8	0.0	0.0	0.3	0.2
Customer deposits	521.5	521.7	226.7	217.9	197.0	202.2	48.7	51.8
of which: demand deposits	*145.9*	*162.6*	*40.0*	*42.1*	*58.4*	*63.8*	*25.5*	*31.1*
of which: retail savings / deposits	*148.1*	*153.8*	*30.9*	*30.0*	*112.7*	*118.9*	*4.4*	*4.9*
of which: sweep deposits	*40.2*	*45.5*	*40.2*	*45.5*	*0.0*	*0.0*	*0.0*	*0.0*
of which: time deposits	*187.4*	*159.8*	*115.6*	*100.4*	*25.9*	*19.5*	*18.8*	*15.8*
Funding from UBS Group AG measured at amortized cost	63.4	61.4	39.7	37.0	2.4	2.5	18.9	19.5
Debt issued designated at fair value and long-term debt issued measured at amortized cost[2]	112.5	105.7	72.1	65.7	16.4	16.4	14.3	13.8
Trading liabilities	32.0	35.6	11.3	11.1	1.1	1.3	9.1	12.7
Derivatives and cash collateral payables on derivative instruments	165.8	158.8	139.3	133.7	3.5	2.6	13.7	11.8
Brokerage payables	41.0	43.4	30.7	32.4	0.5	0.7	2.1	2.4
Other financial liabilities measured at amortized cost	11.1	11.7	6.8	5.1	2.6	2.3	0.1	1.6
Other financial liabilities designated at fair value	30.0	31.4	7.7	7.2	0.0	0.1	4.4	4.8
Non-financial liabilities	8.1	9.1	2.1	3.1	1.7	1.7	2.2	2.2
Total liabilities	1,044.4	1,043.0	577.8	558.2	229.2	234.2	118.9	126.8

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 September 2023 vs 30 June 2023)

Guarantees increased by USD 1.0bn, mainly in Group Treasury, relating to guarantees issued to corporate clients. Loan commitments increased by USD 2.3bn, mainly in the Investment Bank. Committed unconditionally revocable credit lines decreased by USD 2.1bn, mainly driven by credit lines provided to clients in Global Wealth Management and in Global Banking in the Investment Bank. Forward starting reverse repurchase agreements increased by USD 5.4bn, 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	30.9.23	30.6.23	30.6.23
Guarantees[1,2]	23.0	22.0	4
Loan commitments[1]	42.3	40.0	6
Committed unconditionally revocable credit lines	42.6	44.7	(5)
Forward starting reverse repurchase agreements	10.4	5.0	110

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)

UBS AG interim consolidated financial statements (unaudited)

Income statement

		For the quarter ended			Year-to-date	
USD m	Note	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	5,974	5,483	3,081	16,272	7,607
Interest expense from financial instruments measured at amortized cost	3	(5,357)	(4,607)	(1,794)	(13,818)	(3,706)
Net interest income from financial instruments measured at fair value through profit or loss and other	3	368	430	278	1,224	1,045
Net interest income	3	984	1,305	1,565	3,678	4,946
Other net income from financial instruments measured at fair value through profit or loss		2,467	2,337	1,792	7,476	5,637
Fee and commission income	4	5,097	5,008	4,971	15,180	16,074
Fee and commission expense	4	(431)	(419)	(476)	(1,297)	(1,410)
Net fee and commission income	4	4,666	4,589	4,495	13,883	14,664
Other income		231	237	456	624	1,591
Total revenues		8,348	8,468	8,308	25,661	26,838
Credit loss expense / (release)	7	27	16	(3)	80	22
Personnel expenses	5	3,951	3,847	3,617	11,697	11,613
General and administrative expenses	6	2,585	2,443	2,077	8,011	6,674
Depreciation, amortization and impairment of non-financial assets		510	707	458	1,686	1,358
Operating expenses		7,047	6,997	6,152	21,393	19,644
Operating profit / (loss) before tax		1,275	1,456	2,159	4,188	7,171
Tax expense / (benefit)		339	332	551	1,115	1,577
Net profit / (loss)		936	1,124	1,608	3,072	5,594
Net profit / (loss) attributable to non-controlling interests		5	4	9	17	28
Net profit / (loss) attributable to shareholders		932	1,120	1,598	3,055	5,566

Statement of comprehensive income

	For the quarter ended			Year-to-date	
USD m	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Comprehensive income attributable to shareholders[1]					
Net profit / (loss)	932	1,120	1,598	3,055	5,566
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	(646)	307	(1,097)	(114)	(2,556)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	292	(149)	467	18	1,113
Foreign currency translation differences on foreign operations reclassified to the income statement	2	(3)	24	(1)	32
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	0	(1)	(3)	(3)	(7)
Income tax relating to foreign currency translations, including the effect of net investment hedges	4	(3)	6	(1)	14
Subtotal foreign currency translation, net of tax	(348)	151	(603)	(102)	(1,405)
Financial assets measured at fair value through other comprehensive income					
Net unrealized gains / (losses), before tax	(1)	(1)	(3)	0	(445)
Net realized (gains) / losses reclassified to the income statement from equity	0	0	0	1	0
Reclassification of financial assets to Other financial assets measured at amortized cost[2]					449
Income tax relating to net unrealized gains / (losses)	0	0	0	0	(3)
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(1)	(1)	(3)	1	0
Cash flow hedges of interest rate risk					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(940)	(1,082)	(2,053)	(1,635)	(5,816)
Net (gains) / losses reclassified to the income statement from equity	479	413	16	1,241	(370)
Income tax relating to cash flow hedges	89	127	373	86	1,168
Subtotal cash flow hedges, net of tax	(372)	(542)	(1,664)	(308)	(5,018)
Cost of hedging					
Cost of hedging, before tax	(1)	11	17	5	114
Income tax relating to cost of hedging	0	0	(3)	0	(3)
Subtotal cost of hedging, net of tax	(1)	11	14	5	111
Total other comprehensive income that may be reclassified to the income statement, net of tax	(722)	(381)	(2,257)	(405)	(6,312)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	6	(13)	146	26	401
Income tax relating to defined benefit plans	(17)	(37)	40	(49)	14
Subtotal defined benefit plans, net of tax	(12)	(50)	186	(23)	415
Own credit on financial liabilities designated at fair value					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	(312)	(212)	452	(455)	1,171
Income tax relating to own credit on financial liabilities designated at fair value	27	61	(116)	71	(142)
Subtotal own credit on financial liabilities designated at fair value, net of tax	(284)	(151)	335	(384)	1,029
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(296)	(201)	521	(408)	1,444
Total other comprehensive income	(1,018)	(582)	(1,735)	(812)	(4,868)
Total comprehensive income attributable to shareholders	(86)	538	(137)	2,243	698
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	5	4	9	17	28
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(11)	(3)	(17)	(9)	(27)
Total comprehensive income attributable to non-controlling interests	(6)	1	(8)	8	1
Total comprehensive income					
Net profit / (loss)	936	1,124	1,608	3,072	5,594
Other comprehensive income	(1,029)	(585)	(1,753)	(822)	(4,895)
of which: other comprehensive income that may be reclassified to the income statement	*(722)*	*(381)*	*(2,257)*	*(405)*	*(6,312)*
of which: other comprehensive income that will not be reclassified to the income statement	*(307)*	*(204)*	*504*	*(417)*	*1,416*
Total comprehensive income	(93)	539	(145)	2,251	699

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 before tax and USD 333m after 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	30.9.23	30.6.23	31.12.22
Assets				
Cash and balances at central banks		161,720	159,425	169,445
Amounts due from banks		20,151	21,395	14,671
Receivables from securities financing transactions measured at amortized cost		61,284	61,977	67,814
Cash collateral receivables on derivative instruments	9	36,302	35,068	35,033
Loans and advances to customers	7	386,315	397,596	390,027
Other financial assets measured at amortized cost	10	52,923	52,180	53,389
Total financial assets measured at amortized cost		718,693	727,642	730,379
Financial assets at fair value held for trading	8	117,664	120,232	108,034
of which: assets pledged as collateral that may be sold or repledged by counterparties		*39,135*	*39,568*	*36,742*
Derivative financial instruments	8, 9	135,016	124,046	150,109
Brokerage receivables	8	24,431	21,218	17,576
Financial assets at fair value not held for trading	8	62,638	63,714	59,408
Total financial assets measured at fair value through profit or loss		339,749	329,210	335,127
Financial assets measured at fair value through other comprehensive income	8	2,213	2,217	2,239
Investments in associates		1,131	1,109	1,101
Property, equipment and software		10,876	11,193	11,316
Goodwill and intangible assets		6,240	6,281	6,267
Deferred tax assets		9,610	9,411	9,354
Other non-financial assets	10	9,024	9,254	9,652
Total assets		1,097,536	1,096,318	1,105,436
Liabilities				
Amounts due to banks		16,242	16,290	11,596
Payables from securities financing transactions measured at amortized cost		6,249	12,320	4,202
Cash collateral payables on derivative instruments	9	32,442	31,445	36,436
Customer deposits		521,540	521,657	527,171
Funding from UBS Group AG measured at amortized cost	11	63,412	61,445	56,147
Debt issued measured at amortized cost	13	65,285	62,561	59,499
Other financial liabilities measured at amortized cost	10	11,114	11,673	10,391
Total financial liabilities measured at amortized cost		716,283	717,392	705,442
Financial liabilities at fair value held for trading	8	31,990	35,616	29,515
Derivative financial instruments	8, 9	133,377	127,367	154,906
Brokerage payables designated at fair value	8	40,982	43,357	45,085
Debt issued designated at fair value	8, 12	83,601	78,741	71,842
Other financial liabilities designated at fair value	8, 10	30,011	31,425	32,033
Total financial liabilities measured at fair value through profit or loss		319,962	316,506	333,382
Provisions	15	2,318	3,817	3,183
Other non-financial liabilities	10	5,791	5,330	6,489
Total liabilities		1,044,355	1,043,044	1,048,496
Equity				
Share capital		386	386	338
Share premium		24,595	24,594	24,648
Retained earnings		28,410	27,806	31,746
Other comprehensive income recognized directly in equity, net of tax		(556)	136	(133)
Equity attributable to shareholders		52,836	52,922	56,598
Equity attributable to non-controlling interests		345	352	342
Total equity		53,181	53,274	56,940
Total liabilities and equity		1,097,536	1,096,318	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	0					0
Dividends		(6,000)				(6,000)
Translation effects recognized directly in retained earnings		18	(18)		*(18)*	0
Share of changes in retained earnings of associates and joint ventures		(1)				(1)
New consolidations / (deconsolidations) and other increases / (decreases)	0					0
Total comprehensive income for the period		2,648	(405)	*(102)*	*(308)*	2,243
of which: net profit / (loss)		*3,055*				*3,055*
of which: OCI, net of tax		*(408)*	*(405)*	*(102)*	*(308)*	*(812)*
Balance as of 30 September 2023[2]	24,981	28,410	(556)	*3,996*	*(4,560)*	52,836
Non-controlling interests as of 30 September 2023						345
Total equity as of 30 September 2023						53,181
Balance as of 1 January 2022[2]	24,991	27,912	5,200	*4,617*	*628*	58,102
Tax (expense) / benefit	6					6
Dividends		(4,200)				(4,200)
Translation effects recognized directly in retained earnings		(44)	44		*44*	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		7,010	(6,312)	*(1,405)*	*(5,018)*	698
of which: net profit / (loss)		*5,566*				*5,566*
of which: OCI, net of tax		*1,444*	*(6,312)*	*(1,405)*	*(5,018)*	*(4,868)*
Balance as of 30 September 2022[2]	25,001	30,681	(1,072)	*3,212*	*(4,346)*	54,610
Non-controlling interests as of 30 September 2022						330
Total equity as of 30 September 2022						54,941

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	30.9.23	30.9.22
Cash flow from / (used in) operating activities		
Net profit / (loss)	3,072	5,594
Non-cash items included in net profit and other adjustments:		
Depreciation, amortization and impairment of non-financial assets	1,686	1,358
Credit loss expense / (release)	80	22
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	(79)	(31)
Deferred tax expense / (benefit)	(208)	553
Net loss / (gain) from investing activities	33	(934)
Net loss / (gain) from financing activities	(423)	(22,615)
Other net adjustments	1,333	14,674
Net change in operating assets and liabilities:[1]		
Amounts due from banks and amounts due to banks	(3,255)	1,808
Securities financing transactions measured at amortized cost	7,808	5,347
Cash collateral on derivative instruments	(5,375)	(5,320)
Loans and advances to customers and customer deposits	(3,067)	(17,474)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	(15,217)	23,045
Brokerage receivables and payables	(10,726)	3,243
Financial assets at fair value not held for trading and other financial assets and liabilities	178	4,185
Provisions and other non-financial assets and liabilities	370	(4)
Income taxes paid, net of refunds	(1,321)	(1,230)
Net cash flow from / (used in) operating activities	(25,111)	12,219
Cash flow from / (used in) investing activities		
Purchase of subsidiaries, associates and intangible assets	(1)	0
Disposal of subsidiaries, associates and intangible assets	35	1,682
Purchase of property, equipment and software	(947)	(1,066)
Disposal of property, equipment and software	33	9
Net (purchase) / redemption of financial assets measured at fair value through other comprehensive income	25	(724)
Purchase of debt securities measured at amortized cost	(11,632)	(16,881)
Disposal and redemption of debt securities measured at amortized cost	7,227	8,653
Net cash flow from / (used in) investing activities	(5,260)	(8,329)
Cash flow from / (used in) financing activities		
Net issuance (repayment) of short-term debt measured at amortized cost	6,658	(16,249)
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]	84,278	68,812
Repayment of debt designated at fair value and long-term debt measured at amortized cost[2]	(65,547)	(54,184)
Net cash flows from other financing activities	(369)	(460)
Net cash flow from / (used in) financing activities	19,020	(6,282)
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	(11,350)	(2,391)
Effects of exchange rate differences on cash and cash equivalents	(713)	(15,773)
Cash and cash equivalents at the end of the period[3]	183,136	189,592
of which: cash and balances at central banks[4]	*161,640*	*166,306*
of which: amounts due from banks[4]	*10,950*	*13,354*
of which: money market paper[4,5]	*10,545*	*9,932*
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	23,579	10,197
Interest paid in cash	18,052	5,120
Dividends on equity investments, investment funds and associates received in cash[6]	1,812	1,556

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 on the balance sheet in Funding from UBS Group AG) and measured at fair value (recognized on the balance sheet in Other financial liabilities designated at fair value). 3 USD 3,360m and USD 3,855m of cash and cash equivalents (mainly reflected in Amounts due from banks) were restricted as of 30 September 2023 and 30 September 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 September 2023: USD 10,158m; 30 September 2022: USD 3,898m), Other financial assets measured at amortized cost (30 September 2023: USD 187m; 30 September 2022: USD 5,943m), and Financial assets at fair value held for trading (30 September 2023: USD 199m; 30 September 2022: USD 91m). 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 September 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	
	30.9.23	30.6.23	31.12.22	30.9.22	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
1 CHF	1.09	1.12	1.08	1.01	1.12	1.11	1.03	1.11	1.05
1 EUR	1.06	1.09	1.07	0.98	1.08	1.09	0.99	1.08	1.05
1 GBP	1.22	1.27	1.21	1.12	1.26	1.24	1.16	1.24	1.24
100 JPY	0.67	0.69	0.76	0.69	0.69	0.71	0.72	0.72	0.78

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	Non-core and Legacy[1]	Group Items[1]	UBS AG
For the nine months ended 30 September 2023[2]							
Net interest income	4,235	2,327	(27)	(1,844)	23	(1,037)	3,678
Non-interest income	9,975	1,782	1,539	7,848	64	775	21,983
Total revenues	14,210	4,110	1,512	6,004	87	(262)	25,661
Credit loss expense / (release)	29	27	(1)	25	(1)	1	80
Operating expenses	10,872	2,118	1,243	5,480	861	819	21,393
Operating profit / (loss) before tax	**3,309**	**1,965**	**270**	**500**	**(774)**	**(1,082)**	**4,188**
Tax expense / (benefit)							1,115
Net profit / (loss)							**3,072**
As of 30 September 2023[2]							
Total assets	**359,657**	**237,396**	**17,909**	**370,306**	**13,573**	**98,693**	**1,097,536**

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[1]	Group Items[1]	UBS AG
For the nine months ended 30 September 2022[2]							
Net interest income	3,775	1,559	(12)	(1)	(2)	(372)	4,946
Non-interest income	10,588	1,616	2,478	7,033	187	(9)	21,892
Total revenues	14,363	3,175	2,466	7,031	184	(382)	26,838
Credit loss expense / (release)	(3)	42	0	(20)	2	0	22
Operating expenses	10,518	1,867	1,192	5,320	84	664	19,644
Operating profit / (loss) before tax	**3,847**	**1,266**	**1,274**	**1,731**	**98**	**(1,045)**	**7,171**
Tax expense / (benefit)							1,577
Net profit / (loss)							**5,594**
As of 31 December 2022[2]							
Total assets	**388,624**	**235,330**	**16,971**	**391,495**	**13,367**	**59,649**	**1,105,436**

1 Starting with the third quarter of 2023, Non-core and Legacy (previously reported within Group Functions) represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these presentational changes. 2 Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group third quarter 2023 report about UBS AG's reporting segments.

Note 3 Net interest income

	For the quarter ended			Year-to-date	
USD m	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Interest income from loans and deposits[1]	5,279	4,804	2,523	14,228	6,071
Interest income from securities financing transactions measured at amortized cost[2]	894	833	415	2,492	742
Interest income from other financial instruments measured at amortized cost	291	276	148	826	338
Interest income from debt instruments measured at fair value through other comprehensive income	27	26	12	75	60
Interest income from derivative instruments designated as cash flow hedges	(517)	(457)	(17)	(1,350)	396
Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	5,974	5,483	3,081	16,272	7,607
Interest expense on loans and deposits[3]	4,090	3,452	1,226	10,451	2,272
Interest expense on securities financing transactions measured at amortized cost[4]	454	474	282	1,293	794
Interest expense on debt issued	788	656	265	2,000	576
Interest expense on lease liabilities	24	25	21	74	64
Total interest expense from financial instruments measured at amortized cost	5,357	4,607	1,794	13,818	3,706
Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	617	876	1,287	2,454	3,901
Net interest income from financial instruments measured at fair value through profit or loss and other	368	430	278	1,224	1,045
Total net interest income	984	1,305	1,565	3,678	4,946

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	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Underwriting fees	143	131	188	424	512
M&A and corporate finance fees	139	156	152	474	608
Brokerage fees	784	800	780	2,464	2,728
Investment fund fees	1,193	1,179	1,173	3,550	3,794
Portfolio management and related services	2,323	2,254	2,178	6,787	6,938
Other	515	487	500	1,482	1,494
Total fee and commission income[1]	5,097	5,008	4,971	15,180	16,074
of which: recurring	*3,573*	*3,496*	*3,453*	*10,483*	*10,905*
of which: transaction-based	*1,512*	*1,504*	*1,504*	*4,655*	*5,126*
of which: performance-based	*11*	*7*	*14*	*42*	*43*
Fee and commission expense	431	419	476	1,297	1,410
Net fee and commission income	4,666	4,589	4,495	13,883	14,664

1 Reflects third-party fee and commission income for the third quarter of 2023 of USD 3,212m for Global Wealth Management (second quarter of 2023: USD 3,134m; third quarter of 2022: USD 3,106m), USD 466m for Personal & Corporate Banking (second quarter of 2023: USD 465m; third quarter of 2022: USD 398m), USD 679m for Asset Management (second quarter of 2023: USD 673m; third quarter of 2022: USD 682m), USD 735m for the Investment Bank (second quarter of 2023: USD 731m; third quarter of 2022: USD 782m), USD 0m for Group Items (second quarter of 2023: USD 4m; third quarter of 2022: USD 2m) and USD 5m for Non-core and Legacy (second quarter of 2023: USD 0m; third quarter of 2022: USD 0m).

Note 5 Personnel expenses

	For the quarter ended			Year-to-date	
USD m	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Salaries and variable compensation[1]	3,431	3,364	3,151	10,151	10,151
of which: variable compensation – financial advisors[2]	*1,150*	*1,110*	*1,093*	*3,372*	*3,436*
Contractors	24	24	29	74	87
Social security	216	176	179	612	571
Post-employment benefit plans	133	139	122	446	442
Other personnel expenses	147	144	136	413	361
Total personnel expenses	3,951	3,847	3,617	11,697	11,613

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	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Outsourcing costs	117	121	109	362	331
Technology costs	142	128	122	403	370
Consulting, legal and audit fees	162	160	116	430	343
Real estate and logistics costs	210	134	119	462	371
Market data services	97	101	91	297	273
Marketing and communication	46	44	45	124	119
Travel and entertainment	44	51	39	145	101
Litigation, regulatory and similar matters[1]	8	55	21	784	298
Other	1,760	1,649	1,416	5,004	4,467
of which: shared services costs charged by UBS Group AG or its subsidiaries	*1,563*	*1,460*	*1,237*	*4,408*	*3,975*
Total general and administrative expenses	2,585	2,443	2,077	8,011	6,674

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 third quarter of 2023 were USD 27m, reflecting USD 20m net credit loss expenses related to stage 1 and 2 positions and USD 6m net credit loss expenses related to stage 3 positions.

Stage 1 and 2 net expenses included: scenario-related net expenses of USD 6m; net releases of USD 1m from model changes, mainly in Global Wealth Management and the Investment Bank; and additional net expenses of USD 15m from book quality and size changes.

Stage 3 net credit loss expenses were USD 6m, driven by net expenses of USD 15m in Global Wealth Management and USD 7m in the Investment Bank, partly offset by net releases of USD 15m in Personal & Corporate Banking on various corporate lending positions.

Credit loss expense / (release)

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[1]	Group Items[1]	Total
For the quarter ended 30.9.23							
Stages 1 and 2	(7)	16	0	10	0	1	20
Stage 3	15	(15)	0	7	(1)	0	6
Total credit loss expense / (release)	8	1	0	17	(1)	1	27
For the quarter ended 30.6.23							
Stages 1 and 2	(4)	(11)	0	5	0	0	(10)
Stage 3	9	21	0	(4)	0	0	26
Total credit loss expense / (release)	**5**	**10**	**0**	**1**	**0**	**0**	**16**
For the quarter ended 30.9.22							
Stages 1 and 2	6	(6)	0	4	0	0	4
Stage 3	1	(9)	0	1	0	0	(7)
Total credit loss expense / (release)	**7**	**(15)**	**0**	**4**	**0**	**0**	**(3)**

1 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes.

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 third quarter of 2023 through a series of governance meetings, with input and feedback from UBS Risk and Finance experts across the business divisions and regions

Note 7 Expected credit loss measurement (continued)

The baseline scenario was updated with the latest macroeconomic forecasts as of 30 September 2023. The assumptions on a calendar-year basis are included in the table below and imply a more optimistic outlook for the US for the remainder of 2023 and 2024, while projections have become slightly more pessimistic for the Eurozone and Switzerland.

The mild debt crisis scenario, 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. UBS kept scenarios and scenario weights in line with those applied in the second quarter of 2023. Refer to the table below.

At the beginning of the second quarter of 2023, UBS 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.

Post-model adjustments

Total stage 1 and 2 allowances and provisions amounted to USD 561m as of 30 September 2023 and included post-model adjustments of USD 125m (30 June 2023: USD 131m). Overlays are to cover for uncertainty levels, including the geopolitical situation.

Comparison of shock factors

	Baseline		
Key parameters	2022	2023	2024
Real GDP growth (annual percentage change)			
US	1.9	2.1	0.5
Eurozone	3.4	0.5	0.7
Switzerland	2.7	0.7	0.9
Unemployment rate (%, annual average)			
US	3.6	3.6	4.9
Eurozone	6.7	6.6	6.9
Switzerland	2.2	2.0	2.3
Fixed income: 10-year government bonds (%, Q4)			
USD	3.9	4.6	4.5
EUR	2.6	2.8	2.8
CHF	1.6	1.1	1.1
Real estate (annual percentage change, Q4)			
US	7.5	1.2	0.5
Eurozone	2.9	(3.2)	1.7
Switzerland	3.9	0.5	(1.0)

Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	30.9.23	30.6.23	30.9.22
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	15.0	–
Stagflationary geopolitical crisis	25.0	25.0	–
Global crisis	–	–	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	30.9.23							
	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	161,720	161,703	17	0	(24)	0	(24)	0
Loans and advances to banks[2]	20,151	20,091	60	0	(6)	(6)	0	0
Receivables from securities financing transactions	61,284	61,284	0	0	(1)	(1)	0	0
Cash collateral receivables on derivative instruments	36,302	36,302	0	0	0	0	0	0
Loans and advances to customers	386,315	366,801	17,684	1,829	(849)	(172)	(181)	(496)
of which: Private clients with mortgages	*162,044*	*151,836*	*9,426*	*783*	*(155)*	*(42)*	*(90)*	*(23)*
of which: Real estate financing	*50,303*	*46,340*	*3,947*	*16*	*(45)*	*(21)*	*(24)*	*0*
of which: Large corporate clients	*13,119*	*11,190*	*1,418*	*511*	*(190)*	*(32)*	*(30)*	*(128)*
of which: SME clients	*12,088*	*10,163*	*1,530*	*395*	*(231)*	*(32)*	*(23)*	*(175)*
of which: Lombard	*118,660*	*118,621*	*0*	*39*	*(22)*	*(6)*	*0*	*(16)*
of which: Credit cards	*1,905*	*1,462*	*408*	*35*	*(38)*	*(6)*	*(10)*	*(21)*
of which: Commodity trade finance	*2,861*	*2,838*	*11*	*12*	*(110)*	*(6)*	*0*	*(103)*
Other financial assets measured at amortized cost	52,923	52,411	372	140	(86)	(15)	(6)	(64)
of which: Loans to financial advisors	*2,582*	*2,332*	*134*	*116*	*(54)*	*(4)*	*(2)*	*(48)*
Total financial assets measured at amortized cost	718,693	698,590	18,134	1,969	(966)	(194)	(211)	(560)
Financial assets measured at fair value through other comprehensive income	2,213	2,213	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements	720,906	700,804	18,134	1,969	(966)	(194)	(211)	(560)
	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	24,590	23,577	889	124	(38)	(12)	(7)	(19)
of which: Large corporate clients	*3,286*	*2,608*	*587*	*91*	*(4)*	*(2)*	*(2)*	*0*
of which: SME clients	*1,371*	*1,141*	*197*	*32*	*(14)*	*(1)*	*(1)*	*(12)*
of which: Financial intermediaries and hedge funds	*15,516*	*15,467*	*48*	*0*	*(11)*	*(8)*	*(3)*	*0*
of which: Lombard	*1,995*	*1,995*	*0*	*0*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*1,668*	*1,661*	*7*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	42,309	40,287	1,951	70	(91)	(52)	(37)	(1)
of which: Large corporate clients	*24,149*	*22,446*	*1,656*	*46*	*(77)*	*(43)*	*(33)*	*(1)*
Forward starting reverse repurchase and securities borrowing agreements	10,431	10,431	0	0	0	0	0	0
Unconditionally revocable loan commitments	42,589	40,849	1,689	51	(44)	(35)	(9)	0
of which: Real estate financing	*8,486*	*8,098*	*389*	*0*	*(6)*	*(6)*	*0*	*0*
of which: Large corporate clients	*4,651*	*4,459*	*185*	*7*	*(5)*	*(3)*	*(2)*	*0*
of which: SME clients	*4,897*	*4,704*	*165*	*28*	*(19)*	*(16)*	*(3)*	*0*
of which: Lombard	*7,465*	*7,464*	*0*	*1*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,654*	*9,183*	*467*	*4*	*(6)*	*(4)*	*(2)*	*0*
of which: Commodity trade finance	*564*	*564*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	3,245	3,225	17	3	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines	123,164	118,369	4,546	249	(176)	(102)	(53)	(21)
Total allowances and provisions					(1,142)	(297)	(265)	(581)

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 7.6bn against Credit Suisse AG.

Note 7 Expected credit loss measurement (continued)

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	31.12.22							
	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	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	**2,239**	**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.

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 30.9.23

	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	162,200	151,878	9,515	806	10	3	95	8	291
Real estate financing	50,348	46,361	3,971	16	9	5	60	9	11
Total real estate lending	212,547	198,239	13,486	822	9	3	84	8	286
Large corporate clients	13,309	11,222	1,448	639	143	29	204	49	2,007
SME clients	12,319	10,195	1,553	571	187	31	150	47	3,071
Total corporate lending	25,628	21,417	3,001	1,210	164	30	176	48	2,509
Lombard	118,682	118,626	0	56	2	0	0	0	2,953
Credit cards	1,942	1,468	418	56	195	41	251	87	3,808
Commodity trade finance	2,971	2,845	11	115	369	23	60	23	8,960
Other loans and advances to customers	25,394	24,378	949	67	23	11	43	12	4,233
Loans to financial advisors	2,636	2,336	136	164	206	19	142	25	2,925
Total other lending	151,625	149,653	1,514	457	19	3	110	4	4,744
Total[1]	389,800	369,309	18,001	2,490	23	5	102	9	2,185

	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	5,707	5,444	249	14	9	7	37	9	26
Real estate financing	10,152	9,743	409	0	7	8	0	7	0
Total real estate lending	15,859	15,187	658	14	8	8	5	8	26
Large corporate clients	32,193	29,621	2,428	144	27	16	151	27	107
SME clients	7,166	6,626	464	75	55	29	181	39	1,563
Total corporate lending	39,359	36,247	2,893	219	32	19	156	29	607
Lombard	11,006	11,005	0	1	1	1	0	1	0
Credit cards	9,654	9,183	467	4	6	5	36	6	0
Commodity trade finance	2,236	2,229	7	0	4	4	41	4	0
Financial intermediaries and hedge funds	17,917	17,685	232	0	7	5	149	7	0
Other off-balance sheet commitments	16,703	16,401	291	11	10	5	91	6	0
Total other lending	57,515	56,504	996	16	6	4	78	5	0
Total[2]	112,733	107,938	4,546	249	16	9	117	14	835
Total on- and off-balance sheet[3]	502,533	477,247	22,548	2,738	21	6	105	10	2,063

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 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).

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 nine 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]

	30.9.23				30.6.23				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	100,111	15,586	1,967	117,664	104,834	13,871	1,527	120,232	96,263	10,284	1,488	108,034
of which: Equity instruments	*84,831*	*395*	*117*	*85,342*	*90,318*	*453*	*130*	*90,901*	*83,095*	*789*	*126*	*84,010*
of which: Government bills / bonds	*7,986*	*2,069*	*20*	*10,074*	*7,500*	*2,119*	*12*	*9,631*	*5,496*	*950*	*18*	*6,464*
of which: Investment fund units	*6,316*	*781*	*8*	*7,105*	*6,123*	*726*	*10*	*6,859*	*6,673*	*596*	*61*	*7,330*
of which: Corporate and municipal bonds	*974*	*10,219*	*656*	*11,849*	*889*	*9,531*	*438*	*10,859*	*976*	*6,509*	*541*	*8,026*
of which: Loans	*0*	*2,029*	*1,063*	*3,092*	*0*	*941*	*821*	*1,763*	*0*	*1,179*	*628*	*1,807*
of which: Asset-backed securities	*4*	*94*	*102*	*200*	*4*	*101*	*115*	*220*	*22*	*261*	*114*	*397*
Derivative financial instruments	1,049	132,515	1,452	135,016	1,042	121,686	1,318	124,046	769	147,876	1,464	150,109
of which: Foreign exchange	*650*	*67,304*	*0*	*67,954*	*551*	*58,332*	*5*	*58,889*	*575*	*84,882*	*2*	*85,459*
of which: Interest rate	*0*	*40,753*	*571*	*41,324*	*0*	*38,982*	*492*	*39,474*	*0*	*39,345*	*460*	*39,805*
of which: Equity / index	*1*	*21,799*	*487*	*22,287*	*0*	*21,944*	*433*	*22,378*	*1*	*21,542*	*653*	*22,195*
of which: Credit	*0*	*968*	*372*	*1,340*	*0*	*1,001*	*361*	*1,362*	*0*	*719*	*318*	*1,038*
of which: Commodities	*0*	*1,602*	*22*	*1,623*	*0*	*1,371*	*24*	*1,394*	*0*	*1,334*	*30*	*1,365*
Brokerage receivables	0	24,431	0	24,431	0	21,218	0	21,218	0	17,576	0	17,576
Financial assets at fair value not held for trading	31,452	27,191	3,995	62,638	31,296	28,577	3,841	63,714	26,572	29,110	3,725	59,408
of which: Financial assets for unit-linked investment contracts	*13,966*	*0*	*0*	*13,966*	*14,740*	*164*	*0*	*14,904*	*13,071*	*1*	*0*	*13,072*
of which: Corporate and municipal bonds	*60*	*12,024*	*222*	*12,306*	*61*	*11,730*	*236*	*12,026*	*35*	*14,101*	*230*	*14,366*
of which: Government bills / bonds	*17,082*	*3,324*	*0*	*20,406*	*16,144*	*3,976*	*0*	*20,120*	*13,103*	*3,638*	*0*	*16,741*
of which: Loans	*0*	*3,531*	*1,113*	*4,644*	*0*	*3,766*	*819*	*4,585*	*0*	*3,602*	*736*	*4,337*
of which: Securities financing transactions	*0*	*8,076*	*104*	*8,180*	*0*	*8,751*	*105*	*8,856*	*0*	*7,590*	*114*	*7,704*
of which: Auction rate securities	*0*	*0*	*1,212*	*1,212*	*0*	*0*	*1,321*	*1,321*	*0*	*0*	*1,326*	*1,326*
of which: Investment fund units	*320*	*217*	*192*	*729*	*321*	*190*	*210*	*720*	*307*	*178*	*190*	*675*
of which: Equity instruments	*24*	*0*	*990*	*1,014*	*29*	*0*	*990*	*1,020*	*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	64	2,149	0	2,213	65	2,152	0	2,217	57	2,182	0	2,239
of which: Commercial paper and certificates of deposit	*0*	*1,927*	*0*	*1,927*	*0*	*1,926*	*0*	*1,926*	*0*	*1,878*	*0*	*1,878*
of which: Corporate and municipal bonds	*64*	*193*	*0*	*257*	*65*	*217*	*0*	*282*	*57*	*278*	*0*	*335*
Non-financial assets measured at fair value on a recurring basis												
Precious metals and other physical commodities	4,312	0	0	4,312	4,426	0	0	4,426	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	14	14	0	0	16	16	0	0	21	21
Total assets measured at fair value	136,988	201,873	7,428	346,289	141,663	187,505	6,701	335,870	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]

	30.9.23				30.6.23				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	26,219	5,673	98	31,990	29,147	6,330	139	35,616	23,578	5,823	114	29,515
of which: Equity instruments	*17,323*	*247*	*74*	*17,643*	*20,572*	*303*	*73*	*20,947*	*16,521*	*352*	*78*	*16,951*
of which: Corporate and municipal bonds	*33*	*4,671*	*19*	*4,724*	*31*	*5,217*	*61*	*5,308*	*36*	*4,643*	*27*	*4,707*
of which: Government bills / bonds	*7,875*	*638*	*0*	*8,512*	*7,487*	*737*	*0*	*8,224*	*5,880*	*706*	*1*	*6,587*
of which: Investment fund units	*989*	*73*	*3*	*1,064*	*1,057*	*45*	*3*	*1,106*	*1,141*	*84*	*3*	*1,229*
Derivative financial instruments	1,097	130,503	1,778	133,377	974	124,250	2,144	127,367	640	152,582	1,684	154,906
of which: Foreign exchange	*709*	*64,561*	*16*	*65,287*	*565*	*59,112*	*40*	*59,718*	*587*	*87,897*	*24*	*88,508*
of which: Interest rate	*0*	*39,770*	*146*	*39,916*	*0*	*37,861*	*133*	*37,994*	*0*	*37,429*	*116*	*37,545*
of which: Equity / index	*0*	*23,364*	*1,328*	*24,692*	*0*	*24,398*	*1,665*	*26,064*	*0*	*24,963*	*1,184*	*26,148*
of which: Credit	*0*	*1,125*	*249*	*1,375*	*0*	*1,267*	*260*	*1,527*	*0*	*920*	*279*	*1,199*
of which: Commodities	*0*	*1,511*	*18*	*1,529*	*0*	*1,511*	*30*	*1,541*	*0*	*1,309*	*52*	*1,361*
Financial liabilities designated at fair value on a recurring basis												
Brokerage payables designated at fair value	0	40,982	0	40,982	0	43,357	0	43,357	0	45,085	0	45,085
Debt issued designated at fair value	0	73,787	9,814	83,601	0	68,909	9,832	78,741	0	62,603	9,240	71,842
Other financial liabilities designated at fair value	0	27,949	2,062	30,011	0	29,204	2,221	31,425	0	30,055	1,978	32,033
of which: Financial liabilities related to unit-linked investment contracts	*0*	*14,109*	*0*	*14,109*	*0*	*15,055*	*0*	*15,055*	*0*	*13,221*	*0*	*13,221*
of which: Securities financing transactions	*0*	*11,433*	*1*	*11,434*	*0*	*11,344*	*0*	*11,344*	*0*	*15,333*	*0*	*15,333*
of which: Funding from UBS Group AG	*0*	*943*	*1,248*	*2,191*	*0*	*979*	*1,320*	*2,299*	*0*	*508*	*1,287*	*1,796*
of which: Over-the-counter debt instruments and others	*0*	*1,463*	*814*	*2,277*	*0*	*1,826*	*901*	*2,727*	*0*	*993*	*691*	*1,684*
Total liabilities measured at fair value	27,317	278,893	13,752	319,962	30,121	272,049	14,336	316,506	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	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Reserve balance at the beginning of the period	396	399	451	422	418
Profit / (loss) deferred on new transactions	34	71	84	196	245
(Profit) / loss recognized in the income statement	(39)	(75)	(108)	(227)	(235)
Foreign currency translation	(1)	(1)	(1)	(1)	(2)
Reserve balance at the end of the period	390	396	426	390	426

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	30.9.23	30.6.23	31.12.22
Own credit adjustments on financial liabilities designated at fair value	92	405	556
of which: debt issued designated at fair value	*21*	*115*	*289*
of which: other financial liabilities designated at fair value	*72*	*290*	*266*
Credit valuation adjustments[1]	(30)	(34)	(33)
Funding and debit valuation adjustments	(74)	(98)	(46)
Other valuation adjustments	(714)	(726)	(839)
of which: liquidity	*(272)*	*(275)*	*(311)*
of which: model uncertainty	*(442)*	*(451)*	*(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 September 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				30.9.23			31.12.22			
USD bn	30.9.23	31.12.22	30.9.23	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	*0.9*	*0.8*	*0.0*	*0.0*	Relative value to market comparable	Bond price equivalent	4	99	72	14	112	85	points
					Discounted expected cash flows	Discount margin	374	374		412	412		basis points
Traded loans, loans measured at fair value, loan commitments and guarantees	*2.3*	*1.7*	*0.0*	*0.0*	Relative value to market comparable	Loan price equivalent	6	100	99	30	100	97	points
					Discounted expected cash flows	Credit spread	200	275	252	200	200	200	basis points
					Market comparable and securitization model	Credit spread	152	1,763	326	145	1,350	322	basis points
Auction rate securities	*1.2*	*1.3*			Discounted expected cash flows	Credit spread	135	208	150	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			2.1	2.0	Discounted expected cash flows	Funding spread	25	175		23	175		basis points
Derivative financial instruments													
Interest rate	*0.6*	*0.5*	*0.1*	*0.1*	Option model	Volatility of interest rates	80	124		75	143		basis points
Credit	*0.4*	*0.3*	*0.2*	*0.3*	Discounted expected cash flows	Credit spreads	9	189		9	565		basis points
						Bond price equivalent	3	223		3	277		points
Equity / index	*0.5*	*0.7*	*1.3*	*1.2*	Option model	Equity dividend yields	0	9		0	20		%
						Volatility of equity stocks, equity and other indices	4	125		4	120		%
						Equity-to-FX correlation	(40)	70		(29)	84		%
						Equity-to-equity correlation	(25)	100		(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]

	30.9.23		30.6.23		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	8	(10)	12	(6)	19	(12)
Securities financing transactions	25	(24)	27	(18)	33	(37)
Auction rate securities	66	(22)	44	(44)	46	(46)
Asset-backed securities	25	(24)	29	(28)	27	(27)
Equity instruments	185	(160)	193	(169)	183	(161)
Interest rate derivatives, net	13	(12)	5	(18)	18	(12)
Credit derivatives, net	2	(6)	4	(3)	3	(4)
Foreign exchange derivatives, net	4	(3)	6	(6)	10	(5)
Equity / index derivatives, net	279	(246)	350	(318)	361	(330)
Other	62	(59)	60	(56)	39	(62)
Total	669	(567)	730	(666)	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 nine months ended 30 September 2023[2]											
Financial assets at fair value held for trading	1.5	(0.0)	*(0.1)*	0.4	(0.7)	1.0	0.0	0.1	(0.3)	(0.0)	2.0
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)*	*0.4*	*(0.2)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.7*
of which: Loans	*0.6*	*0.0*	*(0.0)*	*0.0*	*(0.4)*	*1.0*	*0.0*	*0.0*	*(0.2)*	*(0.0)*	*1.1*
Derivative financial instruments – assets	1.5	(0.1)	*(0.0)*	0.0	(0.0)	0.5	(0.3)	0.1	(0.2)	0.0	1.5
of which: Interest rate	*0.5*	*0.1*	*0.1*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*(0.0)*	*(0.0)*	*0.6*
of which: Equity / index	*0.7*	*(0.1)*	*(0.0)*	*0.0*	*0.0*	*0.3*	*(0.2)*	*0.0*	*(0.2)*	*(0.0)*	*0.5*
of which: Credit	*0.3*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.1*	*(0.0)*	*0.0*	*0.4*
Financial assets at fair value not held for trading	3.7	0.3	*0.3*	0.6	(0.6)	0.0	(0.0)	0.1	(0.1)	0.0	4.0
of which: Loans	*0.7*	*0.3*	*0.3*	*0.2*	*(0.0)*	*0.0*	*(0.0)*	*0.1*	*(0.1)*	*(0.0)*	*1.1*
of which: Auction rate securities	*1.3*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.2*
of which: Equity instruments	*0.8*	*0.0*	*(0.0)*	*0.4*	*(0.2)*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*1.0*
Derivative financial instruments – liabilities	1.7	(0.1)	*(0.1)*	0.0	(0.0)	1.1	(0.4)	0.1	(0.5)	(0.0)	1.8
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*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.6*	*(0.3)*	*0.0*	*(0.1)*	*(0.0)*	*1.3*
of which: Credit	*0.3*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.3*	*0.0*	*0.0*	*(0.3)*	*(0.0)*	*0.2*
Debt issued designated at fair value	9.2	0.1	*0.0*	0.0	0.0	4.5	(2.9)	0.4	(1.5)	(0.1)	9.8
Other financial liabilities designated at fair value	2.0	(0.0)	*(0.0)*	0.0	0.0	0.1	(0.1)	0.0	(0.0)	(0.0)	2.1
For the nine months ended 30 September 2022											
Financial assets at fair value held for trading	2.3	(0.2)	*(0.2)*	0.3	(1.4)	0.3	0.0	0.3	(0.3)	(0.0)	1.3
of which: Investment fund units	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*(0.0)*	*0.1*
of which: Corporate and municipal bonds	*0.6*	*(0.0)*	*(0.0)*	*0.2*	*(0.2)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.5*
of which: Loans	*1.4*	*(0.1)*	*(0.1)*	*0.0*	*(1.1)*	*0.3*	*0.0*	*0.0*	*(0.2)*	*(0.0)*	*0.5*
Derivative financial instruments – assets	1.1	0.8	*0.5*	0.0	0.0	0.6	(0.7)	0.1	(0.1)	(0.1)	1.7
of which: Interest rate	*0.5*	*0.2*	*0.2*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.1*	*(0.1)*	*(0.1)*	*0.5*
of which: Equity / index	*0.4*	*0.4*	*0.3*	*0.0*	*0.0*	*0.2*	*(0.3)*	*0.0*	*(0.0)*	*(0.0)*	*0.7*
of which: Credit	*0.2*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.2*	*(0.2)*	*0.0*	*0.0*	*0.0*	*0.4*
Financial assets at fair value not held for trading	4.2	0.1	*0.1*	0.6	(0.8)	0.1	(0.0)	0.1	(0.3)	(0.1)	3.9
of which: Loans	*0.9*	*(0.0)*	*(0.1)*	*0.4*	*(0.4)*	*0.1*	*0.0*	*0.0*	*(0.3)*	*(0.0)*	*0.7*
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*	*1.7*
of which: Equity instruments	*0.7*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.1*	*0.0*	*(0.0)*	*0.8*
Derivative financial instruments – liabilities	2.2	(0.8)	*(0.6)*	0.0	0.0	1.3	(0.8)	0.1	(0.2)	(0.2)	1.7
of which: Interest rate	*0.3*	*(0.2)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*0.0*	*(0.1)*	*0.1*
of which: Equity / index	*1.5*	*(0.5)*	*(0.5)*	*0.0*	*0.0*	*1.0*	*(0.7)*	*0.0*	*(0.2)*	*(0.1)*	*1.2*
of which: Credit	*0.3*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.1*	*(0.0)*	*(0.0)*	*0.3*
Debt issued designated at fair value	11.9	(1.7)	*(1.4)*	0.0	0.0	4.4	(3.0)	0.5	(2.8)	(0.5)	8.6
Other financial liabilities designated at fair value	3.2	(1.0)	*(1.0)*	0.0	0.0	0.2	(0.3)	0.1	(0.2)	(0.1)	1.9

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 September 2023 were USD 7.4bn (31 December 2022: USD 6.7bn). Total Level 3 liabilities as of 30 September 2023 were USD 13.8bn (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

	30.9.23		30.6.23		31.12.22	
USD bn	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Cash and balances at central banks	161.7	161.7	159.4	159.4	169.4	169.4
Loans and advances to banks	20.2	20.1	21.4	21.4	14.7	14.6
Receivables from securities financing transactions measured at amortized cost	61.3	61.3	62.0	62.0	67.8	67.8
Cash collateral receivables on derivative instruments	36.3	36.3	35.1	35.1	35.0	35.0
Loans and advances to customers	386.3	374.0	397.6	385.1	390.0	377.7
Other financial assets measured at amortized cost	52.9	52.3	52.2	51.8	53.4	51.0
Liabilities						
Amounts due to banks	16.2	16.2	16.3	16.3	11.6	11.6
Payables from securities financing transactions measured at amortized cost	6.2	6.2	12.3	12.3	4.2	4.2
Cash collateral payables on derivative instruments	32.4	32.4	31.4	31.4	36.4	36.4
Customer deposits	521.5	521.6	521.7	521.4	527.2	526.9
Funding from UBS Group AG measured at amortized cost	63.4	63.1	61.4	60.3	56.1	55.7
Debt issued measured at amortized cost	65.3	64.9	62.6	62.0	59.5	58.9
Other financial liabilities measured at amortized cost[1]	8.1	8.1	8.6	8.6	7.2	7.2

1 Excludes lease liabilities.

Note 9 Derivative instruments

a) Derivative instruments

As of 30.9.23, 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	41.3	39.9	2,455	14,319
Credit derivatives	1.3	1.4	99	
Foreign exchange	68.0	65.3	6,437	106
Equity / index	22.3	24.7	1,046	80
Commodities	1.6	1.5	139	16
Other[3]	0.5	0.6	121	
Total derivative financial instruments, based on IFRS netting[4]	135.0	133.4	10,297	14,521
Further netting potential not recognized on the balance sheet[5]	(121.9)	(124.0)		
of which: netting of recognized financial liabilities / assets	*(99.0)*	*(99.0)*		
of which: netting with collateral received / pledged	*(23.0)*	*(25.0)*		
Total derivative financial instruments, after consideration of further netting potential	13.1	9.3		

As of 30.6.23, USD bn				
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 31.12.22, USD bn				
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.

b) Cash collateral on derivative instruments

USD bn	Receivables 30.9.23	Payables 30.9.23	Receivables 30.6.23	Payables 30.6.23	Receivables 31.12.22	Payables 31.12.22
Cash collateral on derivative instruments, based on IFRS netting[1]	36.3	32.4	35.1	31.4	35.0	36.4
Further netting potential not recognized on the balance sheet[2]	(23.1)	(19.6)	(22.9)	(18.8)	(22.9)	(21.9)
of which: netting of recognized financial liabilities / assets	*(20.6)*	*(16.7)*	*(20.3)*	*(16.1)*	*(20.9)*	*(20.0)*
of which: netting with collateral received / pledged	*(2.5)*	*(2.9)*	*(2.6)*	*(2.6)*	*(1.9)*	*(1.9)*
Cash collateral on derivative instruments, after consideration of further netting potential	13.2	12.9	12.1	12.7	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	30.9.23	30.6.23	31.12.22
Debt securities	42,468	41,521	44,594
Loans to financial advisors	2,582	2,588	2,611
Fee- and commission-related receivables	1,726	1,822	1,803
Finance lease receivables	1,344	1,376	1,314
Settlement and clearing accounts	333	395	1,174
Accrued interest income	1,652	1,430	1,276
Other	2,819	3,048	618
Total other financial assets measured at amortized cost	52,923	52,180	53,389

b) Other non-financial assets

USD m	30.9.23	30.6.23	31.12.22
Precious metals and other physical commodities	4,312	4,426	4,471
Deposits and collateral provided in connection with litigation, regulatory and similar matters[1]	2,186	2,250	2,205
Prepaid expenses	1,021	1,019	709
VAT, withholding tax and other tax receivables	713	707	1,405
Properties and other non-current assets held for sale	87	111	279
Other	704	741	583
Total other non-financial assets	9,024	9,254	9,652

1 Refer to Note 15 for more information.

c) Other financial liabilities measured at amortized cost

USD m	30.9.23	30.6.23	31.12.22
Other accrued expenses	1,473	1,543	1,564
Accrued interest expenses	3,010	2,577	2,008
Settlement and clearing accounts	1,435	1,499	1,060
Lease liabilities	2,967	3,105	3,211
Other	2,229	2,948	2,549
Total other financial liabilities measured at amortized cost	11,114	11,673	10,391

d) Other financial liabilities designated at fair value

USD m	30.9.23	30.6.23	31.12.22
Financial liabilities related to unit-linked investment contracts	14,109	15,055	13,221
Securities financing transactions	11,434	11,344	15,333
Over-the-counter debt instruments and other	2,277	2,727	1,684
Funding from UBS Group AG	2,191	2,299	1,796
Total other financial liabilities designated at fair value	30,011	31,425	32,033

Note 10 Other assets and liabilities (continued)

e) Other non-financial liabilities

USD m	30.9.23	30.6.23	31.12.22
Compensation-related liabilities	3,808	3,248	4,424
of which: net defined benefit liability	*425*	*455*	*449*
Current tax liabilities	975	991	1,044
Deferred tax liabilities	179	212	233
VAT, withholding tax and other tax payables	517	514	472
Deferred income	282	280	233
Other	31	86	84
Total other non-financial liabilities	5,791	5,330	6,489

Note 11 Funding from UBS Group AG measured at amortized cost

USD m	30.9.23	30.6.23	31.12.22
Senior unsecured debt that contributes to total loss-absorbing capacity (TLAC)	50,612	48,546	42,073
Senior unsecured debt other than TLAC	1,141	1,180	236
Subordinated debt	11,660	11,719	13,838
of which: eligible as high-trigger loss-absorbing additional tier 1 capital instruments	*10,466*	*10,528*	*10,654*
of which: eligible as low-trigger loss-absorbing additional tier 1 capital instruments	*1,194*	*1,189*	*1,187*
Total funding from UBS Group AG measured at amortized cost[1]	63,412	61,445	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	30.9.23	30.6.23	31.12.22
Issued debt instruments			
Equity-linked[1]	45,888	45,475	41,901
Rates-linked and fixed-rate	28,827	24,323	22,814
Credit-linked	4,360	4,230	2,170
Commodity-linked	3,924	3,979	4,294
Other	603	734	663
Total debt issued designated at fair value	83,601	78,741	71,842

1 Includes investment fund unit-linked instruments issued.

Note 13 Debt issued measured at amortized cost

USD m	30.9.23	30.6.23	31.12.22
Short-term debt[1]	36,353	35,590	29,676
Senior unsecured debt	16,921	14,920	17,892
Subordinated debt	2,988	2,976	2,968
of which: eligible as low-trigger loss-absorbing tier 2 capital instruments	*0*	*0*	*2,422*
of which: eligible as non-Basel III-compliant tier 2 capital instruments	*536*	*539*	*536*
Debt issued through the Swiss central mortgage institutions	9,022	9,076	8,962
Long-term debt[2]	28,932	26,971	29,823
Total debt issued measured at amortized cost[3]	65,285	62,561	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.

UBS AG has approximately USD 3bn equivalent of 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 October 2023, notification was made that approximately USD 1bn of these instruments would be redeemed in November 2023. 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	30.9.23	30.6.23	31.12.22
Provisions other than provisions for expected credit losses	2,142	3,641	2,982
Provisions for expected credit losses[1]	176	175	201
Total provisions	2,318	3,817	3,183

1 Refer to Note 7c for more information.

The table below 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 30 June 2023	3,289	353	3,641
Increase in provisions recognized in the income statement	19	88	107
Release of provisions recognized in the income statement	(11)	(6)	(16)
Provisions used in conformity with designated purpose	(1,518)	(21)	(1,539)
Foreign currency translation and other movements[3]	(45)	(7)	(51)
Balance as of 30 September 2023	1,735	407	2,142

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 Items[1]

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy[2]	Group Items[2]	Total
Balance as of 31 December 2022	1,182	159	8	308	770	158	2,586
Balance as of 30 June 2023	1,196	162	8	327	1,435	160	3,289
Increase in provisions recognized in the income statement	19	0	0	0	0	0	19
Release of provisions recognized in the income statement	(2)	(9)	0	0	0	0	(11)
Provisions used in conformity with designated purpose	(26)	0	0	(56)	(1,435)	0	(1,518)
Foreign currency translation and other movements	(38)	(5)	0	(5)	4	(1)	(45)
Balance as of 30 September 2023	1,149	149	8	265	4	159	1,735

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 Non-core and Legacy. 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 Items. 2 Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes.

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 appealed the decision to the French Supreme Court. On 27 September 2023, the Supreme Court held a hearing on UBS's appeal. At the conclusion of the hearing the court stated that it will communicate its decision on 15 November 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 September 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.

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. In October 2023, the court dismissed the amended complaint with prejudice.

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 September 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 September 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.

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.
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.

APM label	Calculation	Information content
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.
Integration-related expenses (USD)	Generally include costs of internal staff and contractors substantially dedicated to integration activities, retention awards, redundancy costs, incremental expenses from the shortening of useful lives of property, equipment and software, and impairment charges relating to these assets. Classification as integration-related expenses does not affect the timing of recognition and measurement of those expenses or the presentation thereof in the income statement. Integration-related expenses incurred by Credit Suisse also included expenses associated with restructuring programs that existed prior to the acquisition.	This measure provides information about expenses that are temporary, incremental and directly related to the integration of Credit Suisse into UBS.
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 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.
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 new money growth rate (%) – Global Wealth Management	Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period (annualized as applicable) divided by total invested assets at the beginning of the period.	This measure provides information about the growth 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.
Operating expenses (underlying) (USD)	Calculated by adjusting operating expenses as reported in accordance with International Financial Reporting Standards (IFRS) for items that management believes are not representative of the underlying performance of the businesses. › **Refer to the "Group performance" section of the UBS Group third quarter 2023 report for more information**	This measure provides information about the amount of operating expenses, while excluding items that management believes are not representative of the underlying performance of the businesses.

APM label	Calculation	Information content
Operating profit / (loss) before tax (underlying) (USD)	Calculated by adjusting operating profit / (loss) before tax as reported in accordance with International Financial Reporting Standards (IFRS) for items that management believes are not representative of the underlying performance of the businesses. › **Refer to the "Group performance" section of the UBS Group third quarter 2023 report for more information**	This measure provides information about the amount of operating profit / (loss) before tax, while excluding items that management believes are not representative of the underlying performance of the businesses.
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[1] (%)	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[1] (%)	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 equity[1] (%)	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 leverage ratio denominator, gross[1] (%)	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[1] (%)	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.
Tangible book value per share (USD)	Calculated as equity attributable to shareholders less goodwill and intangible assets divided by the number of shares outstanding.	This measure provides information about tangible net assets on a per-share basis.
Total book value per share (USD)	Calculated as equity attributable to shareholders divided by the number of shares outstanding.	This measure provides information about net assets on a per-share basis.
Total revenues (underlying) (USD)	Calculated by adjusting total revenues as reported in accordance with International Financial Reporting Standards (IFRS) for items that management believes are not representative of the underlying performance of the businesses. › **Refer to the "Group performance" section of the UBS Group third quarter 2023 report for more information**	This measure provides information about the amount of total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.
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.
Underlying cost / income ratio (%)	Calculated as underlying operating expenses (as defined above) divided by underlying total revenues (as defined above).	This measure provides information about the efficiency of the business by comparing operating expenses with total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.

APM label	Calculation	Information content
Underlying 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. Net profit attributable to shareholders from continuing operations excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about profit growth since the comparison period, while excluding items that management believes are not representative of the underlying performance of the businesses.
Underlying return on common equity tier 1 capital[1] (%)	Calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital. Net profit attributable to shareholders excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about the profitability of the business in relation to common equity tier 1 capital, while excluding items that management believes are not representative of the underlying performance of the businesses.
Underlying return on tangible equity[1] (%)	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 excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.	This measure provides information about the profitability of the business in relation to tangible equity, while excluding items that management believes are not representative of the underlying performance of the businesses.

1 Profit or loss information for the third quarter of 2023 includes three months of information for UBS and three months of information for Credit Suisse and, for the purpose of the calculation of return measures, has been annualized multiplying such by four. Profit or loss information for the second quarter of 2023 includes three months of information for UBS and one month (June 2023) of information for Credit Suisse and, for the purpose of the calculation of return measures, has been annualized multiplying such by four. Profit or loss information for the first nine months of 2023 includes nine months of information for UBS and four months (June–September 2023) of information for Credit Suisse and, for the purpose of the calculation of return measures, has been annualized by dividing such by three and then multiplying by four for the year-to-date measure.

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

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
PPA	purchase price allocation
P&L	profit or loss

Q

QCCP	Qualifying central counterparty

R

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

S

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

T

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

U

USD	US dollar

V

VaR	value-at-risk
VAT	value added tax

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

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 Items; 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. In particular, recent terrorist activity and escalating armed conflict in the middle east, as well as the continuing Russia–Ukraine war, may have significant impacts on global markets, exacerbate global inflationary pressures, and slow global growth. In addition, the ongoing conflicts may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to the armed conflicts, including, with respect to the Russia–Ukraine war, coordinated successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts 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 and 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.

UBS AG
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ubs.com

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: November 7, 2023