

UBS Group

Fourth quarter 2023 report



Corporate calendar UBS Group AG

Publication of the Annual Report 2023:	Thursday, 28 March 2024
Publication of the Sustainability Report 2023:	Thursday, 28 March 2024
Annual General Meeting 2024:	Wednesday, 24 April 2024
Publication of the first quarter 2024 report:	Tuesday, 7 May 2024
Publication of the second quarter 2024 report:	Wednesday, 31 July 2024

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1. UBS Group

- 4 Recent developments
- 9 Group performance

2. UBS business divisions and Group Items

- 20 Global Wealth Management
- 23 Personal & Corporate Banking
- 25 Asset Management
- 27 Investment Bank
- 29 Non-core and Legacy
- 30 Group Items

3. Risk, capital, liquidity and funding, and balance sheet

- 32 Risk management and control
- 38 Capital management
- 46 Liquidity and funding management
- 47 Balance sheet and off-balance sheet
- 49 Share information and earnings per share

4. Consolidated financial information

- 52 UBS Group AG interim consolidated financial information (unaudited)

Appendix

- 73 Alternative performance measures
- 78 Abbreviations frequently used in our financial reports
- 80 Information sources
- 81 Cautionary statement

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
"Pre-acquisition UBS"	UBS before the acquisition of the Credit Suisse Group
"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"	Credit Suisse Group before the acquisition by UBS
"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. We report a number of APMs in the discussion of the financial and operating performance of the Group, our business divisions and Group Items. We use APMs to provide a more complete picture of our operating performance and to reflect management's view of the fundamental drivers of our 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. Our APMs may qualify as non-GAAP measures as defined by US Securities and Exchange Commission (SEC) regulations. Our underlying results are APMs and are non-GAAP financial measures.

› Refer to the "Group performance" section of this report and to "Alternative performance measures" in the appendix to this report for additional information about underlying results

Comparability

Comparative information in this report is presented as follows.

Profit and loss information for the fourth and third quarters of 2023 is presented on a consolidated basis, including for each quarter Credit Suisse data for three months. Information for the prior-year quarters includes pre-acquisition UBS data only. Year-to-date information for 2023 includes seven months (from June to December, inclusive) of Credit Suisse data. Comparative year-to-date information for 2022 includes pre-acquisition UBS data only.

Balance sheet information as at 31 December 2023 and 30 September 2023 includes UBS and Credit Suisse consolidated information. Prior balance sheet dates reflect pre-acquisition UBS information only.

Our key figures

USD m, except where indicated	As of or for the quarter ended			As of or for the year ended	
	31.12.23	30.9.23 ¹	31.12.22	31.12.23	31.12.22
Group results					
Total revenues	10,855	11,695	8,029	40,834	34,563
Negative goodwill				28,925	
Credit loss expense / (release)	136	239	7	1,037	29
Operating expenses	11,470	11,640	6,085	38,806	24,930
Operating profit / (loss) before tax	(751)	(184)	1,937	29,916	9,604
Net profit / (loss) attributable to shareholders	(279)	(715)	1,653	29,027	7,630
Diluted earnings per share (USD) ²	(0.09)	(0.22)	0.50	8.81	2.25
Profitability and growth^{3,4,5}					
Return on equity (%)	(1.3)	(3.3)	11.7	38.6	13.3
Return on tangible equity (%)	(1.4)	(3.6)	13.2	42.6	14.9
Underlying return on tangible equity (%)	4.7	1.5	12.7	4.0	12.8
Return on common equity tier 1 capital (%)	(1.4)	(3.6)	14.7	43.7	17.0
Underlying return on common equity tier 1 capital (%)	4.7	1.4	14.1	4.1	14.6
Return on leverage ratio denominator, gross (%)	2.6	2.8	3.2	2.9	3.3
Cost / income ratio (%) ⁶	105.7	99.5	75.8	95.0	72.1
Underlying cost / income ratio (%) ⁶	93.0	89.3	76.4	87.2	74.5
Effective tax rate (%)	n.m. ⁷	n.m. ⁷	14.5	2.9	20.2
Net profit growth (%)	n.m.	n.m.	22.6	280.4	2.3
Resources³					
Total assets	1,717,569	1,644,329	1,104,364	1,717,569	1,104,364
Equity attributable to shareholders	87,285	84,926	56,876	87,285	56,876
Common equity tier 1 capital ⁸	79,263	78,587	45,457	79,263	45,457
Risk-weighted assets ⁸	546,505	546,491	319,585	546,505	319,585
Common equity tier 1 capital ratio (%) ⁸	14.5	14.4	14.2	14.5	14.2
Going concern capital ratio (%) ⁸	17.0	16.8	18.2	17.0	18.2
Total loss-absorbing capacity ratio (%) ⁸	36.6	35.7	33.0	36.6	33.0
Leverage ratio denominator ⁸	1,695,403	1,615,817	1,028,461	1,695,403	1,028,461
Common equity tier 1 leverage ratio (%) ⁸	4.7	4.9	4.4	4.7	4.4
Liquidity coverage ratio (%) ⁹	215.7	196.5	163.7	215.7	163.7
Net stable funding ratio (%)	124.1	120.7	119.8	124.1	119.8
Other					
Invested assets (USD bn) ^{4,10,11}	5,714	5,373	3,981	5,714	3,981
Personnel (full-time equivalents)	112,842	115,981	72,597	112,842	72,597
Market capitalization ^{2,12}	107,355	85,768	65,608	107,355	65,608
Total book value per share (USD) ²	27.20	26.27	18.30	27.20	18.30
Tangible book value per share (USD) ²	24.86	23.96	16.28	24.86	16.28

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information. ² Refer to the "Share information and earnings per share" section of this report for more information. ³ Refer to the "Recent developments" section of this report for more information about the updated targets, guidance and ambitions. ⁴ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. ⁵ Profit or loss information for each of the fourth quarter of 2023 and the third quarter of 2023 is presented on a consolidated basis, including for each quarter Credit Suisse data for three months, and for the purpose of the calculation of return measures, has been annualized multiplying such by four. Profit or loss information for 2023 includes seven months (June to December 2023, inclusive) of Credit Suisse data for the year-to-date return measure. ⁶ Negative goodwill is not used in the calculation as it is presented in a separate reporting line and is not part of total revenues. ⁷ The effective tax rate for the fourth and third quarters of 2023 is not a meaningful measure, due to the distortive effect of current unbenefted tax losses at the former Credit Suisse entities. ⁸ 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. ⁹ The disclosed ratios represent quarterly averages for the quarters presented and are calculated based on an average of 63 data points in the fourth quarter of 2023, 63 data points in the third quarter of 2023 and 63 data points in the fourth quarter of 2022. Refer to the "Liquidity and funding management" section of this report for more information. ¹⁰ 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 "Consolidated financial statements" section of the Annual Report 2022 for more information. ¹¹ 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. ¹² In the second quarter of 2023, the calculation of market capitalization was amended to reflect total shares issued multiplied by the share price at the end of the period. The calculation was previously based on total shares outstanding multiplied by the share price at the end of the period. Market capitalization has been increased by USD 7.8bn as of 31 December 2022 as a result.

UBS Group

Management report

Recent developments

Integration of Credit Suisse

We continue to execute on our integration plans, working toward the substantial completion of the integration by the end of 2026. We achieved around USD 4bn in exit rate gross cost savings as of year-end 2023 compared to the full year 2022 for UBS and the Credit Suisse Group combined. Our strategy for the wind down of Non-core and Legacy led to reductions of USD 6bn in risk-weighted assets (RWA), the three quarters of which came from active unwinds, and USD 19bn in LRD in the fourth quarter.

Legal structure integration

In December 2023, the Board of Directors of UBS Group AG (the BoD) approved the merger of UBS AG and Credit Suisse AG, and both entities entered into a definitive merger agreement. The completion of the merger is subject to regulatory approvals and is expected to occur by the end of the second quarter of 2024. We also expect to complete the transition to a single US intermediate holding company in the second quarter of 2024 and the planned merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG in the third quarter of 2024.

Completing the mergers of our significant legal entities is a critical step in enabling us to unlock the next phase of the cost, capital and funding synergies we expect to realize in 2025 and 2026. These significant-legal-entity mergers are a pre-requisite for the first wave of client migrations and will allow us to begin streamlining and decommissioning legacy Credit Suisse platforms in the second half of 2024.

Updated targets, guidance and ambitions

Based on our execution of the integration of Credit Suisse to date and the completion of our business planning process, we have updated our performance targets and capital guidance for the Group. We have also set ambitions for each of the business divisions that collectively are building blocks toward achieving our targets.

We aim to deliver by the end of 2026:

- an underlying return on common equity tier 1 capital (RoCET1) of around 15% (exit rate);
- an underlying cost / income ratio of less than 70% (exit rate); and
- exit rate gross cost savings of approximately USD 13bn by the end of 2026 compared to full year 2022 for UBS and Credit Suisse combined. Gross cost savings will create capacity to reinvest for growth and to enhance the resilience of our infrastructure.

We confirm our capital guidance and aim to maintain:

- a common equity tier 1 (CET1) capital ratio of around 14%; and
- a CET1 leverage ratio of greater than 4.0%

As we complete the execution of the integration, including cost and capital efficiency measures, we believe our scale and client franchises will position us to sustainably deliver higher returns. We therefore aim to deliver a reported RoCET1 of around 18% in 2028.

We expect Group RWA to be around USD 510bn by the end of 2026, assuming constant foreign exchange rates, including an estimated USD 25bn day-1 increase for the finalization of Basel III in 2025 (of which USD 10bn in Non-core and Legacy) and an increase of around USD 10bn in our core businesses from the alignment of Credit Suisse to UBS risk models. We expect to offset these increases with RWA reductions in Non-core and Legacy, with the remaining portfolio there representing around 5% of Group RWA at the end of 2026. We also expect business-led actions to optimize returns on RWA in our core businesses to result in a further decrease in RWA around USD 15bn.

Business division ambitions

Our business divisions aim to achieve the following.

- Global Wealth Management: surpass USD 5trn of invested assets over the next five years, with around USD 100bn of net new assets annually through 2025 building to around USD 200bn annually by 2028, and an underlying cost / income ratio of less than 70% by the end of 2026 (exit rate).
- Personal & Corporate Banking: an underlying cost / income ratio of less than 50% by the end of 2026 (exit rate).
- Asset Management: an underlying cost / income ratio of less than 70% by the end of 2026 (exit rate).
- The Investment Bank: an underlying return on attributed equity of approximately 15% through the cycle, while operating with no more than 25% of the Group's RWA.
- Non-core and Legacy: an underlying profit-before-tax loss of less than USD 1bn (exit rate), underlying costs of less than USD 1bn (exit rate), and a share of around 5% of Group RWA, all by the end of 2026.

Capital returns

For 2023, the Board of Directors plans to propose a dividend to UBS Group AG shareholders of USD 0.70 per share. Subject to approval at the Annual General Meeting, scheduled for 24 April 2024, the dividend will be paid on 3 May 2024 to shareholders of record on 2 May 2024. The ex-dividend date will be 30 April 2024. We remain committed to progressive increase in dividends and are accruing for a mid-teens percentage increase in the dividend per share for the 2024 financial year.

In 2023, we bought back USD 1.3bn of shares before we announced the acquisition of the Credit Suisse Group. In 2024, we plan to repurchase up to USD 1bn of our shares commencing after the completion of the merger of UBS AG and Credit Suisse AG. Our ambition is for share repurchases to exceed our pre-acquisition levels by 2026.

Regulatory and legal developments

Swiss Federal Council adopts amendments to the Capital Adequacy Ordinance

In November 2023, the Swiss Federal Council adopted amendments to the Capital Adequacy Ordinance (the CAO) for banks to incorporate the final Basel III standards adopted by the Basel Committee on Banking Supervision (the BCBS) in Swiss law. The amended CAO will enter into force on 1 January 2025. The final degree of alignment between the Swiss implementation and those in other jurisdictions remains still uncertain at this stage. Although EU legislators target implementation by January 2025, the implementation timelines in the UK and the US have been delayed until July 2025. The Swiss Federal Department of Finance will inform the Swiss Federal Council about the status of international implementation by the end of July 2024, at the latest. We currently estimate that the revised Basel III framework would lead to a further net increase in risk-weighted assets of approximately USD 25bn, of which USD 10bn in Non-core and Legacy. This estimate is based on static balances, before taking into account mitigating actions, as well as not reflecting the impact of the output floor, which is phased in over time.

Revisions to the Swiss Liquidity Ordinance

The too-big-to-fail (TBTF) liquidity requirements communicated by the Swiss Financial Market Supervisory Authority (FINMA) in the third quarter of 2023 became effective on 1 January 2024. The affected legal entities of the UBS Group are compliant with these requirements.

Financial Stability Board updates list of global systemically important banks

In November 2023, the Financial Stability Board (the FSB) published the 2023 list of global systemically important banks (G-SIBs). UBS has been moved from Bucket 1 to Bucket 2, corresponding to an increased FSB common equity tier 1 capital surcharge requirement of 1.5% from 1.0%, effective from 1 January 2025. Credit Suisse has been removed from the list. As UBS is subject to higher requirements under the Swiss CAO, the change does not affect the capital requirements applicable to UBS.

Implementation of global minimum taxation in Switzerland

In June 2023, the Swiss electorate voted in favor of the introduction of a minimum corporate tax rate of 15% applicable to companies with a consolidated turnover of more than EUR 750m, as stipulated by the Global Anti-Base Erosion Model Rules (Pillar Two) of the Organisation for Economic Co-operation and Development. In December 2023, the Swiss Federal Council decided on a partial adoption in Switzerland, by way of an ordinance, and, as a result, a domestic minimum top-up tax regime became effective from 1 January 2024, ensuring a Swiss local minimal tax burden of at least 15%. Switzerland will not implement any top-up tax regime in 2024 with respect to non-Swiss taxation below 15%. The Swiss Federal Council will further observe international developments and decide at a later stage if and when any top-up tax with respect to non-Swiss taxation below 15% will be introduced in Switzerland. UBS does not expect the implementation of global minimum taxation in Switzerland to materially impact its effective tax rate.

Swiss Federal Council implements statutory anchoring of stock exchange protective measures

In November 2023, the Swiss Federal Council adopted an amendment to the Financial Market Infrastructure Act that enacts a measure aimed at protecting the Swiss stock exchange infrastructure into Swiss law with effect from 1 January 2024. This ruling followed the EU's decision to withdraw equivalence for the Swiss stock exchange regulation in 2019. The protective measure enables EU firms to trade Swiss shares on the Swiss trading venues, even without EU equivalence. In the event of equivalence recognition by the EU, the measure may be deactivated at any time.

Switzerland and the UK sign a mutual recognition agreement for financial services

In December 2023, the Swiss Confederation and the UK signed a mutual recognition agreement (the MRA) for financial services to facilitate cross-border financial activities. The MRA is supplemented by measures to enhance supervisory cooperation and coordination. The MRA envisages a memorandum of understanding between FINMA and the Bank of England on resolution arrangements, and it is expected to enable Swiss banks to provide cross-border investment services to high net worth UK-domiciled clients and to allow UK and Swiss over-the-counter derivatives counterparties to choose whether to rely on Swiss or UK risk mitigation rules (except for physically settled foreign exchange swaps and forwards). The agreement is expected to apply from 2026, depending on the completion of parliamentary approval in both countries.

Swiss Federal Council launches a new version of the Swiss Climate Scores

In December 2023, the Swiss Federal Council announced that it intends to further improve climate transparency for financial products and to further develop the voluntary Swiss Climate Scores (the SCS), which were introduced in 2022. The SCS provide investors with information about the extent to which their financial investments are compatible with climate goals. The updated SCS, which will apply from 1 January 2025, will continue to prescribe disclosures by financial institutions on climate alignment and climate change mitigation characteristics of financial products and will newly prescribe disclosure of exposures to renewable energy. UBS has committed to the voluntary use of the SCS.

US Federal Deposit Insurance Corporation approves a special assessment to recover losses incurred by the Deposit Insurance Fund

In November 2023, the US Federal Deposit Insurance Corporation (the FDIC) approved a final rule to implement a special assessment to recover losses incurred by the Deposit Insurance Fund in connection with the failures of Silicon Valley Bank and Signature Bank in March 2023. The assessment is based on the estimated uninsured deposits of each depository institution at year-end 2022. The assessment will be collected over an eight-quarter period starting in January 2024. UBS Bank USA has recorded a charge for the full amount of its estimated assessment of USD 60m in the fourth quarter of 2023.

US banking agencies issue climate risk management principles

In October 2023, the Federal Reserve Board (the FRB), the Office of the Comptroller of the Currency (the OCC) and the FDIC approved guidance on the principles for climate-related financial risk management. The final principles describe how climate-related risks can be addressed in the management of traditional financial risks. The principles cover six areas: governance; policies, procedures and limits; strategic planning; risk management; data, risk measurement and reporting; and scenario analysis. The guidance applies to our US-based operations. UBS is evaluating the guidance to ensure the principles are addressed by Group practices.

US banking agencies adopt amendments to Community Reinvestment Act regulations

In October 2023, the FRB, the FDIC and the OCC adopted revisions to their regulations implementing the Community Reinvestment Act (the CRA). The CRA encourages banks to meet the credit needs of the communities in which they do business, with a focus on low- and moderate-income communities. The final rule would implement separate evaluations for retail lending, retail services and products, community development financing, and community development services for banks with over USD 2bn in total assets. For large banks with over USD 10bn in total assets, the evaluation of retail services and products will cover digital delivery systems. The final rule also updates requirements on the reporting of exposures. The rule has an implementation date of 1 April 2024, with additional phase-in periods for general provisions and reporting that extend out to April 2027. UBS Bank USA expects a modest level of increased monitoring and reporting requirements.

Developments related to shortening the standard settlement cycle for securities transactions

US securities markets will transition to one business day after the trade date (T+1) settlement of most transactions in May 2024. In October 2023, the European Securities and Market Authority (ESMA) launched a call for evidence on shortening the standard settlement cycle for securities transactions from two business days after the trade date (T+2) to T+1. ESMA aims to perform an assessment of the costs and benefits linked to the potential reduction of the securities settlement cycle in the EU and intends to submit the results of its assessment to the European Commission and publish a final report in the fourth quarter of 2024, at the latest. The UK Treasury has also established an Accelerated Settlement Taskforce to consider whether the UK should follow the US and transition to a T+1 settlement. The UK task force is expected to publish its findings by early 2024, with further work being planned during 2024. UBS is implementing and testing required enhancements based on the US rules and will prepare for further implementation according to the evolving rules and market practice in the UK, the EU and Switzerland.

Other developments

Changes to the Pension Fund of Credit Suisse in Switzerland

In December 2023, the Board of Trustees of the Pension Fund of Credit Suisse decided to align its Swiss pension scheme to that of the Pension Fund of UBS, effective as of 1 January 2027.

On that date, the Swiss defined benefit pension plan of the Credit Suisse Pension Fund will adopt the plan rules of the UBS Pension Fund. The retirement capital savings plan based on Article 1e of the Ordinance on Occupational retirement, Survivors' and Disability Pension Plans will remain in place as of this date but will be closed for further contributions.

In accordance with International Financial Reporting Standards, these decisions and related mitigating measures led to an increase in UBS's pension obligations in Switzerland resulting in a one-time pre-tax loss of USD 245m (CHF 207m) and an offsetting gain in other comprehensive income in the fourth quarter of 2023 with no impact on equity and CET1 capital.

Sale of UBS Hana Asset Management Co., Ltd.

In October 2023, we completed the sale of our 51% stake in UBS Hana Asset Management Co., Ltd. to Hana Securities and recorded a pre-tax gain on sale of USD 23m (net of a foreign currency translation loss) in Asset Management in the fourth quarter of 2023.

Sale of Brazilian real estate fund management business in 2024

In December 2023, we signed an agreement to sell our Brazilian real estate fund management business, Credit Suisse Hedging-Griffo Real Estate, to Patria Investments for up to BRL 650m (approximately USD 130m). After the sale, we will continue to offer Patria's funds to our wealth management clients in Brazil. The transaction is subject to the approval of the investors in the relevant funds and customary anti-trust approvals.

Changes to the Board of Directors

On 12 January 2024, the BoD announced that it intends to nominate Gail Kelly for election to the Board at the Annual General Meeting on 24 April 2024. Dieter Wemmer will not stand for re-election after eight years of Board membership.

Changes to the Group Executive Board

On 24 January 2024, UBS Group AG announced that Aleksandar Ivanovic will join the Group Executive Board (the GEB) as President Asset Management and Beatriz Martin Jimenez will become the GEB Lead for Sustainability and Impact in addition to her existing responsibilities. They are succeeding Suni Harford, who is retiring from the firm. The changes are effective from 1 March 2024.

Material weaknesses in the Credit Suisse Group's internal control over financial reporting

As previously disclosed, UBS Group, UBS AG and Credit Suisse AG are subject to requirements under the Sarbanes–Oxley Act of 2002 with respect to financial reporting. This requires us to perform system and process evaluation and testing of internal controls over financial reporting to enable management to assess the effectiveness of our internal controls. Credit Suisse Group disclosed material weaknesses in its internal controls over financial reporting for the periods ended 31 December 2022 and 2021. A material weakness is a deficiency or a combination of deficiencies in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of a registrant's financial statements will not be prevented or detected on a timely basis. Evaluation of the impacts of the material weaknesses identified in Credit Suisse's internal control over financial reporting will form part of our annual assessment, which will be disclosed as part of our Annual Report 2023.

Purchase price adjustments arising from the acquisition of the Credit Suisse Group

UBS accounted for the acquisition as a business combination under IFRS 3, Business Combinations, applying the acquisition method of accounting. After establishing the initial purchase price allocation as published in the UBS Group second quarter 2023 report, we are required for the subsequent 12-month period to monitor developments that may suggest that the fair values established as of the acquisition balance sheet date (31 May 2023) could be different. Fair value adjustments are accounted for retrospectively with previously reported financial information revised as of the acquisition date.

Group performance

Income statement

USD m	For the quarter ended			% change from		For the year ended	
	31.12.23	30.9.23 ¹	31.12.22	3Q23	4Q22	31.12.23	31.12.22
Net interest income	2,095	2,107	1,589	(1)	32	7,297	6,621
Other net income from financial instruments measured at fair value through profit or loss	3,158	3,226	1,876	(2)	68	11,583	7,517
Net fee and commission income	5,780	6,056	4,359	(5)	33	21,570	18,966
Other income	(179)	305	206			384	1,459
Total revenues	10,855	11,695	8,029	(7)	35	40,834	34,563
Negative goodwill						28,925	
Credit loss expense / (release)	136	239	7	(43)		1,037	29
Personnel expenses	7,061	7,567	4,122	(7)	71	24,899	17,680
General and administrative expenses	2,999	3,124	1,420	(4)	111	10,156	5,189
Depreciation, amortization and impairment of non-financial assets	1,409	950	543	48	159	3,750	2,061
Operating expenses	11,470	11,640	6,085	(1)	88	38,806	24,930
Operating profit / (loss) before tax	(751)	(184)	1,937	307		29,916	9,604
Tax expense / (benefit)	(473)	526	280			873	1,942
Net profit / (loss)	(278)	(711)	1,657	(61)		29,043	7,661
Net profit / (loss) attributable to non-controlling interests	1	4	4	(80)	(79)	16	32
Net profit / (loss) attributable to shareholders	(279)	(715)	1,653	(61)		29,027	7,630

Comprehensive income

Total comprehensive income	2,695	(2,622)	2,208		22	30,035	3,167
Total comprehensive income attributable to non-controlling interests	18	(8)	17		5	22	18
Total comprehensive income attributable to shareholders	2,677	(2,614)	2,190		22	30,013	3,149

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information.

Selected financial information of our business divisions and Group Items

For the quarter ended 31.12.23							
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total
Total revenues as reported	5,444	2,431	805	2,139	162	(126)	10,855
<i>of which: accretion of PPA adjustments on financial instruments and other effects</i>	284	414		277		(32)	944
<i>of which: losses related to investment in SIX Group</i>	(190)	(317)					(508)
Total revenues (underlying)	5,351	2,334	805	1,861	162	(94)	10,419
Credit loss expense / (release)	(7)	83	(1)	48	15	(2)	136
Operating expenses as reported	5,070	1,560	691	2,260	1,873	17	11,470
<i>of which: integration-related expenses</i>	490	188	66	166	749	93	1,751
<i>of which: acquisition-related costs</i>						(1)	(1)
<i>of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group</i>		29					29
Operating expenses (underlying)	4,580	1,343	625	2,094	1,124	(75)	9,690
Operating profit / (loss) before tax as reported	381	788	115	(169)	(1,726)	(140)	(751)
Operating profit / (loss) before tax (underlying)	778	908	180	(280)	(977)	(17)	592

For the quarter ended 30.9.23 revised ¹							
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total
Total revenues as reported	5,810	2,871	755	2,151	350	(242)	11,695
<i>of which: accretion of PPA adjustments on financial instruments and other effects</i>	318	446		251		(57)	958
Total revenues (underlying)	5,492	2,426	755	1,900	350	(186)	10,737
Credit loss expense / (release)	2	168	0	4	59	6	239
Operating expenses as reported	4,801	1,579	724	2,377	2,152	7	11,640
<i>of which: integration-related expenses</i>	431	166	125	365	918	(2)	2,003
<i>of which: acquisition-related costs</i>						26	26
<i>of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group</i>		28					28
Operating expenses (underlying)	4,370	1,385	599	2,012	1,234	(17)	9,583
Operating profit / (loss) before tax as reported	1,007	1,124	31	(230)	(1,861)	(255)	(184)
Operating profit / (loss) before tax (underlying)	1,119	872	156	(116)	(943)	(174)	914

For the quarter ended 31.12.22							
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total
Total revenues as reported	4,601	1,130	495	1,682	53	67	8,029
<i>of which: gain from sales of real estate</i>						68	68
Total revenues (underlying)	4,601	1,130	495	1,682	53	(1)	7,961
Credit loss expense / (release)	3	(4)	0	8	0	0	7
Operating expenses as reported	3,540	605	372	1,563	21	(15)	6,085
Operating profit / (loss) before tax as reported	1,058	529	124	112	33	81	1,937
Operating profit / (loss) before tax (underlying)	1,058	529	124	112	33	13	1,869

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information.

Selected financial information of our business divisions and Group Items

USD m	For the year ended 31.12.23							Total
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Negative goodwill	
Total revenues as reported	21,190	8,436	2,639	8,661	741	(833)		40,834
<i>of which: accretion of PPA adjustments on financial instruments and other effects</i>	719	1,013		583		(35)		2,280
<i>of which: losses related to investment in SIX Group</i>	(190)	(317)						(508)
Total revenues (underlying)	20,661	7,741	2,639	8,078	741	(798)		39,062
Negative goodwill							28,925	28,925
Credit loss expense / (release)	147	501	0	190	193	6		1,037
Operating expenses as reported	17,454	4,787	2,321	8,515	5,290	440		38,806
<i>of which: integration-related expenses</i>	988	383	205	692	1,772	438		4,478
<i>of which: acquisition-related costs</i>						202		202
<i>of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group</i>		65						65
Operating expenses (underlying)	16,466	4,338	2,116	7,823	3,518	(200)		34,061
Operating profit / (loss) before tax as reported	3,589	3,148	318	(44)	(4,741)	(1,279)	28,925	29,916
Operating profit / (loss) before tax (underlying)	4,048	2,902	522	64	(2,969)	(603)		3,963

USD m	For the year ended 31.12.22							Total
	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items		
Total revenues as reported	18,967	4,302	2,961	8,717	237	(622)		34,563
<i>of which: net gain from disposals</i>			848					848
<i>of which: gains from sales of subsidiary and business</i>	219							219
<i>of which: losses in the first quarter of 2022 from transactions with Russian counterparties</i>				(93)				(93)
<i>of which: litigation settlement</i>					62			62
<i>of which: gain from sales of real estate</i>						68		68
Total revenues (underlying)	18,748	4,302	2,114	8,810	175	(690)		33,459
Credit loss expense / (release)	0	39	0	(12)	2	1		29
Operating expenses as reported	13,989	2,452	1,564	6,832	104	(12)		24,930
Operating profit / (loss) before tax as reported	4,977	1,812	1,397	1,897	131	(611)		9,604
Operating profit / (loss) before tax (underlying)	4,758	1,812	550	1,990	69	(679)		8,500

Integration-related expenses by business division and Group Items

USD m	For the quarter ended		For the year ended
	31.12.23	30.9.23	31.12.23
Global Wealth Management	490	431	988
Personal & Corporate Banking	188	166	383
Asset Management	66	125	205
Investment Bank	166	365	692
Non-core and Legacy	749	918	1,772
Group Items	93	(2)	438
Total net integration-related expenses	1,751	2,003	4,478
<i>of which: personnel expenses</i>	794	1,039	2,192
<i>of which: general and administrative expenses</i>	455	860	1,436
<i>of which: depreciation, amortization and impairment of non-financial assets</i>	503	104	850

Underlying results

In addition to reporting our results in accordance with International Financial Reporting Standards (IFRS), we report underlying results that exclude items of profit or loss that management believes are not representative of the underlying performance.

In the fourth quarter of 2023, underlying revenues exclude accretion of purchase price allocation (PPA) adjustments on financial instruments measured at amortized cost, including off-balance sheet positions, and other related effects, arising from the acquisition of the Credit Suisse Group. Accretion of PPA adjustments on financial instruments is accelerated when the related financial instrument is terminated or disposed of before its contractual maturity. Underlying revenues also exclude losses relating to our investment in SIX Group.

Underlying expenses exclude integration-related expenses that are temporary, incremental and directly related to the integration of Credit Suisse into UBS, including 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.

Acquisition-related costs consist of costs directly attributable to the acquisition of the Credit Suisse Group and mainly include consulting and legal fees.

Results: 4Q23 vs 4Q22

Reported operating loss before tax was USD 751m, compared with an operating profit before tax of USD 1,937m, primarily reflecting higher operating expenses and a net credit loss expense of USD 136m, compared with USD 7m in the fourth quarter of 2022, partly offset by an increase in total revenues. Operating expenses increased by USD 5,385m, or 88%, to USD 11,470m, largely due to the consolidation of Credit Suisse expenses of USD 4,100m, and included total integration-related expenses of USD 1,751m. Excluding the aforementioned effects, personnel expenses increased, reflecting salary adjustments, higher variable compensation and foreign currency effects. General and administrative expenses increased mainly due to higher technology costs, as well as an expense of USD 60m for the US Federal Deposit Insurance Corporation special deposit insurance assessment, relating to the 2023 failures of Silicon Valley Bank and Signature Bank.

Total revenues increased by USD 2,826m, or 35%, to USD 10,855m, largely due to the consolidation of Credit Suisse revenues of USD 2,942m, which included USD 925m of accretion impacts resulting from PPA adjustments on financial instruments and other effects. Total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 1,789m, with an increase of USD 1,879m attributable to the consolidation of Credit Suisse. Net fee and commission income increased by USD 1,421m, mainly attributable to a larger invested assets base, following the acquisition of the Credit Suisse Group, which contributed USD 1,070m of this increase. This was partly offset by other income of negative USD 179m compared with positive USD 206m in the fourth quarter of 2022, largely due to losses of USD 508m relating to our investment in SIX Group, which reflect UBS's share of impairments taken by SIX Group on its investment in Worldline and on goodwill related to its subsidiary, BME.

Underlying results 4Q23 vs 4Q22

Underlying results for the fourth quarter of 2023 exclude USD 944m of accretion impacts resulting from PPA adjustments on financial instruments and other effects, as well as losses of USD 508m from our investment in SIX Group, from total revenues. We also excluded integration-related expenses of USD 1,751m, amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group of USD 29m, and a reversal of acquisition-related costs of USD 1m from operating expenses.

On an underlying basis, profit before tax decreased by USD 1,277m, or 68%, to USD 592m, reflecting a USD 3,605m increase in underlying operating expenses and a USD 129m increase in credit loss expenses, partly offset by a USD 2,458m increase in underlying total revenues.

Total revenues: 4Q23 vs 4Q22

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 1,789m to USD 5,253m, mainly driven by the consolidation of USD 1,879m of Credit Suisse revenues, and included USD 571m of accretion from PPA adjustments on financial instruments and other effects.

Personal & Corporate Banking net interest income increased by USD 1,089m to USD 1,722m, largely attributable to the consolidation of USD 932m of Credit Suisse net interest income, and included USD 373m of accretion of PPA adjustments on financial instruments and other effects. The remaining increase was mainly driven by higher deposit margins, which resulted from higher interest rates, partly offset by lower deposit fees. Excluding accretion effects, underlying net interest income was USD 1,349m.

Global Wealth Management net interest income increased by USD 373m, to USD 1,872m, largely attributable to the consolidation of Credit Suisse net interest income, and included USD 261m of accretion of PPA adjustments on financial instruments and other effects, and the effects of higher deposit margins, resulting from higher interest rates, partly offset by shifts to lower-margin deposit products. Excluding accretion effects, underlying net interest income was USD 1,611m.

- › Refer to the relevant business division commentary in the “UBS business divisions and Group Items” section of this report for more information about business-division-specific revenues

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

USD m	For the quarter ended			% change from		For the year ended	
	31.12.23	30.9.23 ¹	31.12.22	3Q23	4Q22	31.12.23	31.12.22
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	597	850	1,226	(30)	(51)	3,527	5,218
Net interest income from financial instruments measured at fair value through profit or loss and other	1,498	1,257	363	19	313	3,770	1,403
Other net income from financial instruments measured at fair value through profit or loss	3,158	3,226	1,876	(2)	68	11,583	7,517
Total	5,253	5,334	3,464	(2)	52	18,880	14,137

¹ Comparative-period information has been revised. Refer to “Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial information” section of this report for more information.

Net fee and commission income

Net fee and commission income increased by USD 1,421m to USD 5,780m, which included USD 353m of accretion resulting from PPA adjustments in financial instruments.

Fees for portfolio management and related services increased by USD 845m to USD 2,966m, largely attributable to the consolidation of USD 662m of Credit Suisse revenues, as well as positive market performance.

Other fee and commission income increased by USD 654m to USD 1,081m, largely attributable to the consolidation of USD 603m of Credit Suisse revenues, which included USD 353m of accretion resulting from PPA adjustments in financial instruments.

Other income

Other income was negative USD 179m, compared with positive USD 206m in the fourth quarter of 2022. The decrease was largely due to USD 508m losses relating to our investment in SIX Group. These losses reflected UBS’s share of impairments taken by SIX Group on its investment in Worldline and on goodwill related to its subsidiary, BME. The decrease was partly offset by income of USD 75m relating to mortgage-servicing rights and USD 41m relating to insurance and similar contracts acquired as part of the Credit Suisse Group. The insurance and similar contracts are hedged with derivative instruments, with offsetting gains and losses in the income statement within *Other net income from financial instruments measured at fair value through profit or loss*. The prior-year quarter included a gain of USD 68m from the sale of real estate in Group Items and a USD 41m gain in Global Wealth Management on the sale of our US alternative investments administration business.

Credit loss expense / release: 4Q23 vs 4Q22

Total net credit loss expenses in the fourth quarter of 2023 were USD 136m, compared with net credit loss expenses of USD 7m in the prior-year quarter, reflecting net releases of USD 43m related to performing positions, and net expenses of USD 180m on credit-impaired positions.

- › Refer to the “Risk management and control” section of this report for expected credit loss (ECL) allowances by business division as of 31 December 2023 and to the “Consolidated financial statements” section of the UBS Group AG Annual Report 2023, which will be available as of 28 March 2024 under “Annual reporting” at ubs.com/investors, for detailed disclosures about ECL exposures, allowances, coverage ratios, underlying scenarios, scenario assumptions and post-model adjustments

Credit loss expense / (release)

	Performing positions		Credit-impaired positions		
USD m	Stages 1 and 2	Stage 3	Purchased		Total
For the quarter ended 31.12.23					
Global Wealth Management	(11)	3	0		(7)
Personal & Corporate Banking	(16)	95	4		83
Asset Management	0	0	0		(1)
Investment Bank	(13)	60	1		48
Non-core and Legacy	(1)	25	(9)		15
Group Items	(2)	0	0		(2)
Total	(43)	183	(4)		136

For the quarter ended 30.9.23¹

Global Wealth Management	(18)	15	6	2
Personal & Corporate Banking	85	60	23	168
Asset Management	0	0	0	0
Investment Bank	(6)	10	0	4
Non-core and Legacy	4	20	34	59
Group Items	5	0	0	6
Total	70	105	63	239

For the quarter ended 31.12.22

Global Wealth Management	3	0		3
Personal & Corporate Banking	(6)	3		(4)
Asset Management	0	0		0
Investment Bank	1	7		8
Group Items	0	0		0
Total	(2)	9		7

¹ Certain prior-period figures as of or for the quarter ended 30 September 2023 have been revised due to effects of measurement period adjustments in relation to the acquisition of the Credit Suisse Group. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information.

Operating expenses: 4Q23 vs 4Q22

Operating expenses

USD m	For the quarter ended			% change from		For the year ended	
	31.12.23	30.9.23 ¹	31.12.22	3Q23	4Q22	31.12.23	31.12.22
Personnel expenses	7,061	7,567	4,122	(7)	71	24,899	17,680
of which: salaries and variable compensation	5,728	6,424	3,478	(11)	65	20,842	14,999
of which: variable compensation – financial advisors ²	1,176	1,150	1,073	2	10	4,549	4,508
General and administrative expenses	2,999	3,124	1,420	(4)	111	10,156	5,189
of which: net expenses for litigation, regulatory and similar matters	8	12	50	(36)	(85)	809	348
of which: other general and administrative expenses	2,992	3,112	1,370	(4)	118	9,347	4,841
Depreciation, amortization and impairment of non-financial assets	1,409	950	543	48	159	3,750	2,061
Total operating expenses	11,470	11,640	6,085	(1)	88	38,806	24,930

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information.

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.

Personnel expenses

Personnel expenses increased by USD 2,939m to USD 7,061m, mainly due to the consolidation of Credit Suisse expenses of USD 2,349m, and included integration-related expenses of USD 794m covering post-employment benefit plans, awards granted to employees to support retention and operational stability, severance expenses, and the alignment of Credit Suisse processes to the UBS variable compensation framework. Salaries and variable compensation increased by USD 2,250m, due to the aforementioned effects, and also due to salary adjustments, higher variable compensation, and foreign currency effects. Associated social security costs also increased by USD 221m. Pension and other post-employment benefit plans increased by USD 375m, largely driven by an increase in the pension plan obligation of the Swiss pension plan of Credit Suisse following the decision to align the Swiss pension scheme to that of UBS, which resulted in a pre-tax loss of USD 245m (CHF 207m) in the fourth quarter of 2023 and an offsetting gain in other comprehensive income due to the asset ceiling.

› Refer to the "Recent developments" section of this report for more information about the pension scheme changes in the Swiss pension plan of Credit Suisse

General and administrative expenses

General and administrative expenses increased by USD 1,579m to USD 2,999m, largely due to the consolidation of Credit Suisse expenses of USD 963m, as well as higher technology and outsourcing costs, and included total integration-related expenses of USD 455m, mainly from higher consulting and real estate costs. UBS recorded bank levy expenses of USD 75m, reflecting an increase of USD 34m compared with the prior-year quarter, as well as an expense of USD 60m for the US Federal Deposit Insurance Corporation special deposit insurance assessment relating to the 2023 failures of Silicon Valley Bank and Signature Bank.

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 “Provisions and contingent liabilities” in the “Consolidated financial information” section of this report for more information about litigation, regulatory and similar matters
- › Refer to “Regulatory and legal developments” in the Annual Report 2022 and “Risks relating to UBS” filed on Form 6-K together with the UBS Group second quarter 2023 report for more information

Depreciation, amortization and impairment of non-financial assets

Depreciation, amortization and impairment of non-financial assets increased by USD 866m to USD 1,409m, largely due to the consolidation of Credit Suisse expenses of USD 789m and included total integration-related expenses of USD 503m, mainly attributable to impairment and accelerated depreciation of right-of-use assets associated with real estate leases. Excluding the aforementioned effects, depreciation of internally developed software increased by USD 34m, reflecting a higher level of capitalized costs.

Tax: 4Q23 vs 4Q22

The Group had a net income tax benefit of USD 473m for the fourth quarter of 2023, compared with a net income tax expense of USD 280m for the prior-year quarter. The net current tax expense was USD 69m, compared with USD 349m. This included current tax expenses of USD 375m relating to the taxable profits of UBS Switzerland AG and other entities, which were mostly offset by benefits in respect of decreases in accruals for US taxes, including USD 152m that primarily related to state and local taxes and USD 154m that related to corporate alternative minimum tax (CAMT).

There was a net deferred tax benefit of USD 542m, compared with a benefit of USD 69m in the prior-year quarter. This included benefits of USD 591m in respect of remeasurements of deferred tax assets (DTAs), which included USD 457m in respect of DTA revaluations for certain entities in connection with our business planning process and USD 134m in respect of an increase in DTAs that resulted from 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 a net expense of USD 49m that included USD 154m related to a decrease in DTAs in respect of CAMT credits carried forward, partly offset by a benefit of USD 105m that mainly related to a decrease in DTA amortization that was previously recognized in the year.

If the aforementioned benefits of USD 591m in respect of remeasurements of DTAs and USD 152m in respect of the reversal of the current tax expense accrual that primarily related to state and local taxes are excluded, the Group would have had a tax expense of USD 270m in relation to its pre-tax loss for the quarter. This is because that loss includes operating losses of certain entities, reflecting integration-related expenses and restructuring costs, that did not result in any tax benefits because they cannot be offset with profits of other entities in the Group, and did not result in any DTA recognition. The Group's tax expense for 2024 may be similarly impacted if further such operating losses are incurred.

Total comprehensive income attributable to shareholders

In the fourth quarter of 2023, total comprehensive income attributable to shareholders was USD 2,677m, reflecting a net loss of USD 279m and other comprehensive income (OCI), net of tax, of USD 2,956m.

OCI related to cash flow hedges was USD 1,970m, mainly reflecting net unrealized gains on US dollar hedging derivatives resulting from significant decreases in the relevant US dollar long-term interest rates.

Foreign currency translation OCI was USD 1,597m, mainly resulting from a significant strengthening of the Swiss franc and the euro against the US dollar.

Defined benefit plan OCI was USD 131m, mainly reflecting pre-tax OCI gains in the Credit Suisse Swiss pension plan of USD 231m. This largely reflected an increase in the pension plan obligation of the Swiss pension plan of Credit Suisse following the decision to align the Swiss pension scheme to that of UBS, which resulted in a pre-tax loss of USD 245m (CHF 207m) in the fourth quarter of 2023 and an offsetting gain in OCI due to the asset ceiling. The OCI gains related to the Swiss pension plan of Credit Suisse were partly offset by pre-tax OCI losses related to the UBS non-Swiss pension plans of USD 116m.

OCI related to own credit on financial liabilities designated at fair value was negative USD 721m, primarily due to a tightening of our own credit spreads.

- › Refer to “Statement of comprehensive income” in the “Consolidated financial information” 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 capital
- › Refer to the “Recent developments” section of this report for more information about the pension scheme changes in the Swiss pension plan of Credit Suisse
- › Refer to “Note 20 Fair value measurement” in the “Consolidated financial statements” section of the Annual Report 2022 for more information about own credit on financial liabilities designated at fair value

Sensitivity to interest rate movements

As of 31 December 2023, we estimated that a parallel shift in yield curves by +100 basis points could lead to a combined increase in annual net interest income from our banking book of approximately USD 1.8bn in the first year after such a shift. Of this increase, approximately USD 1.1bn, USD 0.4bn and USD 0.1bn would result from changes in Swiss franc, US dollar and euro interest rates, respectively. A parallel shift in yield curves by –100 basis points could lead to a combined decrease in annual net interest income of approximately USD 1.9bn 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 31 December 2023 applied to our banking book. These estimates further assume no change to balance sheet size and product mix, 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 the Group. For further information about key figures related to capital management, refer to the “Capital management” section of this report.

Cost / income ratio: 4Q23 vs 4Q22

The cost / income ratio was 105.7%, compared with 75.8%, mainly reflecting an increase in operating expenses, partly offset by an increase in total revenues. The operating loss incurred by Credit Suisse entities is reflected in the overall increase of the ratio for the UBS Group. On an underlying basis, the cost / income ratio was 93.0%, compared with 76.4%, mainly reflecting an increase in operating expenses on an underlying basis, partly offset by an increase in total revenues on an underlying basis.

Personnel: 4Q23 vs 3Q23

The number of personnel employed was 138,462 (workforce count) as of 31 December 2023, a net decrease of 4,336 compared with 30 September 2023. The number of internal personnel employed as of 31 December 2023 was 112,842 (full-time equivalents), a net decrease of 3,139 compared with 30 September 2023. The number of external staff was approximately 25,619 (workforce count), a net decrease of approximately 1,198 compared with 30 September 2023.

Equity, CET1 capital and returns

USD m, except where indicated	As of or for the quarter ended			As of or for the year ended	
	31.12.23	30.9.23 ¹	31.12.22	31.12.23	31.12.22
Net profit					
Net profit / (loss) attributable to shareholders	(279)	(715)	1,653	29,027	7,630
Equity					
Equity attributable to shareholders	87,285	84,926	56,876	87,285	56,876
Less: goodwill and intangible assets	7,515	7,462	6,267	7,515	6,267
Tangible equity attributable to shareholders	79,770	77,465	50,609	79,770	50,609
Less: other CET1 deductions	507	(1,122)	5,152	507	5,152
CET1 capital	79,263	78,587	45,457	79,263	45,457
Returns					
Return on equity (%)	(1.3)	(3.3)	11.7	38.6	13.3
Return on tangible equity (%)	(1.4)	(3.6)	13.2	42.6	14.9
Underlying return on tangible equity (%)	4.7	1.5	12.7	4.0	12.8
Return on CET1 capital (%)	(1.4)	(3.6)	14.7	43.7	17.0
Underlying return on CET1 capital (%)	4.7	1.4	14.1	4.1	14.6

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information.

Common equity tier 1 capital: 4Q23 vs 3Q23

During the fourth quarter of 2023, our common equity tier 1 (CET1) capital increased by USD 0.7bn to USD 79.3bn, mainly as the operating loss before tax of USD 0.8bn, dividend accruals of USD 0.8bn, compensation- and own share-related capital components of USD 0.6bn and amortization of transitional CET1 PPA adjustments (interest rate and own credit) of USD 0.3bn were more than offset by USD 1.6bn of positive effects from foreign currency translation and a USD 1.5bn increase in eligible DTAs on temporary differences. Previously unrecognized DTAs on temporary differences were recognized primarily in connection with our business planning process and an election to capitalize compensation-related costs for US tax purposes.

Return on CET1 capital: 4Q23 vs 4Q22

The annualized return on CET1 capital was negative 1.4%, compared with positive 14.7%, driven by a loss attributable to shareholders compared with a profit in the prior-year quarter and the impact of an increase in average CET1 capital. On an underlying basis, the return on CET1 capital was 4.7%, compared with 14.1%.

Risk-weighted assets: 4Q23 vs 3Q23

Risk-weighted assets (RWA) were unchanged at USD 546.5bn, primarily as decreases of USD 15.1bn due to asset size and other movements and USD 0.5bn due to model updates were offset by increases of USD 14.8bn due to currency effects and USD 0.7bn due to methodology and policy changes.

Common equity tier 1 capital ratio: 4Q23 vs 3Q23

Our CET1 capital ratio increased to 14.5% from 14.4%, reflecting the aforementioned increase in CET1 capital.

Leverage ratio denominator: 4Q23 vs 3Q23

The leverage ratio denominator (the LRD) increased by USD 79.6bn to USD 1,695.4bn, driven by currency effects of USD 68.4bn and asset size and other movements of USD 11.1bn.

Common equity tier 1 leverage ratio: 4Q23 vs 3Q23

Our CET1 leverage ratio decreased to 4.7% from 4.9%, reflecting a USD 79.6bn increase in the LRD, partly offset by a USD 0.7bn increase in CET1 capital.

Going concern leverage ratio: 4Q23 vs 3Q23

Our going concern leverage ratio decreased to 5.5% from 5.7%, reflecting the aforementioned increase in the LRD, partly offset by an increase in going concern capital of USD 1.6bn.

Outlook

Central banks are widely expected to lower short-term interest rates in 2024. The timing and magnitude of such cuts are still highly uncertain, given the ongoing debate around the pace of inflation converging with central bank targets. In addition, ongoing geopolitical tensions, including the conflicts in the Middle East and Eastern Europe, may impact supply chains and inflation, with consequences for the macroeconomic outlook and market volatility.

Notwithstanding the challenges mentioned above, we continue to execute on our strategy and integration plans at pace, and we will actively reduce non-core assets and costs. In the first quarter of 2024, we expect revenues to be positively influenced by seasonal factors, such as higher client activity levels compared with the fourth quarter of 2023. We also expect the Investment Bank to return to profitability, due to improving market activity, a growing banking pipeline and advanced progress on the integration. We expect NII for Personal & Corporate Banking and Global Wealth Management combined, and in US dollar terms, to be roughly flat sequentially in the first quarter, with higher rates broadly offsetting the residual effects of deposit mix shifts and the initial impact of financial resource optimization. These factors are expected to result in substantial sequential improvement in reported net profit in the first quarter, including around USD 1bn of integration-related expenses and around USD 0.7bn of pull to par and other purchase price allocation (PPA) accretion effects.

Our focus remains on helping clients navigate challenging market environments to manage the inherent risks and opportunities while continuing to grow our invested assets and delivering on our financial targets.

UBS business divisions and Group Items

Management report

We started to report five business divisions in line with International Financial Reporting Standards (IFRS) in the third quarter of 2023: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank, and Non-core and Legacy. At the same time, Group Functions was renamed Group Items and excludes UBS's former Non-core and Legacy Portfolio and includes certain of the assets and liabilities of the former Credit Suisse Corporate Center.

Information for the fourth quarter of 2022 represents the results of UBS Group operations prior to the acquisition of the Credit Suisse Group, but is presented in line with the new business division structure. As we execute on our integration plans, it is expected that allocation methodologies for profit and loss and balance sheet to the business divisions and into Group Items will continue to be reviewed and refined.

Global Wealth Management

Global Wealth Management

USD m, except where indicated	As of or for the quarter ended			% change from		As of or for the year ended	
	31.12.23	30.9.23	31.12.22 ¹	3Q23	4Q22	31.12.23	31.12.22 ¹
Results							
Net interest income	1,872	1,946	1,499	(4)	25	6,965	5,273
Recurring net fee income ²	2,818	2,886	2,399	(2)	17	10,793	10,282
Transaction-based income ³	927	959	658	(3)	41	3,569	3,137
Other income	(172)	19	45			(137)	275
Total revenues	5,444	5,810	4,601	(6)	18	21,190	18,967
Credit loss expense / (release)	(7)	2	3			147	0
Operating expenses	5,070	4,801	3,540	6	43	17,454	13,989
Business division operating profit / (loss) before tax	381	1,007	1,058	(62)	(64)	3,589	4,977
Underlying results							
Total revenues as reported	5,444	5,810	4,601	(6)	18	21,190	18,967
of which: gains from sales of subsidiary and business							219
of which: accretion of PPA adjustments on financial instruments and other effects	284	318		(11)		719	
of which: losses related to investment in SIX Group	(190)					(190)	
Total revenues (underlying)²	5,351	5,492	4,601	(3)	16	20,661	18,748
Credit loss expense / (release)	(7)	2	3			147	0
Operating expenses as reported	5,070	4,801	3,540	6	43	17,454	13,989
of which: integration-related expenses ²	490	431		14		988	
Operating expenses (underlying)²	4,580	4,370	3,540	5	29	16,466	13,989
of which: expenses for litigation, regulatory and similar matters	49	22	53	122	(7)	122	244
Business division operating profit / (loss) before tax as reported	381	1,007	1,058	(62)	(64)	3,589	4,977
Business division operating profit / (loss) before tax (underlying)²	778	1,119	1,058	(31)	(26)	4,048	4,758
Performance measures and other information							
Pre-tax profit growth (year-on-year, %) ²	(63.9)	(30.7)	87.9			(27.9)	4.1
Cost / income ratio (%) ²	93.1	82.6	76.9			82.4	73.8
Average attributed equity (USD bn) ³	24.9	25.0	20.3	(1)	23	22.8	20.0
Return on attributed equity (%) ^{2,3}	6.1	16.1	20.9			15.8	24.9
Financial advisor compensation ⁴	1,176	1,150	1,073	2	10	4,548	4,508
Net new fee-generating assets (USD bn) ²	(1.3)		23.3				60.1
Fee-generating assets (USD bn) ²	1,619		1,271		27	1,619	1,271
Net new assets (USD bn) ²	21.8	39.3	24.6			131.7	89.2
Invested assets (USD bn) ²	3,850	3,617	2,815	6	37	3,850	2,815
Loans, gross (USD bn) ⁵	284.3	282.9	225.0	1	26	284.3	225.0
Customer deposits (USD bn) ⁵	466.9	439.9	348.2	6	34	466.9	348.2
Impaired loan portfolio as a percentage of total loan portfolio, gross (%) ^{2,6}	0.4	0.5	0.3			0.4	0.3
Advisors (full-time equivalents)	10,027	10,278	9,215	(2)	9	10,027	9,215
Underlying performance measures							
Pre-tax profit growth (year-on-year, %) ²	(26.5)	(9.2)	87.9			(14.9)	1.6
Cost / income ratio (%) ²	85.6	79.6	76.9			79.7	74.6

¹ Information reflects Global Wealth Management as reported in the fourth quarter of 2022 and the twelve months of 2022, respectively. ² Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. We started to report fee-generating assets and net new fee-generating assets on a consolidated basis, including Credit Suisse data, starting with the fourth quarter of 2023. ³ Refer to the "Capital management" section of the UBS Group first quarter 2023 report for more information about the equity attribution framework. ⁴ 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 1,754m as of 31 December 2023. ⁵ 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. ⁶ Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures. Excludes loans to financial advisors.

Results: 4Q23 vs 4Q22

Profit before tax decreased by USD 677m, or 64%, to USD 381m, mainly driven by higher operating expenses, partly offset by higher total revenues, which included the impact from the acquisition of the Credit Suisse Group. Excluding USD 284m of accretion of purchase price allocation (PPA) adjustments on financial instruments and other effects, losses of USD 190m related to our investment in SIX Group and integration-related expenses of USD 490m, underlying profit before tax was USD 778m.

Total revenues

Total revenues increased by USD 843m, or 18%, to USD 5,444m, mainly due to the consolidation of Credit Suisse revenues, and included USD 284m of accretion of PPA adjustments on financial instruments and other effects. The increase was partly offset by the aforementioned losses of USD 190m. Excluding accretion effects and the aforementioned losses, underlying total revenues were USD 5,351m.

Net interest income increased by USD 373m, or 25%, to USD 1,872m, largely attributable to the consolidation of Credit Suisse net interest income, and included USD 261m of accretion of PPA adjustments on financial instruments and other effects, and the effects of higher deposit margins, resulting from higher interest rates, partly offset by shifts to lower-margin deposit products. Excluding accretion effects, underlying net interest income was USD 1,611m.

Recurring net fee income increased by USD 419m, or 17%, to USD 2,818m, attributable to the consolidation of Credit Suisse recurring net fee income, as well as positive market performance.

Transaction-based income increased by USD 269m, or 41%, to USD 927m, largely attributable to the consolidation of Credit Suisse transaction-based income, and included USD 23m of accretion of PPA adjustments on financial instruments and other effects, as well as higher levels of client activity. Excluding accretion effects, underlying transaction-based income was USD 904m.

Other income was negative USD 172m, compared with positive other income of USD 45m, largely due to the losses of USD 190m related to our investment in SIX Group. The fourth quarter of 2022 included a USD 41m gain from the sale of our US alternative investments administration business. Excluding the aforementioned losses related to our investment, underlying other income was positive USD 18m.

Credit loss expense / release

Net credit loss releases were USD 7m, compared with net expenses of USD 3m in the fourth quarter of 2022.

Operating expenses

Operating expenses increased by USD 1,530m, or 43%, to USD 5,070m, largely due to the consolidation of Credit Suisse expenses, integration-related expenses and higher financial advisor variable compensation. In addition, the fourth quarter of 2023 included a charge of USD 60m for the special assessment by the US Federal Deposit Insurance Corporation (the FDIC) to recover losses incurred by the Deposit Insurance Fund in connection with the failures of Silicon Valley Bank and Signature Bank. Excluding integration-related expenses of USD 490m, underlying operating expenses were USD 4,580m.

Net new assets introduction

In the fourth quarter of 2023, we introduced net new assets as a new performance measure, to increase comparability with our peers. The new measure is determined as the net amount of inflows and outflows of invested assets, plus interest and dividends. Excluded are movements due to market performance, foreign exchange translation, and fees, as well as the effects on invested assets of strategic decisions by UBS to exit markets or services. We will continue to disclose net new money in our Annual Reports.

Invested assets: 4Q23 vs 3Q23

Invested assets increased by USD 233bn, or 6%, to USD 3,850bn, mainly driven by positive market performance (excluding the aforementioned interest and dividends, which are now included in net new assets) of USD 167bn, positive foreign currency effects of USD 59bn and net new asset inflows of USD 21.8bn.

Loans: 4Q23 vs 3Q23

Loans increased by USD 1.4bn to USD 284.3bn, driven by positive foreign currency effects, partly offset by net new loan outflows of USD 6.9bn.

Customer deposits: 4Q23 vs 3Q23

Customer deposits increased by USD 27.0bn to USD 466.9bn, mainly driven by net inflows into fixed-term and savings deposit products and positive foreign currency effects, partly offset by continued shifts into money market funds and US-government securities.

Regional breakdown of performance measures

As of or for the quarter ended 31.12.23

USD bn, except where indicated

	Americas ¹	Switzerland ²	EMEA ²	Asia Pacific ²	Global ³	Global Wealth Management
Total revenues (USD m)	2,587	844	1,150	763	100	5,444
Operating profit / (loss) before tax (USD m)	102	341	238	97	(396)	381
Operating profit / (loss) before tax (underlying) (USD m) ⁴	102	341	238	97	0	778
Cost / income ratio (%) ⁴	96.1	60.1	79.3	87.7		93.1
Cost / income ratio (underlying) (%) ⁴	96.1	60.1	79.3	87.7		85.6
Loans, gross	97.3 ⁵	76.9	63.4	45.8	0.9	284.3
Net new loans	(3.2)	0.0	(1.1)	(2.5)	(0.0)	(6.9)
Net new fee-generating assets ⁴	7.9	2.0	(5.9)	(5.2)	(0.1)	(1.3)
Fee-generating assets ⁴	933	173	361	152	1	1,619
Net new assets ⁴	13.4	1.0	(5.7)	13.5	(0.4)	21.8
Net new assets growth rate (%) ⁴	3.0	0.7	(3.7)	8.8		2.4
Invested assets ⁴	1,888	663	649	645	5	3,850
Advisors (full-time equivalents)	6,117	988	1,737	1,101	84	10,027

¹ Including the following business units: United States and Canada; and Latin America. ² In the third quarter of 2023, the invested assets of Global Financial Intermediaries were transferred from EMEA and Asia Pacific to the Switzerland region, to better align it to the management structure. These changes were applied prospectively and had no impact on previous quarters. ³ Includes minor functions, which are not included in the four regions individually presented in this table, and also includes impacts from accretion of purchase price allocation adjustments on financial instruments and other effects and integration-related expenses. ⁴ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. ⁵ Loans include customer brokerage receivables, which are presented in a separate reporting line on the balance sheet.

Regional comments 4Q23 vs 4Q22, except where indicated

Americas

Profit before tax decreased by USD 273m to USD 102m. Total revenues decreased by USD 53m, or 2%, to USD 2,587m, driven by lower net interest income and other income, partly offset by the consolidation of Credit Suisse revenues and higher transaction-based income. In addition, the fourth quarter of 2023 included the aforementioned charge of USD 60m for the special assessment by the FDIC. The cost / income ratio increased to 96.1% from 85.9%. Loans decreased 2% compared with the third quarter of 2023, to USD 97.3bn, mainly reflecting USD 3.2bn of net new loan outflows. Net new asset inflows were USD 13.4bn.

Switzerland

Profit before tax increased by USD 169m to USD 341m. Total revenues increased by USD 404m, or 92%, to USD 844m, driven by the consolidation of Credit Suisse revenues, as well as the transfer of the Global Financial Intermediaries business to the Switzerland region. The cost / income ratio increased to 60.1% from 59.8%. Loans increased 7% compared with the third quarter of 2023, to USD 76.9bn, mainly driven by positive foreign currency effects. Net new asset inflows were USD 1.0bn.

EMEA

Profit before tax decreased by USD 93m to USD 238m. Total revenues increased by USD 222m, or 24%, to USD 1,150m, largely driven by the consolidation of Credit Suisse revenues, partly offset by the transfer of the Global Financial Intermediaries business to the Switzerland region. The cost / income ratio increased to 79.3% from 64.3%. Loans were stable compared with the third quarter of 2023, at USD 63.4bn, as positive foreign currency effects were almost entirely offset by USD 1.1bn of net new loan outflows. Net new asset outflows were USD 5.7bn.

Asia Pacific

Profit before tax decreased by USD 81m to USD 97m. Total revenues increased by USD 177m, or 30%, to USD 763m, mainly driven by the consolidation of Credit Suisse revenues, partly offset by lower net interest income. The cost / income ratio increased to 87.7% from 69.7%. Loans decreased 3% compared with the third quarter of 2023, to USD 45.8bn, mostly reflecting USD 2.5bn of net new loan outflows. Net new asset inflows were USD 13.5bn.

Global

Loss before tax was USD 396m, mainly due to USD 490m of integration-related expenses and the losses of USD 190m related to our investment in SIX Group, partly offset by USD 284m of accretion of PPA adjustments on financial instruments and other effects.

Personal & Corporate Banking

Personal & Corporate Banking – in Swiss francs

CHF m, except where indicated	As of or for the quarter ended			% change from		As of or for the year ended	
	31.12.23	30.9.23	31.12.22 ¹	3Q23	4Q22	31.12.23	31.12.22 ¹
Results							
Net interest income	1,505	1,550	603	(3)	150	4,727	2,087
Recurring net fee income ²	421	431	193	(2)	118	1,349	812
Transaction-based income ²	427	543	269	(21)	59	1,663	1,154
Other income	(217)	31	13			(198)	46
Total revenues	2,136	2,556	1,079	(16)	98	7,541	4,099
Credit loss expense / (release)	72	154	(3)	(53)		450	36
Operating expenses	1,363	1,405	578	(3)	136	4,267	2,337
Business division operating profit / (loss) before tax	701	997	504	(30)	39	2,824	1,726

Underlying results

Total revenues as reported	2,136	2,556	1,079	(16)	98	7,541	4,099
of which: accretion of PPA adjustments on financial instruments and other effects	362	397		(9)		896	
of which: losses related to investment in SIX Group	(267)					(267)	
Total revenues (underlying)²	2,042	2,159	1,079	(5)	89	6,912	4,099
Credit loss expense / (release)	72	154	(3)	(53)		450	36
Operating expenses as reported	1,363	1,405	578	(3)	136	4,267	2,337
of which: integration-related expenses ²	163	148		10		337	
of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group	25	25		0		58	
Operating expenses (underlying)²	1,175	1,232	578	(5)	103	3,872	2,337
of which: expenses for litigation, regulatory and similar matters	0	(9)	(12)			(8)	(12)
Business division operating profit / (loss) before tax as reported	701	997	504	(30)	39	2,824	1,726
Business division operating profit / (loss) before tax (underlying)²	794	773	504	3	58	2,591	1,726

Performance measures and other information

Pre-tax profit growth (year-on-year, %) ²	39.1	132.0	50.6			63.6	8.8
Cost / income ratio (%) ²	63.8	55.0	53.6			56.6	57.0
Average attributed equity (CHF bn) ³	17.9	18.0	9.0	0	100	13.9	8.8
Return on attributed equity (%) ^{2,3}	15.6	22.2	22.4			20.3	19.5
Loans, gross (CHF bn)	283.8	288.5	142.9	(2)	99	283.8	142.9
Customer deposits (CHF bn)	273.0	268.9	167.2	2	63	273.0	167.2
Impaired loan portfolio as a percentage of total loan portfolio, gross (%) ^{2,4}	0.9	0.7	0.8			0.9	0.8

Underlying performance measures

Pre-tax profit growth (year-on-year, %) ²	57.6	79.8	50.6			50.1	11.1
Cost / income ratio (%) ²	57.6	57.1	53.6			56.0	57.0

¹ Information reflects Personal & Corporate Banking as reported in the fourth quarter of 2022 and the twelve months of 2022, respectively. ² Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. ³ Refer to the "Capital management" section of the UBS Group first quarter 2023 report for more information about the equity attribution framework. ⁴ Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

Results: 4Q23 vs 4Q22

Profit before tax increased by CHF 197m, or 39%, to CHF 701m, mainly due to the acquisition of the Credit Suisse Group. Underlying profit before tax was CHF 794m, after excluding CHF 362m of accretion of purchase price allocation (PPA) adjustments on financial instruments and other effects, losses of CHF 267m related to our investment in SIX Group, integration-related expenses of CHF 163m and CHF 25m of amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group.

Total revenues

Total revenues increased by CHF 1,057m, or 98%, to CHF 2,136m, mainly due to the consolidation of Credit Suisse revenues, and included CHF 362m of accretion of PPA adjustments on financial instruments and other effects, with the underlying increase largely reflecting increases across almost all business income lines, predominantly in net interest income, partly offset by the aforementioned losses of CHF 267m in other income. Excluding the aforementioned accretion effects and losses, underlying total revenues were CHF 2,042m.

Net interest income increased by CHF 902m, or 150%, to CHF 1,505m, largely attributable to the consolidation of Credit Suisse net interest income, and included CHF 326m of accretion of PPA adjustments on financial instruments and other effects, with the remaining increase mainly driven by higher deposit margins, resulting from higher interest rates, partly offset by lower deposit fees. Excluding accretion effects, underlying net interest income was CHF 1,179m.

Recurring net fee income increased by CHF 228m, or 118%, to CHF 421m, mainly attributable to the consolidation of Credit Suisse recurring net fee income, with the remaining increase including higher revenues related to custody assets and mandates, reflecting higher average volumes of underlying assets.

Transaction-based income increased by CHF 158m, or 59%, to CHF 427m, largely attributable to the consolidation of Credit Suisse transaction-based income, and included CHF 36m of accretion of PPA adjustments on financial instruments and other effects. Excluding accretion effects, underlying transaction-based income was CHF 391m.

Other income was negative CHF 217m, compared with positive other income of CHF 13m, mostly reflecting the losses of CHF 267m related to our investment in SIX Group.

Credit loss expense / release

Net credit loss expenses were CHF 72m, primarily related to stage 3 positions, compared with net releases of CHF 3m in the fourth quarter of 2022.

Operating expenses

Operating expenses increased by CHF 785m, or 136%, to CHF 1,363m, largely due to the consolidation of Credit Suisse expenses, with the remaining increase mostly reflecting integration-related expenses. Excluding integration-related expenses of CHF 163m and CHF 25m of amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group, underlying operating expenses were CHF 1,175m.

Personal & Corporate Banking – in US dollars

USD m, except where indicated	As of or for the quarter ended			% change from		As of or for the year ended	
	31.12.23	30.9.23	31.12.22 ¹	3Q23	4Q22	31.12.23	31.12.22 ¹
Results							
Net interest income	1,722	1,742	633	(1)	172	5,304	2,191
Recurring net fee income ²	481	485	202	(1)	138	1,511	852
Transaction-based income ²	486	611	281	(20)	73	1,859	1,212
Other income	(259)	34	14			(238)	48
Total revenues	2,431	2,871	1,130	(15)	115	8,436	4,302
Credit loss expense / (release)	83	168	(4)	(51)		501	39
Operating expenses	1,560	1,579	605	(1)	158	4,787	2,452
Business division operating profit / (loss) before tax	788	1,124	529	(30)	49	3,148	1,812
Underlying results							
Total revenues as reported	2,431	2,871	1,130	(15)	115	8,436	4,302
of which: accretion of PPA adjustments on financial instruments and other effects	414	446		(7)		1,013	
of which: losses related to investment in SIX Group	(317)					(317)	
Total revenues (underlying)²	2,334	2,426	1,130	(4)	106	7,741	4,302
Credit loss expense / (release)	83	168	(4)	(51)		501	39
Operating expenses as reported	1,560	1,579	605	(1)	158	4,787	2,452
of which: integration-related expenses ²	188	166		14		383	
of which: amortization from newly recognized intangibles resulting from the acquisition of the Credit Suisse Group	29	28		2		65	
Operating expenses (underlying)²	1,343	1,385	605	(3)	122	4,338	2,452
of which: expenses for litigation, regulatory and similar matters	0	(9)	(13)			(9)	(13)
Business division operating profit / (loss) before tax as reported	788	1,124	529	(30)	49	3,148	1,812
Business division operating profit / (loss) before tax (underlying)²	908	872	529	4	72	2,902	1,812
Performance measures and other information							
Pre-tax profit growth (year-on-year, %) ²	49.1	154.5	44.9			73.8	4.7
Cost / income ratio (%) ²	64.2	55.0	53.5			56.7	57.0
Average attributed equity (USD bn) ³	20.2	20.2	9.3	0	117	15.5	9.3
Return on attributed equity (%) ^{2,3}	15.6	22.2	22.8			20.3	19.5
Loans, gross (USD bn)	337.2	315.0	154.6	7	118	337.2	154.6
Customer deposits (USD bn)	324.3	293.6	180.8	10	79	324.3	180.8
Impaired loan portfolio as a percentage of total loan portfolio, gross (%) ^{2,4}	0.9	0.7	0.8			0.9	0.8
Underlying performance measures							
Pre-tax profit growth (year-on-year, %) ²	71.7	97.5	44.9			60.2	6.9
Cost / income ratio (%) ²	57.5	57.1	53.5			56.0	57.0

¹ Information reflects Personal & Corporate Banking as reported in the fourth quarter of 2022 and the twelve months of 2022, respectively. ² Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. ³ Refer to the "Capital management" section of the UBS Group first quarter 2023 report for more information about the equity attribution framework. ⁴ Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

Asset Management

Asset Management

	As of or for the quarter ended			% change from		As of or for the year ended	
<i>USD m, except where indicated</i>	31.12.23	30.9.23	31.12.22 ¹	3Q23	4Q22	31.12.23	31.12.22 ¹
Results							
Net management fees ²	725	737	471	(2)	54	2,507	2,050
Performance fees	52	18	24	194	118	104	64
Net gain from disposals	27					27	848
Total revenues	805	755	495	7	63	2,639	2,961
Credit loss expense / (release)	(1)	0	0			0	0
Operating expenses	691	724	372	(5)	86	2,321	1,564
Business division operating profit / (loss) before tax	115	31	124	269	(7)	318	1,397
Underlying results							
Total revenues as reported	805	755	495	7	63	2,639	2,961
<i>of which: net gain from disposals³</i>							848
Total revenues (underlying)⁴	805	755	495	7	63	2,639	2,114
Credit loss expense / (release)	(1)	0	0			0	0
Operating expenses as reported	691	724	372	(5)	86	2,321	1,564
<i>of which: integration-related expenses⁴</i>	66	125		(47)		205	
Operating expenses (underlying)⁴	625	599	372	4	68	2,116	1,564
<i>of which: expenses for litigation, regulatory and similar matters</i>	6	1	0			8	1
Business division operating profit / (loss) before tax as reported	115	31	124	269	(7)	318	1,397
Business division operating profit / (loss) before tax (underlying)⁴	180	156	124	16	46	522	550
Performance measures and other information							
Pre-tax profit growth (year-on-year, %) ⁴	(7.5)	(77.8)	(62.9)			(77.3)	35.7
Cost / income ratio (%) ⁴	85.8	95.9	75.1			88.0	52.8
Average attributed equity (USD bn) ⁵	2.3	2.3	1.7	0	36	2.0	1.7
Return on attributed equity (%) ^{4,5}	19.9	5.4	29.3			15.6	81.2
Gross margin on invested assets (bps) ^{4,6}	20	19	19			19	27
Underlying performance measures							
Pre-tax profit growth (year-on-year, %) ⁴	45.6	11.2	(62.9)			(5.0)	(46.6)
Cost / income ratio (%) ⁴	77.7	79.3	75.1			80.2	74.0
Information by business line / asset class							
Net new money (USD bn)⁴							
Equities	(6.4)	(5.7)	0.3			(4.0)	(12.8)
Fixed Income	(5.6)	4.6	12.9			17.8	36.5
<i>of which: money market</i>	1.4	5.7	16.3			22.3	26.3
Multi-asset & Solutions	0.9	(0.5)	(6.7)			2.2	(1.3)
Hedge Fund Businesses	(1.6)	(1.7)	3.6			(4.2)	2.3
Real Estate & Private Markets	0.3	0.7	0.5			2.7	0.2
Total net new money excluding associates	(12.4)	(2.6)	10.8			14.6	24.8
<i>of which: net new money excluding money market</i>	(13.8)	(8.3)	(5.6)			(7.7)	(1.6)
Associates ⁷	0.1	1.2	(1.4)			1.1	7.7
Total net new money⁶	(12.2)	(1.5)	9.3			15.7	32.5
Invested assets (USD bn)⁴							
Equities	644	588	456	10	41	644	456
Fixed Income	445	446	296	0	51	445	296
<i>of which: money market</i>	134	146	119	(8)	13	134	119
Multi-asset & Solutions	274	248	155	10	77	274	155
Hedge Fund Businesses	57	58	55	(2)	3	57	55
Real Estate & Private Markets	156	149	102	5	54	156	102
Total invested assets excluding associates	1,577	1,489	1,064	6	48	1,577	1,064
<i>of which: passive strategies</i>	715	642	443	11	61	715	443
Associates ⁷	72	70	24	3	205	72	24
Total invested assets⁶	1,649	1,559	1,088	6	52	1,649	1,088

Asset Management (continued)

USD m, except where indicated	As of or for the quarter ended			% change from		As of or for the year ended	
	31.12.23	30.9.23	31.12.22 ¹	3Q23	4Q22	31.12.23	31.12.22 ¹
Information by region							
Invested assets (USD bn)⁴							
Americas	402	387	298	4	35	402	298
Asia Pacific ⁵	211	225	173	(6)	22	211	173
Europe, Middle East and Africa (excluding Switzerland)	354	328	263	8	35	354	263
Switzerland	682	619	354	10	93	682	354
Total invested assets⁶	1,649	1,559	1,088	6	52	1,649	1,088
Information by channel							
Invested assets (USD bn)⁴							
Third-party institutional	939	899	606	4	55	939	606
Third-party wholesale	177	162	116	9	53	177	116
UBS's wealth management businesses	461	427	342	8	35	461	342
Associates ⁷	72	70	24	3	205	72	24
Total invested assets⁶	1,649	1,559	1,088	6	52	1,649	1,088

¹ Information reflects Asset Management as reported in the fourth quarter of 2022 and the twelve months of 2022, respectively. 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 Only includes items that are deemed material. ⁴ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. ⁵ Refer to the "Capital management" section of the UBS Group first quarter 2023 report for more information about the equity attribution framework. ⁶ Starting with the second quarter of 2023, net new money and invested assets include net new money and invested assets from associates, to better reflect the business strategy. Comparative figures have been restated to reflect this change. ⁷ The invested assets and net new money amounts reported for associates are prepared in accordance with their local regulatory requirements and practices.

Results: 4Q23 vs 4Q22

Profit before tax decreased by USD 9m, or 7%, to USD 115m, mainly due to the acquisition of the Credit Suisse Group. Excluding integration-related expenses of USD 66m, underlying profit before tax was USD 180m.

Total revenues

Total revenues increased by USD 310m, or 63%, to USD 805m, reflecting the consolidation of Credit Suisse revenues and net gains on sale of USD 27m, mainly from the completion of the sale of a majority stake in UBS Hana Asset Management Co., Ltd.

Net management fees increased by USD 254m, or 54%, to USD 725m, largely attributable to the consolidation of Credit Suisse net management fees and also due to positive foreign currency effects and market performance, partly offset by continued margin compression.

Performance fees increased by USD 28m, or 118%, to USD 52m, mainly attributable to the consolidation of Credit Suisse performance fees and also due to an increase in Hedge Fund Businesses, partly offset by a decrease in Real Estate & Private Markets.

Operating expenses

Operating expenses increased by USD 319m, or 86%, to USD 691m, mainly reflecting the consolidation of Credit Suisse expenses. The increase was also due to integration-related expenses, increases in personnel expenses, adverse foreign currency effects and increases in technology expenses. Excluding integration-related expenses of USD 66m, underlying operating expenses were USD 625m.

Invested assets: 4Q23 vs 3Q23

Invested assets increased by USD 90bn to USD 1,649bn, reflecting positive market performance of USD 66bn and positive foreign currency effects of USD 61bn, partly offset by negative net new money of USD 12bn and a decrease of USD 24bn related to divestments, primarily the sale of UBS Hana Asset Management Co., Ltd. Excluding money market flows and associates, net new money was negative USD 14bn.

Investment Bank

Investment Bank

	As of or for the quarter ended			% change from		As of or for the year ended	
<i>USD m, except where indicated</i>	31.12.23	30.9.23	31.12.22 ¹	3Q23	4Q22	31.12.23	31.12.22 ¹
Results							
Advisory	190	191	172	(1)	11	746	733
Capital Markets	646	507	159	27	305	1,649	854
Global Banking	836	698	331	20	152	2,395	1,587
Execution Services	414	379	371	9	11	1,578	1,643
Derivatives & Solutions	446	605	541	(26)	(18)	2,707	3,665
Financing	442	468	438	(6)	1	1,981	1,822
Global Markets	1,303	1,452	1,351	(10)	(4)	6,265	7,129
of which: Equities	1,005	1,080	883	(7)	14	4,546	4,970
of which: Foreign Exchange, Rates and Credit	297	373	468	(20)	(36)	1,720	2,160
Total revenues	2,139	2,151	1,682	(1)	27	8,661	8,717
Credit loss expense / (release)	48	4	8		496	190	(12)
Operating expenses	2,260	2,377	1,563	(5)	45	8,515	6,832
Business division operating profit / (loss) before tax	(169)	(230)	112	(27)		(44)	1,897
Underlying results							
Total revenues as reported	2,139	2,151	1,682	(1)	27	8,661	8,717
of which: accretion of PPA adjustments on financial instruments	277	251		11		583	
of which: losses in the first quarter of 2022 from transactions with Russian counterparties							(93)
Total revenues (underlying)²	1,861	1,900	1,682	(2)	11	8,078	8,810
Credit loss expense / (release)	48	4	8		496	190	(12)
Operating expenses as reported	2,260	2,377	1,563	(5)	45	8,515	6,832
of which: integration-related expenses ²	166	365		(55)		692	
Operating expenses (underlying)²	2,094	2,012	1,563	4	34	7,823	6,832
of which: expenses for litigation, regulatory and similar matters	13	0	20		(36)	78	122
Business division operating profit / (loss) before tax as reported	(169)	(230)	112	(27)		(44)	1,897
Business division operating profit / (loss) before tax (underlying)²	(280)	(116)	112	143		64	1,990
Performance measures and other information							
Pre-tax profit growth (year-on-year, %) ²	(251.2)	(151.5)	(84.4)			(102.3)	(27.9)
Cost / income ratio (%) ²	105.7	110.5	92.9			98.3	78.4
Average attributed equity (USD bn) ³	14.4	14.7	12.7	(2)	14	13.8	13.0
Return on attributed equity (%) ^{2,3}	(4.7)	(6.2)	3.5			(0.3)	14.6
Underlying performance measures							
Pre-tax profit growth (year-on-year, %) ²	(351.3)	(125.9)	(84.4)			(96.8)	(43.0)
Cost / income ratio (%) ²	112.5	105.9	92.9			96.8	77.6

¹ Information reflects the Investment Bank as reported in the fourth quarter of 2022 and the twelve months of 2022, respectively. ² Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. ³ Refer to the "Capital management" section of the UBS Group first quarter 2023 report for more information about the equity attribution framework.

Results: 4Q23 vs 4Q22

Loss before tax was USD 169m, compared with profit before tax of USD 112m, mainly due to higher operating expenses associated with the acquisition of the Credit Suisse Group, which included integration-related expenses, partly offset by higher total revenues. Excluding USD 277m of accretion of purchase price allocation (PPA) adjustments on financial instruments and integration-related expenses of USD 166m, underlying loss before tax was USD 280m.

Total revenues

Total revenues increased by USD 457m, or 27%, to USD 2,139m, mainly due to the consolidation of Credit Suisse revenues, and included the aforementioned USD 277m of accretion effects. Underlying total revenues increased, largely driven by higher Global Banking revenues, partly offset by lower Global Markets revenues. Excluding the aforementioned accretion effects, underlying total revenues were USD 1,861m.

Global Banking

Global Banking revenues increased by USD 505m, or 152%, to USD 836m, largely attributable to the consolidation of Credit Suisse revenues, and included USD 275m of accretion effects. Excluding the accretion effects, underlying Global Banking revenues increased by USD 230m, or 69%. The relevant market fee pool^{1,2} decreased 7%.

Advisory revenues increased by USD 18m, or 11%, to USD 190m, mainly due to higher merger and acquisition transaction revenues, which increased by USD 19m, or 14%. The relevant global fee pool^{1,2} decreased 14%.

Capital Markets revenues increased by USD 487m, or 305%, to USD 646m, mainly attributable to the aforementioned USD 275m of accretion effects. Excluding the accretion effects, underlying Capital Markets revenues increased by USD 212m, or 133%, due to increases across Leveraged Capital Markets, Debt Capital Markets and Equity Capital Markets, with fee-pool-comparable revenues in all products outperforming the relevant global fee pools.^{1,2}

Global Markets

Global Markets revenues decreased by USD 48m, or 4%, to USD 1,303m, primarily driven by lower Derivatives & Solutions revenues, offset by higher Execution Services revenues.

Execution Services revenues increased by USD 43m, or 11%, to USD 414m, with increases across Cash Equities and higher revenues from foreign exchange products that are traded over electronic platforms.

Derivatives & Solutions revenues decreased by USD 95m, or 18%, to USD 446m, mostly driven by Rates and Foreign Exchange, due to lower levels of both volatility and client activity, partly offset by higher Equity Derivatives revenues.

Financing revenues increased by USD 4m, or 1%, to USD 442m.

Equities

Global Markets Equities revenues increased by USD 122m, or 14%, to USD 1,005m, mainly driven by higher Equity Derivatives revenues.

Foreign Exchange, Rates and Credit

Global Markets Foreign Exchange, Rates and Credit revenues decreased by USD 171m, or 36%, to USD 297m, primarily driven by lower Rates and Foreign Exchange revenues.

Credit loss expense / release

Net credit loss expenses were USD 48m, primarily related to stage 3 positions, compared with USD 8m in the fourth quarter of 2022.

Operating expenses

Operating expenses increased by USD 697m, or 45%, to USD 2,260m, largely due to integration-related expenses, the consolidation of Credit Suisse expenses, higher variable compensation recognized in the quarter and higher technology expenses. Excluding integration-related expenses of USD 166m, underlying operating expenses were USD 2,094m.

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 December 2023.

Non-core and Legacy

Non-core and Legacy

USD m	As of or for the quarter ended			% change from		As of or for the year ended	
	31.12.23	30.9.23 ¹	31.12.22 ²	3Q23	4Q22	31.12.23	31.12.22 ²
Results							
Total revenues	162	350	53	(54)	204	741	237
Credit loss expense / (release)	15	59	0			193	2
Operating expenses	1,873	2,152	21	(13)		5,290	104
Operating profit / (loss) before tax	(1,726)	(1,861)	33	(7)		(4,741)	131
Underlying results							
Total revenues as reported	162	350	53	(54)	204	741	237
of which: litigation settlement							62
Total revenues (underlying) ³	162	350	53	(54)	204	741	175
Credit loss expense / (release)	15	59	0			193	2
Operating expenses as reported	1,873	2,152	21	(13)		5,290	104
of which: integration-related expenses ³	749	918				1,772	
Operating expenses (underlying) ³	1,124	1,234	21	(9)		3,518	104
of which: expenses for litigation, regulatory and similar matters	(33)	(2)	(11)			637	(12)
Operating profit / (loss) before tax as reported	(1,726)	(1,861)	33	(7)		(4,741)	131
Operating profit / (loss) before tax (underlying) ³	(977)	(943)	33	4		(2,969)	69
Performance measures and other information							
Average attributed equity ⁴	8.1	9.0	1.0	(11)	687	5.2	1.1
Risk-weighted assets (USD bn)	72.0	77.5	13.0	(7)	454	72.0	13.0
Leverage ratio denominator (USD bn)	137.1	156.4	6.3	(12)		137.1	6.3

¹ Information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information. ² Information reflects Non-core and Legacy Portfolio as reported in Group Functions in the fourth quarter of 2022 and the twelve months of 2022, respectively. ³ Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. ⁴ Refer to the "Capital management" section of the UBS Group first quarter 2023 report for more information about the equity attribution framework.

Composition of Non-core and Legacy¹

USD bn	RWA		Total assets		LRD	
	31.12.23	30.9.23	31.12.23	30.9.23	31.12.23	30.9.23
Exposure category						
Equities	3.1	4.1	20.0	28.9	13.4	17.9
Macro	9.3	7.9	55.7	64.6	24.8	29.8
Loans	11.2	14.5	13.0	14.0	14.8	17.2
Securitized products	13.5	14.3	26.2	28.2	27.6	29.2
Credit	2.8	3.4	5.2	2.8	4.9	3.9
High-quality liquid assets			50.5	55.3	50.5	53.2
Operational risk	30.0	30.0				
Other	2.0	3.3	2.3	3.2	1.1	5.2
Total	72.0	77.5	172.9	196.9	137.1	156.4

¹ During the fourth quarter, we have revised allocations and aligned methodologies across UBS and Credit Suisse.

Results: 4Q23 vs 4Q22

Loss before tax was USD 1,726m, compared with profit before tax of USD 33m. Excluding integration-related expenses of USD 749m, underlying loss before tax was USD 977m.

Total revenues

Total revenues increased by USD 109m to USD 162m, mainly due to the transfer of assets and liabilities into Non-core and Legacy following the acquisition of the Credit Suisse Group. Revenues were mainly driven by net gains from position marks and unwinds.

Credit loss expense / release

Net credit loss expenses were USD 15m, mainly related to incremental provisions that reflected a further deterioration in credit risk across the lending book of Non-core and Legacy, compared with net expenses of USD 0m in the fourth quarter of 2022.

Operating expenses

Operating expenses were USD 1,873m, compared with USD 21m, mainly driven by the acquisition of the Credit Suisse Group, and included integration-related expenses of USD 749m. Integration-related expenses included real estate impairments and personnel costs. Excluding integration-related expenses, underlying operating expenses were USD 1,124m.

Risk-weighted assets and leverage ratio denominator: 4Q23 vs 3Q23

Risk-weighted assets decreased by USD 5.5bn, or 7%, to USD 72.0bn, mainly driven by an accelerated roll-off arising from our actions to actively unwind the portfolio, in addition to the natural roll-off. The leverage ratio denominator decreased by USD 19.3bn, or 12%, to USD 137.1bn, driven by business reductions across all asset classes and lower high-quality liquid assets.

Group Items

Group Items

USD m	As of or for the quarter ended			% change from		As of or for the year ended	
	31.12.23	30.9.23	31.12.22 ¹	3Q23	4Q22	31.12.23	31.12.22 ¹
Results							
Total revenues	(126)	(242)	67	(48)		(833)	(622)
Credit loss expense / (release)	(2)	6	0			6	1
Operating expenses	17	7	(15)	125		440	(12)
Operating profit / (loss) before tax	(140)	(255)	81	(45)		(1,279)	(611)
Underlying results							
Total revenues as reported	(126)	(242)	67	(48)		(833)	(622)
of which: accretion of PPA adjustments on financial instruments	(32)	(57)				(35)	
of which: gain from sales of real estate			68				68
Total revenues (underlying) ²	(94)	(186)	(1)	(49)		(798)	(690)
Credit loss expense / (release)	(2)	6	0			6	1
Operating expenses as reported	17	7	(15)	124		440	(12)
of which: integration-related expenses ²	93	(2)				438	
of which: acquisition-related costs	(1)	26				202	
Operating expenses (underlying) ²	(75)	(17)	(15)	349	416	(200)	(12)
of which: expenses for litigation, regulatory and similar matters	(28)	0	0			(27)	6
Operating profit / (loss) before tax as reported	(140)	(255)	81	(45)		(1,279)	(611)
Operating profit / (loss) before tax (underlying) ²	(17)	(174)	13	(90)		(603)	(679)

¹ Information reflects Group Functions as reported in the fourth quarter of 2022 and the twelve months of 2022, respectively, excluding Non-core and Legacy Portfolio. ² Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method.

Results: 4Q23 vs 4Q22

Loss before tax was USD 140m, compared with a gain of USD 81m, mainly due to the acquisition of the Credit Suisse Group. Excluding net USD 92m of integration- and acquisition-related expenses and USD 32m of accretion of purchase price allocation adjustments on financial instruments, underlying loss before tax was USD 17m, compared with an underlying gain of USD 13m, excluding a gain of USD 68m from the sale of real estate.

In addition, the fourth quarter of 2023 included a USD 32m increase in funding costs related to deferred tax assets.

Income from Group hedging and own debt, including hedge accounting ineffectiveness, was net positive USD 268m, compared with net positive income of USD 129m. The results in the prior-year quarter were driven by mark-to-market effects on portfolio-level economic hedges due to rising interest rates and cross-currency-basis widening. The increase of USD 139m year-on-year predominantly results from the acquisition of the Credit Suisse Group.

Income related to centralized Group Treasury risk management was negative USD 58m, compared with positive USD 5m.

Risk, capital, liquidity and funding, and balance sheet

Management report

Table of contents

32 Risk management and control

32 Credit risk

34 Market risk

35 Country risk

36 Non-financial risk

38 Capital management

40 Total loss-absorbing capacity

43 Risk-weighted assets

45 Leverage ratio denominator

46 Liquidity and funding management

46 Strategy, objectives and governance

46 Liquidity coverage ratio

47 Net stable funding ratio

47 Balance sheet and off-balance sheet

47 Balance sheet assets

48 Balance sheet liabilities

48 Equity

49 Off-balance sheet

49 Share information and earnings per share

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 and the “Recent developments” section of this report for more information about the integration of Credit Suisse.

Credit risk

Overall banking products exposure

Overall banking products exposure increased by USD 80bn to USD 1,180bn as of 31 December 2023, driven by increased balances at central banks and, to a lesser extent, by increased loans and advances to customers in Personal & Corporate Banking, reflecting currency effects.

Total net credit loss expenses in the fourth quarter of 2023 were USD 136m, reflecting net releases of USD 43m related to performing positions and net expenses of USD 180m on credit-impaired positions.

- › Refer to the “Balance sheet and off-balance sheet” section of this report for more information about balance sheet movements
- › Refer to the “Group performance” section of this report for more information about credit loss expense / release

Loan underwriting

In the Investment Bank, mandated loan underwriting commitments on a notional basis decreased by USD 0.7bn to USD 2.1bn as of 31 December 2023, driven by distribution and syndication activities partially offset by new deals. In Non-core and Legacy, exposure decreased by USD 0.4bn to USD 1.0bn, mainly due to de-risking via commitment reductions and syndication of remaining legacy positions. As of 31 December 2023, USD 50m and USD 1.0bn of commitments in the Investment Bank and in Non-core and Legacy, respectively, had not been distributed as originally planned.

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 our business divisions and Group Items

31.12.23

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total
Banking products¹							
Gross exposure	409,735	482,123	1,700	96,878	50,223	138,884	1,179,543
of which: loans and advances to customers (on-balance sheet)	279,384	337,218	13	16,993	8,106	155	641,868
of which: guarantees and loan commitments (off-balance sheet)	21,344	58,618	59	36,094	3,149	18,569	137,833
Traded products^{2,3,4}							
Gross exposure	11,812	4,748	0		47,630		64,191
of which: over-the-counter derivatives	8,397	4,116	0		12,400		24,913
of which: securities financing transactions	371	19	0		23,044		23,434
of which: exchange-traded derivatives	3,045	613	0		12,186		15,844
Other credit lines, gross⁵	70,130	88,279	0	4,714	5	127	163,256
Total credit-impaired exposure, gross	1,681	3,045	0	469	1,169	2	6,367
of which: stage 3	1,012	2,640	0	408	290	2	4,352
of which: PCI	668	405	0	61	879	0	2,014
Total allowances and provisions for expected credit losses	390	1,234	1	358	271	8	2,260
of which: stage 1	166	372	1	133	20	7	700
of which: stage 2	66	255	0	78	16	0	416
of which: stage 3	98	590	0	146	158	0	992
of which: PCI	59	16	0	1	77	0	153

30.9.23⁶

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total
Banking products¹							
Gross exposure ⁷	401,291	451,608	1,927	97,031	53,811	93,444	1,099,112
of which: loans and advances to customers (on-balance sheet)	277,710	314,973	(1)	16,244	9,531	676	619,133
of which: guarantees and loan commitments (off-balance sheet)	20,382	56,321	57	37,914	5,801	11,792	132,266
Traded products^{2,3,4}							
Gross exposure	13,364	5,749	0		52,529		71,642
of which: over-the-counter derivatives	9,653	5,185	0		15,631		30,469
of which: securities financing transactions	370	17	0		24,469		24,856
of which: exchange-traded derivatives	3,341	549	0		12,429		16,319
Other credit lines, gross⁵	69,094	85,140	0	4,634	5	111	158,986
Total credit-impaired exposure, gross	1,550	2,288	0	357	955	118	5,267
of which: stage 3	914	1,848	0	348	156	1	3,266
of which: PCI	636	440	0	9	800	117	2,002
Total allowances and provisions for expected credit losses	409	1,090	1	305	154	18	1,977
of which: stage 1	167	362	1	151	37	15	733
of which: stage 2	97	241	0	73	6	0	418
of which: stage 3	101	476	0	76	71	0	723
of which: PCI	44	11	0	5	40	3	103

¹ IFRS 9 gross exposure for banking products includes the following financial assets in scope of expected credit loss measurement: balances at central banks, loans and advances to banks, loans and advances to customers, other financial assets at amortized cost, guarantees and irrevocable loan commitments. ² Internal management view of credit risk, which differs in certain respects from IFRS. ³ As counterparty risk for traded products is managed at counterparty level, no further split between exposures in the Investment Bank, Non-core and Legacy, and Group Items is provided. ⁴ Credit Suisse traded products are presented before reflection of the impact of the purchase price allocation performed under IFRS 3, Business Combinations, following the acquisition of the Credit Suisse Group by UBS. The acquisition date adjustment is less than USD 1bn and, if applied, would lead to a reduction in our reported traded products exposure. ⁵ Unconditionally revocable committed credit lines. ⁶ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information. ⁷ The segment allocation of the gross banking products exposure has been revised to reflect an allocation of high-quality liquid assets from Group Items to the business divisions for the Credit Suisse sub-group, with no impact on total gross exposure for the UBS Group. Comparative information as of 30 September 2023 has been amended to reflect this change, resulting in an increase to gross exposure in Global Wealth Management of USD 14.4bn, in Personal & Corporate Banking of USD 24.2bn, in the Investment Bank of USD 4.0bn and in Non-core and Legacy of USD 31.4bn, with an offsetting effect in Group Items.

Market risk

The UBS Group excluding Credit Suisse continued to maintain generally low levels of management value-at-risk (VaR). Average management VaR (1-day, 95% confidence level) decreased marginally from USD 17m to USD 16m at the end of the fourth quarter of 2023. There were no new VaR negative backtesting exceptions in the fourth quarter of 2023. The number of negative backtesting exceptions within the most recent 250-business-day window remained at zero.

Credit Suisse's average management VaR (1-day, 98% confidence level) decreased from USD 27m to USD 23m at the end of the fourth quarter of 2023, driven by continued strategic migration of positions to UBS and de-risking within Non-core and Legacy. In the fourth quarter of 2023, Credit Suisse had one backtesting exception, driven by fair value adjustments to certain positions in the trading inventory as a result of an increase in exit cost reserves.

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, for both the UBS Group excluding Credit Suisse and Credit Suisse.

Management value-at-risk (1-day, 95% confidence, 5 years of historical data) of our business divisions and Group Items excluding Credit Suisse components by general market risk type¹

USD m	Min.	Max.	Period end	Average	Equity	Average by risk type			
						Interest rates	Credit spreads	Foreign exchange	Commodities
Global Wealth Management	1	2	2	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	10	23	18	16	9	16	6	2	3
Non-core and Legacy	1	2	1	1	0	1	1	0	0
Group Items	4	5	5	4	1	4	3	1	0
Diversification effect ^{2,3}			(7)	(6)	(1)	(6)	(4)	(1)	0
Total as of 31.12.23	11	24	19	16	9	16	7	2	3
Total as of 30.9.23	10	25	15	17	12	11	7	2	3

Management value-at-risk (1-day, 98% confidence, 2 years of historical data) of the Credit Suisse components of our business divisions and Group Items by general market risk type¹

USD m	Min.	Max.	Period end	Average	Equity	Average by risk type			
						Interest rates	Credit spreads	Foreign exchange	Commodities
Global Wealth Management	2	7	2	4	1	0	3	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
Non-core and Legacy ⁴	18	22	19	21	11	8	16	1	1
Group Items	0	0	0	0	0	0	0	0	0
Diversification effect ^{2,3}			(1)	(2)	0	4	(3)	0	0
Total as of 31.12.23	20	25	21	23	11	12	16	1	1
Total as of 30.9.23	23	29	23	27	14	14	18	2	1

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. ⁴ Non-core and Legacy management VaR consists of exposures of the previously reported Capital Release Unit (Credit Suisse) and Investment Bank (Credit Suisse).

Economic value of equity and net interest income sensitivity

The economic value of equity (EVE) sensitivity in the UBS Group banking book to a parallel shift in yield curves of +1 basis point was negative USD 30.1m as of 31 December 2023, compared with negative USD 27.8m as of 30 September 2023. This excludes the sensitivity of USD 4.9m from additional tier 1 (AT1) capital instruments (as per specific FINMA requirements) in contrast to general Basel Committee on Banking Supervision (BCBS) guidance. The exposure in the banking book of the UBS Group increased during the fourth quarter of 2023, due to interest rate risk hedges of the recent AT1 issuance and a combination of market movements, i.e., decreasing interest rates and the Swiss franc appreciating against the US dollar.

The majority of our interest rate risk in the banking book is a reflection of the net asset duration that we run to offset our modeled sensitivity of net USD 24.3m (30 September 2023: USD 23.4m) assigned to our equity, goodwill and real estate, with the aim of generating a stable net interest income contribution. Of this, USD 17.6m and USD 5.6m are attributable to the US dollar and the Swiss franc portfolios, respectively (30 September 2023: USD 17.5m and USD 4.9m, respectively).

In addition to the sensitivity mentioned above, we calculate the six interest rate shock scenarios prescribed by FINMA. The “Parallel up” scenario, assuming all positions were fair valued, was the most severe and would have resulted in a change in EVE of negative USD 5.7bn, or 6.1%, of our tier 1 capital (30 September 2023: negative USD 5.2bn, or 5.6%), which is well below the 15% threshold as per the BCBS supervisory outlier test for high levels of interest rate risk in the banking book.

The immediate effect on our tier 1 capital in the “Parallel up” scenario as of 31 December 2023 would have been a decrease of approximately USD 0.9bn, or 0.9% (30 September 2023: USD 0.9bn, or 0.9%), reflecting the fact that the vast majority of our banking book is accrual accounted or subject to hedge accounting. The “Parallel up” scenario would subsequently have a positive effect on net interest income, assuming a constant balance sheet.

- › Refer to “Interest rate risk in the banking book” in the “Risk management and control” section of the Annual Report 2022 for more information about the management of interest rate risk in the banking book
- › Refer to “Sensitivity to interest rate movements” in the “Group performance” section of this report for more information about the effects of increases in interest rates on the net interest income of our banking book

Interest rate risk – banking book

31.12.23								
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	(3.7)	(0.6)	0.1	(26.0)	0.2	(30.1)	4.9	(25.2)
Parallel up ²	(548.9)	(119.3)	16.2	(5,027.2)	(0.9)	(5,680.2)	904.6	(4,775.5)
Parallel down ²	561.8	124.3	(29.2)	5,216.0	2.8	5,875.7	(1,044.5)	4,831.3
Steepener ³	(305.3)	(13.1)	(11.9)	(1,037.0)	(33.8)	(1,401.1)	93.4	(1,307.6)
Flattener ⁴	189.6	(5.0)	14.0	(124.2)	30.8	105.2	109.6	214.8
Short-term up ⁵	(27.3)	(39.4)	19.4	(2,171.3)	23.9	(2,194.7)	486.3	(1,708.4)
Short-term down ⁶	26.5	41.8	(21.8)	2,312.1	(26.8)	2,331.9	(507.8)	1,824.1

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	(3.1)	(0.6)	0.1	(24.4)	0.2	(27.8)	2.5	(25.2)
Parallel up ²	(458.9)	(113.1)	12.6	(4,685.4)	18.5	(5,226.3)	475.6	(4,750.7)
Parallel down ²	463.5	131.4	(19.6)	4,989.0	(16.9)	5,547.5	(525.0)	5,022.4
Steepener ³	(221.0)	(31.3)	(10.1)	(959.0)	(33.6)	(1,254.9)	(55.4)	(1,310.3)
Flattener ⁴	126.5	14.1	12.1	(108.5)	34.9	79.1	161.4	240.5
Short-term up ⁵	(51.1)	(21.3)	15.4	(2,047.8)	34.6	(2,070.1)	342.8	(1,727.3)
Short-term down ⁶	45.3	23.7	(16.3)	2,172.8	(36.2)	2,189.2	(357.7)	1,831.6

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

We remain 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, conflicts in the Middle East and US–China trade relations. Our direct potential exposure to Israel is less than USD 0.5bn and our direct potential exposure to Gulf Cooperation Council countries is less than USD 7bn. We have limited direct potential exposure to Egypt, Jordan and Lebanon, and we have no direct exposure to Iran, Iraq or Syria. Our direct potential exposure to Russia, Belarus and Ukraine is immaterial, and potential second-order impacts, such as European energy security, continue to be monitored.

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 the growth of China’s economy has been muted. This combination of factors translates into a more uncertain and volatile environment, which increases the risk of financial market disruption.

We continue to monitor potential trade policy disputes, as well as economic and political developments in addition to those mentioned above. We are closely watching elections in a number of key emerging markets in 2024. Our potential exposure to emerging market countries is less than 10% of our total potential country exposures.

› Refer to the “Risk management and control” section of the UBS Group AG Annual Report 2023, which will be available as of 28 March 2024 under “Annual reporting” at ubs.com/investors, for more information

Non-financial risk

UBS continues to actively manage 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.

The integration of Credit Suisse is driving a mass migration of data, which requires robust controls to preserve integrity, and we are working to enhance our frameworks relating to data quality and data retention to mitigate these risks and to meet regulatory expectations.

Through this period of change, 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, 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.

Cyberattacks on third-party vendors have affected our operations in the past and remain a source of residual risk to our business. No cyber events occurred in the fourth quarter of 2023 related to our own infrastructure, or the infrastructure of any third party, that had material financial or operational effects on us. We remain on heightened alert to respond to and mitigate elevated cyber and information security threats. We continue to invest in improving our technology infrastructure and information security governance to improve our defense, detection and response capabilities against cyberattacks. Following a post-incident review of the ION XTP ransomware attack, we are improving 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.

In addition, we are working to enhance our operational resilience to address these heightened risks and to meet regulatory deadlines through 2026. We are implementing a global framework designed to drive enhancements in operational resilience across all business divisions and relevant jurisdictions, as well as working with our third parties, including third-party vendors, that are of critical importance to our operations, to assess their operational resilience against our standards.

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. 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, relevant control frameworks for them are implemented and reviewed on a regular basis as they evolve.

Competition to find new business opportunities, products and services across the financial services sector, both for firms and for customers, is increasing, particularly during periods of market volatility and economic uncertainty. 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.

Evolving environmental, social and governance regulations 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. 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 us and we continue to focus on strategic enhancements to our global anti-money-laundering (AML), know-your-client (KYC) and sanctions programs. 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 require constant attention to prevent circumvention risks, and the conflicts in the Middle East, which may increase terrorist financing risks.

In the US, UBS AG is subject to a Consent Order with the Office of the Comptroller of the Currency (the OCC) since May 2018 relating to our US branch AML and KYC programs. In response, we have introduced significant improvements to our framework for the purpose of ensuring sustainable remediation of US-relevant Bank Secrecy Act / AML issues across all our US legal entities.

Achieving fair outcomes for our clients, upholding market integrity and cultivating the highest standards of employee conduct are of critical importance to us. We maintain a conduct risk framework across our activities, which is designed to align our standards and conduct with these objectives and to retain momentum on fostering a strong culture. The firm is integrating the UBS and Credit Suisse conduct risk frameworks to align the handling of conduct risk across the firm.

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 to identified shortcomings, we are continuing to implement a global remediation program.

Capital management

The disclosures in this section are provided for UBS Group 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 our capital management objectives, planning and activities, as well as the Swiss SRB total loss-absorbing capacity (TLAC) framework.

UBS Group AG is a holding company and conducts substantially all of its operations through UBS AG and Credit Suisse AG, and subsidiaries thereof. UBS Group AG, UBS AG and Credit Suisse AG have contributed a significant portion of their respective capital to, and provide substantial liquidity to, such subsidiaries. Many of these subsidiaries are subject to regulations requiring compliance with minimum capital, liquidity and similar requirements.

- › Refer to the **31 December 2023 Pillar 3 Report, which will be available as of 28 March 2024 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 the significant regulated subsidiaries and sub-groups of UBS Group AG
- › Refer to the **UBS AG Annual Report 2023, which will be available as of 28 March 2024 under “Annual reporting” at ubs.com/investors**, for more information about capital and other regulatory information for UBS AG consolidated, in accordance with the Basel III framework, as applicable to Swiss SRBs

Swiss SRB going and gone concern requirements and information

As of 31.12.23

USD m, except where indicated

Required going concern capital				
Total going concern capital	14.92 ¹	81,530	5.05 ¹	85,570
Common equity tier 1 capital	10.62	58,031	3.55 ²	60,139
of which: minimum capital	4.50	24,593	1.50	25,431
of which: buffer capital	5.50	30,058	2.00	33,908
of which: countercyclical buffer	0.47	2,580		
Maximum additional tier 1 capital	4.30	23,500	1.50	25,431
of which: additional tier 1 capital	3.50	19,128	1.50	25,431
of which: additional tier 1 buffer capital	0.80	4,372		
Eligible going concern capital				
Total going concern capital	17.05	93,155	5.49	93,155
Common equity tier 1 capital	14.50	79,263	4.68	79,263
Total loss-absorbing additional tier 1 capital ³	2.54	13,892	0.82	13,892
of which: high-trigger loss-absorbing additional tier 1 capital	2.32	12,678	0.75	12,678
of which: low-trigger loss-absorbing additional tier 1 capital	0.22	1,214	0.07	1,214
Required gone concern capital				
Total gone concern loss-absorbing capacity ^{4,5,6}	10.73	58,613	3.75	63,578
of which: base requirement including add-ons for market share and LRD	10.73 ⁷	58,613	3.75 ⁷	63,578
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	19.60	107,106	6.32	107,106
Total tier 2 capital	0.10	538	0.03	538
of which: non-Basel III-compliant tier 2 capital	0.10	538	0.03	538
TLAC-eligible senior unsecured debt	19.50	106,567	6.29	106,567
Total loss-absorbing capacity				
Required total loss-absorbing capacity	25.64	140,143	8.80	149,148
Eligible total loss-absorbing capacity	36.64	200,261	11.81	200,261
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		546,505		
Leverage ratio denominator				1,695,403

¹ Includes applicable add-ons of 1.59% for risk-weighted assets (RWA) and 0.55% for leverage ratio denominator (LRD), of which 15 basis points for RWA and 5 basis points for LRD reflect the FINMA Pillar 2 capital add-on of USD 800m related to the supply chain finance funds matter at Credit Suisse. ² Our minimum CET1 leverage ratio requirement of 3.55% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement, a 0.25% market share add-on requirement based on our Swiss credit business and a 0.05% Pillar 2 capital add-on related to the supply chain finance funds matter at Credit Suisse. ³ Includes outstanding low-trigger loss-absorbing additional tier 1 capital instruments, which are available under the Swiss systemically relevant bank framework to meet the going concern requirements 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 and the Pillar 2 add-on). ⁶ 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 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.

We are 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 31 December 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 and the Pillar 2 add-on). 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 requirements based on obstacles to an SIB's resolvability identified in future resolvability assessments. Our total gone concern requirements remained substantially unchanged in the fourth quarter of 2023.

Transitional purchase price allocation adjustments for regulatory capital

As part of the acquisition of the Credit Suisse Group, the assets acquired and liabilities assumed, including contingent liabilities, were recognized at fair value as of the acquisition date in accordance with IFRS 3, *Business Combinations*. The purchase price allocation (PPA) fair value adjustments required under IFRS 3 are recognized as part of negative goodwill and include effects on financial instruments measured at amortized cost, such as fair value impacts from interest rates and own credit, that are expected to accrete back to par through the income statement as the instruments are held to maturity. Similar own-credit-related effects have also been recognized as part of the PPA adjustments on financial liabilities measured at fair value. As agreed with FINMA, a transitional common equity tier 1 (CET1) capital treatment has been applied for certain of these fair value adjustments, given the substantially temporary nature of the IFRS-3-accounting-driven effects. As such, IFRS equity reductions of USD 5.9bn (before tax) and USD 5.0bn (net of tax) as of the acquisition date have been neutralized for CET1 capital calculation purposes, of which USD 1.0bn (net of tax) relates to own-credit-related fair value adjustments. The transitional treatment is subject to linear amortization and will reduce to nil by 30 June 2027. In the fourth quarter of 2023, the amortization of transitional CET1 PPA adjustments (interest rate and own credit) was USD 0.3bn (net of tax).

IFRS 3 measurement period adjustments in the fourth quarter of 2023 for the acquisition of the Credit Suisse Group

UBS has reclassified certain loans and off-balance sheet loan commitments held by the Non-core and Legacy business division to "measured at fair value through profit or loss". Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for details on the accounting treatment and respective adjustments to prior reporting periods. We have applied the amended classification and measurement for LRD and RWA calculation purposes prospectively from the fourth quarter of 2023.

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	31.12.23	30.9.23	31.12.22
Eligible going concern capital			
Total going concern capital	93,155	91,546	58,321
Total tier 1 capital	93,155	91,546	58,321
Common equity tier 1 capital	79,263	78,587	45,457
Total loss-absorbing additional tier 1 capital	13,892	12,960	12,864
of which: high-trigger loss-absorbing additional tier 1 capital	12,678	11,764	11,675
of which: low-trigger loss-absorbing additional tier 1 capital	1,214	1,195	1,189
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	107,106	103,353	46,991
Total tier 2 capital	538	536	2,958
of which: low-trigger loss-absorbing tier 2 capital	0	0	2,422
of which: non-Basel III-compliant tier 2 capital	538	536	536
TLAC-eligible senior unsecured debt	106,567	102,817	44,033
Total loss-absorbing capacity			
Total loss-absorbing capacity	200,261	194,899	105,312
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	546,505	546,491	319,585
Leverage ratio denominator	1,695,403	1,615,817	1,028,461
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	17.0	16.8	18.2
of which: common equity tier 1 capital ratio	14.5	14.4	14.2
Gone concern loss-absorbing capacity ratio	19.6	18.9	14.7
Total loss-absorbing capacity ratio	36.6	35.7	33.0
Leverage ratios (%)			
Going concern leverage ratio	5.5	5.7	5.7
of which: common equity tier 1 leverage ratio	4.7	4.9	4.4
Gone concern leverage ratio	6.3	6.4	4.6
Total loss-absorbing capacity leverage ratio	11.8	12.1	10.2

Total loss-absorbing capacity and movement

Our total loss-absorbing capacity (TLAC) increased by USD 5.4bn to USD 200.3bn in the fourth quarter of 2023.

Going concern capital and movement

Our going concern capital increased by USD 1.6bn to USD 93.2bn. Our CET1 capital increased by USD 0.7bn to USD 79.3bn, mainly as the operating loss before tax of USD 0.8bn, dividend accruals of USD 0.8bn, compensation- and own share-related capital components of USD 0.6bn and amortization of transitional CET1 PPA adjustments (interest rate and own credit) of USD 0.3bn were more than offset by positive effects from foreign currency translation of USD 1.6bn and an increase of USD 1.5bn in eligible deferred tax assets (DTAs) on temporary differences. Previously unrecognized DTAs on temporary differences were recognized primarily in connection with our business planning process and an election to capitalize compensation-related costs for US tax purposes. The income statement impact of this DTAs on temporary differences write-up was largely offset by a reduction in DTAs recognized for tax loss carry-forwards that were either converted into DTAs on temporary differences or amortized against profits generated in the quarter.

Our loss-absorbing additional tier 1 (AT1) capital increased by USD 0.9bn to USD 13.9bn, mainly reflecting two issuances of AT1 capital instruments of USD 3.5bn and positive impacts from interest rate risk hedge, foreign currency translation and other effects. These increases were partly offset by USD 3.0bn equivalent of AT1 capital instruments that ceased to be eligible as going concern capital when we issued a notice of redemption of the instruments in the fourth quarter of 2023.

AT1 capital instruments issued from the beginning of the fourth quarter of 2023 are currently subject to write-down upon occurrence of a trigger event or a viability event. The notes provide, however, that, following approval of a minimum amount of conversion capital by UBS Group AG's shareholders at the 2024 Annual General Meeting, upon the occurrence of a trigger event or a viability event the notes will be converted into UBS Group AG ordinary shares rather than being subject to a write-down.

Gone concern loss-absorbing capacity and movement

Our total gone concern loss-absorbing capacity increased by USD 3.8bn to USD 107.1bn, mainly due to positive impacts from interest rate risk hedge, foreign currency translation and other effects, as well as the issuance of an aggregate of USD 0.3bn equivalent of TLAC-eligible senior unsecured debt. The aforementioned increases were partly offset by the redemption of USD 2.2bn equivalent of TLAC-eligible senior unsecured debt. In addition, we redeemed a CHF 400m TLAC-eligible senior unsecured debt on 30 January 2024, the first call date. This instrument remained eligible as gone concern capital as of 31 December 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

Our CET1 capital ratio increased to 14.5% from 14.4%, reflecting an increase in CET1 capital of USD 0.7bn.

Our CET1 leverage ratio decreased to 4.7% from 4.9%, reflecting a USD 79.6bn increase in the LRD, partly offset by an increase in CET1 capital of USD 0.7bn.

Our gone concern loss-absorbing capacity ratio increased to 19.6% from 18.9%, due to an increase in gone concern loss-absorbing capacity of USD 3.8bn.

Our gone concern leverage ratio decreased to 6.3% from 6.4%, due to the aforementioned increase in the LRD, largely offset by an increase in gone concern loss-absorbing capacity of USD 3.8bn.

Swiss SRB total loss-absorbing capacity movement

USD m

Going concern capital	Swiss SRB
Common equity tier 1 capital as of 30.9.23	78,587
Operating profit / (loss) before tax	(751)
Current tax (expense) / benefit	(69)
Foreign currency translation effects, before tax	1,612
Deferred tax assets on temporary differences	1,500
Compensation- and own share-related capital components	(629)
Amortization of transitional CET1 purchase price allocation adjustments, net of tax	(283)
Other ¹	(704)
Common equity tier 1 capital as of 31.12.23	79,263
Loss-absorbing additional tier 1 capital as of 30.9.23	12,960
Issuance of high-trigger loss-absorbing additional tier 1 capital	3,455
Call of high-trigger loss-absorbing additional tier 1 capital	(3,023)
Interest rate risk hedge, foreign currency translation and other effects	500
Loss-absorbing additional tier 1 capital as of 31.12.23	13,892
Total going concern capital as of 30.9.23	91,546
Total going concern capital as of 31.12.23	93,155
Gone concern loss-absorbing capacity	
Tier 2 capital as of 30.9.23	536
Interest rate risk hedge, foreign currency translation and other effects	3
Tier 2 capital as of 31.12.23	538
TLAC-eligible senior unsecured debt as of 30.9.23	102,817
Issuance of TLAC-eligible senior unsecured debt	266
Call of TLAC-eligible senior unsecured debt	(2,236)
Interest rate risk hedge, foreign currency translation and other effects	5,720
TLAC-eligible senior unsecured debt as of 31.12.23	106,567
Total gone concern loss-absorbing capacity as of 30.9.23	103,353
Total gone concern loss-absorbing capacity as of 31.12.23	107,106
Total loss-absorbing capacity	
Total loss-absorbing capacity as of 30.9.23	194,899
Total loss-absorbing capacity as of 31.12.23	200,261

¹ Includes dividend accruals for the current year (negative USD 0.8bn) and movements related to other items.

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

USD m	31.12.23	30.9.23 ¹	31.12.22
Total IFRS equity	87,816	85,468	57,218
Equity attributable to non-controlling interests	(531)	(542)	(342)
Defined benefit plans, net of tax	(965)	(929)	(311)
Deferred tax assets recognized for tax loss carry-forwards	(3,039)	(3,760)	(4,077)
Deferred tax assets for unused tax credits	(97)	(245)	
Deferred tax assets on temporary differences, excess over threshold			(64)
Goodwill, net of tax ²	(5,750)	(5,736)	(5,754)
Intangible assets, net of tax	(894)	(844)	(150)
Compensation-related components (not recognized in net profit)	(2,586)	(2,296)	(2,287)
Expected losses on advanced internal ratings-based portfolio less provisions	(713)	(553)	(471)
Unrealized (gains) / losses from cash flow hedges, net of tax	3,109	4,947	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	1,291	571	(523)
Own credit related to (gains) / losses on derivative financial instruments that existed at the balance sheet date	(89)	(123)	(105)
Prudential valuation adjustments	(368)	(407)	(201)
Accruals for dividends to shareholders for 2022			(1,683)
Transitional CET1 purchase price allocation adjustments, net of tax	4,316	4,600	
Other ³	(2,237)	(1,565)	(29)
Total common equity tier 1 capital	79,263	78,587	45,457

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information.
² Includes goodwill related to significant investments in financial institutions of USD 20m as of 31 December 2023 (USD 19m as of 30 September 2023; USD 20m as of 31 December 2022) presented on the balance sheet line Investments in associates. ³ Includes dividend accruals for the current year and other items.

Additional information

Sensitivity to currency movements

Risk-weighted assets

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our RWA by USD 24bn and our CET1 capital by USD 2.8bn as of 31 December 2023 (30 September 2023: USD 23bn and USD 2.6bn, respectively) and decreased our CET1 capital ratio by 11 basis points (30 September 2023: 11 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased our RWA by USD 21bn and our CET1 capital by USD 2.5bn (30 September 2023: USD 21bn and USD 2.4bn, respectively) and increased our CET1 capital ratio by 11 basis points (30 September 2023: 11 basis points).

Leverage ratio denominator

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our LRD by USD 114bn as of 31 December 2023 (30 September 2023: USD 103bn) and decreased our CET1 leverage ratio by 14 basis points (30 September 2023: 14 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased our LRD by USD 103bn (30 September 2023: USD 94bn) and increased our CET1 leverage ratio by 15 basis points (30 September 2023: 14 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

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

We have estimated the loss in capital that we could incur as a result of the risks associated with the matters related to UBS AG and subsidiaries described in "Provisions and contingent liabilities" in the "Consolidated financial information" section of this report. We have employed for this purpose the advanced measurement approach (AMA) methodology that we use 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, with respect to the litigation, regulatory and similar matters related to UBS AG and subsidiaries, we estimate the maximum loss in capital that we could incur over a 12-month period as a result of our risks associated with these operational risk categories at USD 4.0bn as of 31 December 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 our 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
- › Refer to "Provisions and contingent liabilities" in the "Consolidated financial information" section of this report for more information

Risk-weighted assets

During the fourth quarter of 2023, RWA were unchanged at USD 546.5bn, primarily as decreases of USD 15.1bn due to asset size and other movements and USD 0.5bn due to model updates were offset by increases of USD 14.8bn due to currency effects and USD 0.7bn due to methodology and policy changes.

Movement in risk-weighted assets by key driver

USD bn	RWA as of 30.9.23	Currency effects	Methodology and policy changes	Model updates / changes	Regulatory add-ons	Asset size and other ¹	RWA as of 31.12.23
Credit and counterparty credit risk ²	346.3	13.9	0.7	(0.7)		(14.9)	345.3
Non-counterparty-related risk ³	30.7	0.9				2.7	34.4
Market risk	24.1			0.3		(2.9)	21.4
Operational risk	145.4						145.4
Total	546.5	14.8	0.7	(0.5)		(15.1)	546.5

¹ Includes the Pillar 3 categories "Asset size," "Credit quality of counterparties," "Acquisitions and disposals" and "Other." For more information, refer to our 31 December 2023 Pillar 3 report, which will be available as of 28 March 2024 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 345.3bn as of 31 December 2023. The decrease of USD 1.0bn included positive currency effects of USD 13.9bn.

Asset size and other movements resulted in a USD 14.9bn decrease in RWA.

- Non-core and Legacy RWA decreased by USD 5.7bn, mainly driven by an accelerated roll-off arising from our actions to actively unwind the portfolio, in addition to the natural roll-off.
- Global Wealth Management RWA decreased by USD 4.5bn, mainly due to negative net new loans.
- Personal & Corporate Banking RWA decreased by USD 4.1bn, primarily driven by lower lending assets.
- Group Items RWA decreased by USD 0.9bn, mainly driven by lower RWA in Group Treasury.
- Asset Management RWA decreased by USD 0.2bn.
- Investment Bank RWA increased by USD 0.5bn, mainly due to higher RWA from securities financing transactions.

Methodology and policy changes resulted in an RWA increase of USD 0.7bn, due to a change in the treatment of a derivatives portfolio from the internal model-based approach to the standardized approach for counterparty credit risk.

Model updates resulted in an RWA decrease of USD 0.7bn, primarily related to the recalibration of certain multipliers as a result of improvements to models, partly offset by an update to a model for securities financing transactions.

- › Refer to “Credit risk models” in the “Risk management and control” section of the Annual Report 2022 for more information

Non-counterparty-related risk

Non-counterparty-related risk RWA increased by USD 3.7bn to USD 34.4bn in the fourth quarter of 2023, mainly due to an increase in deferred taxes on temporary differences, as well as currency effects.

Market risk

Market risk RWA decreased by USD 2.7bn to USD 21.4bn in the fourth quarter of 2023, primarily driven by a decrease of USD 2.9bn from asset size and other movements, partly offset by an increase of USD 0.3bn related to ongoing parameter updates of the value-at-risk (VaR) models. FINMA approved the integration of time decay into regulatory VaR and stressed VaR, which went live on 12 January 2024.

- › Refer to “Market risk” in the “Risk management and control” section of the Annual Report 2022 for more information

Operational risk

Operational risk RWA were unchanged at USD 145.4bn.

- › Refer to “Provisions and contingent liabilities” in the “Consolidated financial information” section of this report for more information
- › 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

Outlook

We expect that model updates will result in an RWA increase of around USD 10bn in 2024 and 2025, primarily as a result of the migration of Credit Suisse portfolios to UBS models. The extent and timing of RWA changes may vary as model updates are completed and receive regulatory approval, along with changes in the composition of the relevant portfolios. In addition, we currently estimate that the revised Basel III framework, including the Fundamental Review of the Trading Book, will lead to a further increase in RWA of approximately USD 25bn, of which USD 10bn in Non-core and Legacy. This estimate is based on static balances and on our current understanding of the relevant standards before taking into account mitigating actions and not reflecting the impact of the output floor, which is phased in over time. It may change as a result of new or updated regulatory interpretations, appropriate conservatism in model calibration, the implementation of Basel III standards into national law, changes in business growth, market conditions and other factors. The core business-led reductions in RWA, coupled with the run-down of positions in the Non-core and Legacy business division, are expected to more than offset the effects of model updates and revised Basel III standards in 2024 and 2025.

Risk-weighted assets by business division and Group Items

<i>USD bn</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total RWA
31.12.23							
Credit and counterparty credit risk ¹	90.4	137.8	7.6	65.0	34.3	10.2	345.3
Non-counterparty-related risk ²	6.8	3.4	0.8	3.8	2.5	17.1	34.4
Market risk	1.7	0.1	0.1	12.5	5.1	1.9	21.4
Operational risk	57.5	19.5	7.2	25.0	30.0	6.2	145.4
Total	156.5	160.8	15.6	106.3	72.0	35.3	546.5
30.9.23							
Credit and counterparty credit risk ¹	92.8	132.0	7.6	64.4	38.8	10.7	346.3
Non-counterparty-related risk ²	6.8	3.5	0.8	3.7	2.7	13.2	30.7
Market risk	1.6	0.1	0.0	13.9	5.9	2.4	24.1
Operational risk	57.5	19.5	7.2	25.0	30.0	6.2	145.4
Total	158.8	155.1	15.6	107.0	77.5	32.5	546.5
31.12.23 vs 30.9.23							
Credit and counterparty credit risk ¹	(2.4)	5.8	0.0	0.6	(4.5)	(0.5)	(1.0)
Non-counterparty-related risk ²	0.0	(0.1)	0.0	0.1	(0.3)	3.9	3.7
Market risk	0.1	0.0	0.0	(1.4)	(0.8)	(0.6)	(2.7)
Operational risk							
Total	(2.3)	5.7	0.0	(0.7)	(5.5)	2.8	0.0

¹ Includes settlement risk, credit valuation adjustments, equity exposures in the banking book and securitization exposures in the banking book. ² Non-counterparty-related risk includes deferred tax assets recognized for temporary differences (31 December 2023: USD 16.4bn; 30 September 2023: USD 12.6bn), as well as property, equipment, software and other items (31 December 2023: USD 18.0bn; 30 September 2023: USD 18.1bn).

Leverage ratio denominator

During the fourth quarter of 2023, the LRD increased by USD 79.6bn to USD 1,695.4bn, driven by currency effects of USD 68.4bn and asset size and other movements of USD 11.1bn.

Movement in leverage ratio denominator by key driver

<i>USD bn</i>	LRD as of 30.9.23	Currency effects	Asset size and other	LRD as of 31.12.23
On-balance sheet exposures (excluding derivatives and securities financing transactions)	1,242.4	59.2	27.5	1,329.2
Derivatives	143.5	2.2	(17.6)	128.1
Securities financing transactions	157.1	3.3	5.0	165.4
Off-balance sheet items	80.4	3.3	(3.8)	79.9
Deduction items	(7.6)	0.3	0.0	(7.2)
Total	1,615.8	68.4	11.1	1,695.4

The LRD movements described below exclude currency effects.

On-balance sheet exposures (excluding derivatives and securities financing transactions) increased by USD 27.5bn, mainly driven by higher central bank balances resulting primarily from customer deposits and net new issuances of long-term debt, and higher trading portfolio assets, partly offset by lower lending balances.

Derivative exposures decreased by USD 17.6bn, mainly due to market-driven decreases in foreign exchange and interest rate contracts and lower trading volumes across products.

Securities financing transactions increased by USD 5.0bn, predominantly reflecting net new excess cash reinvestment trades.

Off-balance sheet items decreased by USD 3.8bn, mainly due to a decrease in guarantees and commitments.

› 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

<i>USD bn</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	Total
31.12.23							
On-balance sheet exposures	428.3	442.4	5.8	217.2	95.0	140.5	1,329.2
Derivatives	8.1	3.0	0.0	90.3	23.6	3.1	128.1
Securities financing transactions	36.4	28.3	0.1	39.9	17.7	43.1	165.4
Off-balance sheet items	20.3	38.5	0.2	18.3	1.6	1.1	79.9
Items deducted from Swiss SRB tier 1 capital	(4.7)	4.3	(1.2)	(0.4)	(0.7)	(4.5)	(7.2)
Total	488.4	516.6	4.9	365.2	137.1	183.2	1,695.4
30.9.23							
On-balance sheet exposures	427.3	424.0	5.9	199.9	115.9	69.4	1,242.4
Derivatives	8.0	4.8	0.0	96.2	32.3	2.1	143.5
Securities financing transactions	23.1	12.5	0.1	41.3	5.0	75.1	157.1
Off-balance sheet items	18.2	37.6	0.2	19.2	3.8	1.5	80.4
Items deducted from Swiss SRB tier 1 capital	(4.6)	4.7	(1.2)	(0.4)	(0.6)	(5.4)	(7.6)
Total	472.0	483.7	5.0	356.0	156.4	142.7	1,615.8
31.12.23 vs 30.9.23							
On-balance sheet exposures	1.1	18.3	(0.1)	17.3	(20.9)	71.1	86.7
Derivatives	0.1	(1.8)	0.0	(5.9)	(8.8)	1.0	(15.3)
Securities financing transactions	13.3	15.8	0.0	(1.4)	12.6	(32.0)	8.3
Off-balance sheet items	2.1	1.0	0.0	(0.9)	(2.2)	(0.4)	(0.5)
Items deducted from Swiss SRB tier 1 capital	(0.1)	(0.4)	0.0	0.0	0.0	0.9	0.3
Total	16.4	32.9	(0.1)	9.2	(19.3)	40.5	79.6

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 the UBS Group increased 19.1 percentage points to 215.7%, remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA). The movement in the average LCR was primarily driven by an increase in high-quality liquid assets (HQLA) of USD 48.1bn to USD 415.6bn, mostly driven by higher customer deposits and proceeds received from debt issuances and negative net new loans. The effect of the increase in average HQLA was partly offset by a USD 5.5bn increase in average net cash outflows, to USD 192.8bn. That increase was due to lower net inflows from securities financing transactions and lower inflows from lending assets, partly offset by lower outflows from debt issued.

› Refer to the 31 December 2023 Pillar 3 report, which will be available as of 28 March 2024 under "Pillar 3 disclosures" at ubs.com/investors, for more information about the LCR

Liquidity coverage ratio

<i>USD bn, except where indicated</i>	Average 4Q23 ¹	Average 3Q23 ¹
High-quality liquid assets	415.6	367.5
Net cash outflows ²	192.8	187.3
Liquidity coverage ratio (%)³	215.7	196.5

¹ Calculated based on an average of 63 data points in the fourth quarter of 2023 and 63 data points in the third 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 31 December 2023, the net stable funding ratio (the NSFR) of the UBS Group increased 3.4 percentage points to 124.1%, remaining above the prudential requirement communicated by FINMA.

Available stable funding increased by USD 55.7bn to USD 928.4bn, reflecting higher customer deposits, debt securities issued and regulatory capital. Required stable funding increased by USD 25.3bn to USD 748.2bn, predominantly reflecting higher trading and lending assets.

› Refer to the **31 December 2023 Pillar 3 report**, which will be available as of **28 March 2024** under “Pillar 3 disclosures” at ubs.com/investors, for more information about the NSFR

Net stable funding ratio

<i>USD bn, except where indicated</i>	31.12.23	30.9.23
Available stable funding	928.4	872.7
Required stable funding	748.2	722.9
Net stable funding ratio (%)	124.1	120.7

Balance sheet and off-balance sheet

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. For more information about the balance sheet effects of the acquisition of the Credit Suisse Group, refer to “Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial information” section of this report.

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 (31 December 2023 vs 30 September 2023)

Total assets were USD 1,717.6bn as of 31 December 2023. The increase of USD 73.3bn included currency effects of approximately USD 67.4bn.

Cash and balances at central banks increased by USD 51.7bn, mainly driven by inflows from customer deposits, lending assets and net new issuances of long-term debt, partly offset by outflows into securities financing transactions (SFTs). Lending assets increased by USD 22.3bn, reflecting currency effects of approximately USD 35.6bn, partly offset by net new loan outflows, mainly in Global Wealth Management. SFTs at amortized cost increased by USD 14.1bn, predominantly reflecting net new excess cash reinvestment trades. Trading assets increased by USD 12.1bn, mainly driven by higher inventory levels held to hedge client positions in Financing and Derivatives & Solutions in the Investment Bank.

These increases were partly offset by a decrease in derivatives and cash collateral receivables on derivative instruments of USD 24.1bn, mainly driven by decreases in interest rate contracts and foreign currency contracts in Derivatives & Solutions.

Assets

	As of	% change from
<i>USD bn</i>	31.12.23	30.9.23 ¹
Cash and balances at central banks	314.1	262.4
Lending ²	661.3	639.0
Securities financing transactions at amortized cost	99.0	84.9
Trading assets	169.6	157.5
Derivatives and cash collateral receivables on derivative instruments	226.2	250.3
Brokerage receivables	21.0	24.6
Other financial assets measured at amortized cost	65.5	64.2
Other financial assets measured at fair value ³	106.2	106.8
Non-financial assets	54.5	54.7
Total assets	1,717.6	1,644.3
<i>of which: Credit Suisse</i>	583.5	559.2

¹ Comparative-period information has been revised. Refer to “Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial information” section of this report for more information.
² Consists of Loans and advances to customers and Amounts due from banks. ³ 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 (31 December 2023 vs 30 September 2023)

Total liabilities were USD 1,629.8bn as of 31 December 2023. The increase of USD 70.9bn included currency effects of approximately USD 56.1bn.

Customer deposits increased by USD 58.9bn, including currency effects of approximately USD 32.4bn. Excluding currency effects, the increase was primarily driven by net inflows into time deposits across all regions, mainly in Global Wealth Management. Debt issued designated at fair value and long-term debt issued measured at amortized cost increased by USD 15.5bn, mainly driven by currency effects and net new issuances of long-term debt in Group Treasury and structured notes in Derivatives & Solutions.

- › Refer to “Bondholder information” at ubs.com/investors for more information about capital and senior debt instruments
- › Refer to the “Consolidated financial information” section of this report for more information

Liabilities and equity

	As of		% change from
USD bn	31.12.23	30.9.23 ¹	30.9.23
Short-term borrowings ^{2,3}	109.5	106.5	3
Securities financing transactions at amortized cost	14.4	15.0	(4)
Customer deposits	792.0	733.1	8
Debt issued designated at fair value and long-term debt issued measured at amortized cost ³	327.6	312.1	5
Trading liabilities	34.2	35.0	(2)
Derivatives and cash collateral payables on derivative instruments	233.8	239.3	(2)
Brokerage payables	42.5	41.3	3
Other financial liabilities measured at amortized cost	20.9	19.2	9
Other financial liabilities designated at fair value	29.5	33.3	(11)
Non-financial liabilities	25.4	24.2	5
Total liabilities	1,629.8	1,558.9	5
<i>of which: Credit Suisse⁴</i>	<i>474.8</i>	<i>462.2</i>	<i>3</i>
Share capital	0.3	0.3	0
Share premium	13.2	12.9	3
Treasury shares	(4.8)	(4.1)	16
Retained earnings	76.1	76.8	(1)
Other comprehensive income ⁵	2.5	(1.0)	
Total equity attributable to shareholders	87.3	84.9	3
Equity attributable to non-controlling interests	0.5	0.5	(2)
Total equity	87.8	85.5	3
Total liabilities and equity	1,717.6	1,644.3	4

¹ Comparative-period information has been revised. Refer to “Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial information” section of this report for more information.

² Consists of short-term debt issued measured at amortized cost and amounts due to banks, which includes amounts due to central banks. ³ 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. ⁴ Excludes USD 57.5bn (30 September 2023: USD 55.7bn) of debt instruments previously issued by Credit Suisse Group AG and transferred to UBS Group AG as part of the acquisition.

⁵ Excludes other comprehensive income related to defined benefit plans and own credit, which is recorded directly in Retained earnings.

Equity (31 December 2023 vs 30 September 2023)

Equity attributable to shareholders increased by USD 2,359m to USD 87,285m as of 31 December 2023.

The increase of USD 2,359m was mainly driven by total comprehensive income attributable to shareholders of USD 2,677m, reflecting a net loss of USD 279m and other comprehensive income (OCI) of USD 2,956m, and an increase in deferred share-based compensation awards expensed in the income statement of USD 306m. OCI mainly included cash flow hedge OCI of USD 1,970m, OCI related to foreign currency translation of USD 1,597m and negative OCI related to own credit on financial liabilities designated at fair value of USD 721m.

These effects were partly offset by net treasury share activity, which decreased equity by USD 673m, predominantly due to USD 669m of shares purchased from the market to hedge future share delivery obligations related to employee share-based compensation awards.

- › Refer to the “Group performance” and “Consolidated financial information” 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

Off-balance sheet (31 December 2023 vs 30 September 2023)

Guarantees increased by USD 8.9bn, mainly in Group Treasury, relating to sponsored repo clearing. Committed unconditionally revocable credit lines increased by USD 4.3bn, mainly driven by increases in facilities provided to clients in Global Wealth Management and Personal & Corporate Banking, as well as currency effects. Forward starting reverse repurchase agreements increased by USD 8.0bn, reflecting fluctuations in levels of business division activity in short-dated securities financing transactions.

Off-balance sheet

	As of	% change from
USD bn	31.12.23	30.9.23 ¹
Guarantees ^{2,3}	43.9	35.0
Loan commitments ²	91.6	90.8
Committed unconditionally revocable credit lines	163.3	159.0
Forward starting reverse repurchase agreements	18.4	10.4

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information.

² Guarantees and loan commitments are shown net of sub-participations. ³ Includes guarantees measured at fair value through profit or loss.

Share information and earnings per share

UBS Group AG shares are listed on the SIX Swiss Exchange (SIX). They are also listed on the New York Stock Exchange (the NYSE) as global registered shares. Each share has a nominal value of USD 0.10 following a change of the share capital currency of UBS Group AG from the Swiss franc to the US dollar in the second quarter of 2023. Shares issued were unchanged in the fourth quarter of 2023 compared with the third quarter of 2023.

We held 253m shares as of 31 December 2023, of which 121m shares had been acquired under our 2022 share repurchase program for cancellation purposes. The remaining 133m shares are primarily held to hedge our share delivery obligations related to employee share-based compensation and participation plans.

Treasury shares held increased by 24m shares in the fourth quarter of 2023. This mainly reflected the purchase of 25.0m shares from the market to hedge future share delivery obligations related to employee share-based compensation awards.

Shares acquired under our 2022 program totaled 121m as of 31 December 2023 for a total acquisition cost of USD 2,277m (CHF 2,138m). A new, two-year share repurchase program of up to USD 6bn was approved by shareholders at the 2023 AGM. We have temporarily suspended repurchases under the share repurchase programs due to the acquisition of the Credit Suisse Group, but we plan to repurchase up to USD 1bn of our shares in 2024 commencing after the completion of the merger of UBS AG and Credit Suisse AG.

- › Refer to the "Recent developments" section of this report for more information about the integration of Credit Suisse
- › Refer to the "Equity, CET1 capital and returns" table in the "Group performance" section of this report for more information about equity attributable to shareholders and tangible equity attributable to shareholders

	As of or for the quarter ended			As of or for the year ended	
	31.12.23	30.9.23 ¹	31.12.22	31.12.23	31.12.22
Basic and diluted earnings (USD m)					
Net profit / (loss) attributable to shareholders for basic EPS	(279)	(715)	1,653	29,027	7,630
Less: (profit) / loss on own equity derivative contracts	0	(1)	0	0	0
Net profit / (loss) attributable to shareholders for diluted EPS	(279)	(715)	1,653	29,027	7,630
Weighted average shares outstanding					
Weighted average shares outstanding for basic EPS ²	3,225,500,133	3,229,878,446	3,141,689,290	3,152,579,449	3,260,938,561
Effect of dilutive potential shares resulting from notional employee shares, in-the-money options and warrants outstanding ³	123,601 ⁴	380,852 ⁴	136,909,896	143,416,753	136,531,654
Weighted average shares outstanding for diluted EPS	3,225,623,734	3,230,259,298	3,278,599,186	3,295,996,202	3,397,470,215
Earnings per share (USD)					
Basic	(0.09)	(0.22)	0.53	9.21	2.34
Diluted	(0.09)	(0.22)	0.50	8.81	2.25
Shares outstanding and potentially dilutive instruments					
Shares issued	3,462,087,722	3,462,087,722	3,524,635,722	3,462,087,722	3,524,635,722
Treasury shares ⁵	253,233,437	228,822,625	416,909,010	253,233,437	416,909,010
of which: related to the 2021 share repurchase program			62,548,000		62,548,000
of which: related to the 2022 share repurchase program	120,506,008	120,506,008	233,901,950	120,506,008	233,901,950
Shares outstanding	3,208,854,285	3,233,265,097	3,107,726,712	3,208,854,285	3,107,726,712
Potentially dilutive instruments ⁶	163,417,391 ⁴	160,925,793 ⁴	5,873,046	5,638,817	5,873,046
Other key figures					
Total book value per share (USD)	27.20	26.27	18.30	27.20	18.30
Tangible book value per share (USD)	24.86	23.96	16.28	24.86	16.28
Share price (USD) ⁷	31.01	24.77	18.61	31.01	18.61
Market capitalization (USD m) ⁸	107,355	85,768	65,608	107,355	65,608

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial information" section of this report for more information. ² The weighted average shares outstanding for basic earnings per share (EPS) are calculated by taking the number of shares at the beginning of the period, adjusted by the number of shares acquired or issued during the period, multiplied by a time-weighted factor for the period outstanding. As a result, balances are affected by the timing of acquisitions and issuances during the period. ³ The weighted average number of shares for notional employee awards with performance conditions reflects all potentially dilutive shares that are expected to vest under the terms of the awards. ⁴ Due to the net loss in the fourth and third quarter of 2023, 155,065,831 weighted average potential shares from unvested notional share awards were not included in the calculation of diluted EPS as they were not dilutive for the quarter ended 31 December 2023 (30 September 2023: 148,423,317 weighted average potential shares). Such shares are only taken into account for the diluted EPS calculation when their conversion to ordinary shares would decrease earnings per share or increase the loss per share, in accordance with IAS 33, Earnings per Share. ⁵ Based on a settlement date view. ⁶ Reflects potential shares that could dilute basic EPS in the future, but were not dilutive for any of the periods presented. It mainly includes equity-based awards subject to absolute and relative performance conditions and equity derivative contracts. For the quarter ended 31 December 2023, it also includes 155,065,831 weighted average potential shares from unvested notional share awards that were not included in the calculation of diluted EPS as they were not dilutive (30 September 2023: 148,423,317 weighted average potential shares). ⁷ Represents the share price as listed on the SIX Swiss Exchange, translated to US dollars using the closing exchange rate as of the respective date. ⁸ The calculation of market capitalization has been amended in the second quarter of 2023 to reflect total shares issued multiplied by the share price at the end of the period. The calculation was previously based on total shares outstanding multiplied by the share price at the end of the period. Market capitalization has been increased by USD 7.8bn as of 31 December 2022 as a result.

Ticker symbols UBS Group AG

Trading exchange	SIX / NYSE	Bloomberg	Reuters
SIX Swiss Exchange	UBSG	UBSG SW	UBSG.S
New York Stock Exchange	UBS	UBS UN	UBS.N

Security identification codes

ISIN	CH0244767585
Valoren	24 476 758
CUSIP	CINS H42097 10 7

Consolidated financial information

Unaudited

Information in this section is presented for UBS Group AG and its subsidiaries (together, the Group) on a consolidated basis unless otherwise specified and is presented in US dollars. In preparing this financial information, the same accounting policies and methods of computation have been applied as in the UBS Group AG consolidated annual Financial Statements for the period ended 31 December 2022, except for the changes described in “Note 1 Basis of accounting” in the “Consolidated financial statements” section of the first, second and third quarter 2023 reports. The financial information presented is unaudited and does not constitute an interim financial report prepared in accordance with IAS 34, *Interim Financial Reporting*. The UBS Group AG Annual Report 2023, which will be published on 28 March 2024, will incorporate the full financial statements prepared in accordance with IFRS for the 2023 financial year.

UBS Group AG interim consolidated financial information (unaudited)

Income statement

	For the quarter ended			For the year ended	
USD m	31.12.23	30.9.23 ¹	31.12.22	31.12.23	31.12.22
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	10,036	9,932	4,180	31,743	11,782
Interest expense from financial instruments measured at amortized cost	(9,440)	(9,082)	(2,954)	(28,216)	(6,564)
Net interest income from financial instruments measured at fair value through profit or loss and other	1,498	1,257	363	3,770	1,403
Net interest income	2,095	2,107	1,589	7,297	6,621
Other net income from financial instruments measured at fair value through profit or loss	3,158	3,226	1,876	11,583	7,517
Fee and commission income	6,409	6,669	4,771	23,766	20,789
Fee and commission expense	(629)	(613)	(413)	(2,195)	(1,823)
Net fee and commission income	5,780	6,056	4,359	21,570	18,966
Other income	(179)	305	206	384	1,459
Total revenues	10,855	11,695	8,029	40,834	34,563
Negative goodwill				28,925	
Credit loss expense / (release)	136	239	7	1,037	29
Personnel expenses	7,061	7,567	4,122	24,899	17,680
General and administrative expenses	2,999	3,124	1,420	10,156	5,189
Depreciation, amortization and impairment of non-financial assets	1,409	950	543	3,750	2,061
Operating expenses	11,470	11,640	6,085	38,806	24,930
Operating profit / (loss) before tax	(751)	(184)	1,937	29,916	9,604
Tax expense / (benefit)	(473)	526	280	873	1,942
Net profit / (loss)	(278)	(711)	1,657	29,043	7,661
Net profit / (loss) attributable to non-controlling interests	1	4	4	16	32
Net profit / (loss) attributable to shareholders	(279)	(715)	1,653	29,027	7,630
Earnings per share (USD)					
Basic	(0.09)	(0.22)	0.53	9.21	2.34
Diluted	(0.09)	(0.22)	0.50	8.81	2.25

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in this section for more information.

Statement of comprehensive income

	For the quarter ended			For the year ended	
USD m	31.12.23	30.9.23 ¹	31.12.22	31.12.23	31.12.22
Comprehensive income attributable to shareholders²					
Net profit / (loss)	(279)	(715)	1,653	29,027	7,630
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	4,197	(1,425)	1,753	3,762	(894)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	(2,620)	806	(798)	(2,320)	337
Foreign currency translation differences on foreign operations reclassified to the income statement	60	2	0	58	32
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	(25)	0	3	(28)	(4)
Income tax relating to foreign currency translations, including the effect of net investment hedges	(15)	4	(10)	(17)	4
Subtotal foreign currency translation, net of tax	1,597	(615)	948	1,456	(525)
Financial assets measured at fair value through other comprehensive income					
Net unrealized gains / (losses), before tax	8	(2)	5	7	(440)
Net realized (gains) / losses reclassified to the income statement from equity	(4)	0	0	(3)	1
Reclassification of financial assets to Other financial assets measured at amortized cost ³					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	3	(2)	6	4	6
Cash flow hedges of interest rate risk					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	1,803	(1,198)	59	(323)	(5,758)
Net (gains) / losses reclassified to the income statement from equity	566	580	210	1,905	(159)
Income tax relating to cash flow hedges	(399)	92	(43)	(308)	1,124
Subtotal cash flow hedges, net of tax	1,970	(526)	225	1,275	(4,793)
Cost of hedging					
Cost of hedging, before tax	(24)	(1)	(69)	(19)	45
Income tax relating to cost of hedging	0	0	3	0	0
Subtotal cost of hedging, net of tax	(24)	(1)	(66)	(19)	45
Total other comprehensive income that may be reclassified to the income statement, net of tax	3,546	(1,144)	1,113	2,715	(5,267)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	164	(62)	(372)	110	(73)
Income tax relating to defined benefit plans	(33)	(7)	29	(70)	63
Subtotal defined benefit plans, net of tax	131	(69)	(343)	40	(10)
Own credit on financial liabilities designated at fair value					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	(731)	(715)	(304)	(1,850)	867
Income tax relating to own credit on financial liabilities designated at fair value	10	29	71	82	(71)
Subtotal own credit on financial liabilities designated at fair value, net of tax	(721)	(686)	(233)	(1,769)	796
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(591)	(755)	(576)	(1,729)	786
Total other comprehensive income	2,956	(1,899)	538	986	(4,481)
Total comprehensive income attributable to shareholders	2,677	(2,614)	2,190	30,013	3,149
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	1	4	4	16	32
Total other comprehensive income that will not be reclassified to the income statement, net of tax	17	(12)	13	5	(14)
Total comprehensive income attributable to non-controlling interests	18	(8)	17	22	18
Total comprehensive income					
Net profit / (loss)	(278)	(711)	1,657	29,043	7,661
Other comprehensive income	2,973	(1,911)	551	991	(4,494)
of which: other comprehensive income that may be reclassified to the income statement	3,546	(1,144)	1,113	2,715	(5,267)
of which: other comprehensive income that will not be reclassified to the income statement	(573)	(767)	(562)	(1,723)	772
Total comprehensive income	2,695	(2,622)	2,208	30,035	3,167

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in this section for more information. ² Refer to the "Group performance" section of this report for more information. ³ Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. 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	31.12.23	30.9.23 ¹	31.12.22
Assets			
Cash and balances at central banks	314,148	262,383	169,445
Amounts due from banks	21,161	21,334	14,792
Receivables from securities financing transactions measured at amortized cost	99,039	84,872	67,814
Cash collateral receivables on derivative instruments	50,082	55,606	35,032
Loans and advances to customers	640,170	617,686	387,220
Other financial assets measured at amortized cost	65,498	64,159	53,264
Total financial assets measured at amortized cost	1,190,099	1,106,039	727,568
Financial assets at fair value held for trading	169,633	157,535	107,866
Derivative financial instruments	176,084	194,661	150,108
Brokerage receivables	21,037	24,611	17,576
Financial assets at fair value not held for trading	103,983	104,614	59,796
Total financial assets measured at fair value through profit or loss	470,738	481,421	335,347
Financial assets measured at fair value through other comprehensive income	2,233	2,213	2,239
Investments in associates	2,461	2,715	1,101
Property, equipment and software	17,849	17,919	12,288
Goodwill and intangible assets	7,515	7,462	6,267
Deferred tax assets	10,626	10,469	9,389
Other non-financial assets	16,049	16,091	10,166
Total assets	1,717,569	1,644,329	1,104,364
<i>of which: Credit Suisse</i>	<i>583,520</i>	<i>559,231</i>	

Liabilities

Amounts due to banks	70,962	68,461	11,596
Payables from securities financing transactions measured at amortized cost	14,394	14,954	4,202
Cash collateral payables on derivative instruments	41,582	41,546	36,436
Customer deposits	792,029	733,071	525,051
Debt issued measured at amortized cost	237,817	224,025	114,621
Other financial liabilities measured at amortized cost	20,851	19,211	9,575
Total financial liabilities measured at amortized cost	1,177,633	1,101,268	701,481
Financial liabilities at fair value held for trading	34,159	34,989	29,515
Derivative financial instruments	192,220	197,721	154,906
Brokerage payables designated at fair value	42,522	41,313	45,085
Debt issued designated at fair value	128,289	126,135	73,638
Other financial liabilities designated at fair value	29,484	33,284	30,237
Total financial liabilities measured at fair value through profit or loss	426,674	433,441	333,381
Provisions and contingent liabilities	11,357	11,493	3,243
Other non-financial liabilities	14,089	12,660	9,040
Total liabilities	1,629,753	1,558,861	1,047,146
<i>of which: Credit Suisse²</i>	<i>474,815</i>	<i>462,228</i>	

Equity

Share capital	346	346	304
Share premium	13,216	12,858	13,546
Treasury shares	(4,796)	(4,122)	(6,874)
Retained earnings	76,057	76,796	50,004
Other comprehensive income recognized directly in equity, net of tax	2,462	(953)	(103)
Equity attributable to shareholders	87,285	84,926	56,876
Equity attributable to non-controlling interests	531	542	342
Total equity	87,816	85,468	57,218
Total liabilities and equity	1,717,569	1,644,329	1,104,364

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in this section for more information. ² Excludes USD 57.5bn (30 September 2023: USD 55.7bn) of debt instruments previously issued by Credit Suisse Group AG and transferred to UBS Group AG as part of the acquisition of the Credit Suisse Group.

The transaction

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. The acquisition of the Credit Suisse Group constitutes a business combination under IFRS 3, *Business Combinations*, and is required to be accounted for by applying the acquisition method of accounting. Notes 1 and 2 in the UBS Group third quarter 2023 report and the UBS Group second quarter 2023 report set out the details of the accounting for the acquisition.

IFRS 3 measurement period adjustments in the fourth quarter of 2023 for the acquisition of the Credit Suisse Group

As explained in Note 2 of the UBS Group third quarter 2023 report, the acquisition of Credit Suisse Group AG was made without the ordinary due diligence procedures and outside of the conventional time frame for an acquisition of this scale and nature. As such, complete information about all relevant facts and circumstances as of the acquisition date was not practically available to UBS at the time when the initial acquisition accounting was applied for the purpose of the UBS Group third quarter 2023 report and the UBS Group second quarter 2023 report. Therefore, the amounts that form part of the business combination accounting are considered to be provisional and subject to further measurement period adjustments if new information about facts and circumstances existing on the date of the acquisition is obtained within one year from the acquisition date.

In the fourth quarter of 2023, in light of additional information about circumstances existing on the acquisition date that became available to management, IFRS 3 measurement period adjustments were made in the Non-core and Legacy business division, reflecting additional decisions to sell acquired loans and off-balance sheet loan commitments and the remeasurement of the acquisition date fair value adjustments of certain loans and off-balance sheet loan commitments following a detailed review, with previously reported financial information revised. This resulted in the reclassification of USD 8bn¹ of loans and advances to customers and USD 0.3bn of derivative liabilities to financial assets measured at fair value held for trading in the acquisition date balance sheet.

As a consequence of classification and measurement adjustments in the fourth quarter of 2023, USD 0.1bn of stage 1 and stage 2 expected credit losses have been reversed from the UBS Group third quarter 2023 income statement, resulting in corresponding increases in net profit. Additionally, interest income of USD 196m for the quarter ended 30 September 2023 (USD 59m for the quarter ended 30 June 2023) was reclassified from *Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income* to *Net interest income from financial instruments measured at fair value through profit or loss and other*, with no impact on Net interest income.

Measurement period adjustments in the fourth quarter of 2023 had no further effect on the net assets acquired as of the acquisition date and no overall impact on provisional negative goodwill.

Additionally, several presentational changes resulted in a reclassification of USD 7bn² of financial assets reported at fair value not held for trading to financial assets at fair value held for trading in the acquisition date balance sheet to align with presentational approaches followed by the UBS Group.

Effect of measurement period adjustments on the acquisition date balance sheet in the fourth quarter of 2023

The table below sets out the identifiable net assets attributable to the acquisition of the Credit Suisse Group as of the acquisition date and includes the effects of measurement period adjustments on the acquisition date balance sheet, made in the fourth quarter of 2023, detailed above.

¹ Corresponding reclassification to financial assets at fair value held for trading of USD 7bn and USD 9bn of loans and advances to customers and USD 0.3bn and USD 0.3bn of derivative liabilities as of 30 September 2023 and 30 June 2023, respectively.

² Corresponding reclassification to financial assets at fair value held for trading of USD 8bn and USD 6bn of financial assets at fair value not held for trading as of 30 September 2023 and 30 June 2023, respectively.

Accounting for the acquisition of the Credit Suisse Group (continued)

USD m

Purchase price consideration, after consideration of share-based compensation awards			3,710
Credit Suisse Group net identifiable assets on the acquisition date			
	As previously reported in the third quarter 2023 report	Measurement period adjustment in the fourth quarter 2023	Revised
Assets			
Cash and balances at central banks	93,012		93,012
Amounts due from banks	13,590		13,590
Receivables from securities financing transactions measured at amortized cost	26,194		26,194
Cash collateral receivables on derivative instruments	20,878		20,878
Loans and advances to customers	255,547	(8,002)	247,545
Other financial assets measured at amortized cost	13,428		13,428
Total financial assets measured at amortized cost	422,650	(8,002)	414,648
Financial assets at fair value held for trading	41,350	14,887	56,237
Derivative financial instruments	62,162		62,162
Brokerage receivables	366		366
Financial assets at fair value not held for trading	61,305	(7,141)	54,164
Total financial assets measured at fair value through profit or loss	165,183	7,746	172,929
Financial assets measured at fair value through other comprehensive income	0		0
Investments in associates	1,657		1,657
Property, equipment and software	6,055		6,055
Intangible assets	1,287		1,287
Deferred tax assets	942		942
Other non-financial assets	6,892		6,892
Total assets	604,667	(256)	604,411
Liabilities			
Amounts due to banks	107,617		107,617
Payables from securities financing transactions measured at amortized cost	11,911		11,911
Cash collateral payables on derivative instruments	10,939		10,939
Customer deposits	183,119		183,119
Debt issued measured at amortized cost	110,491		110,491
Other financial liabilities measured at amortized cost	7,992		7,992
Total financial liabilities measured at amortized cost	432,070	0	432,070
Financial liabilities at fair value held for trading	5,711		5,711
Derivative financial instruments	68,129	(308)	67,821
Brokerage payables designated at fair value	316		316
Debt issued designated at fair value	44,909		44,909
Other financial liabilities designated at fair value	7,574		7,574
Total financial liabilities measured at fair value through profit or loss	126,639	(308)	126,331
Provisions and contingent liabilities	9,070	(18)	9,052
Other non-financial liabilities	3,832	69	3,901
Total liabilities	571,611	(256)	571,355
Non-controlling interests	(285)		(285)
Fair value of net assets acquired	32,771	0	32,771
Settlement of pre-existing relationships	135		135
Provisional negative goodwill resulting from the acquisition	28,925	0	28,925

The tables below set out the consequential impact of the measurement period adjustments detailed above on the previously reported income statement for the quarter ended 30 September 2023, the balance sheets as of 30 September 2023 and 30 June 2023, and the off-balance sheet effects as of 30 September 2023 and 30 June 2023.

Accounting for the acquisition of the Credit Suisse Group (continued)

Effect of the measurement period adjustments on the income statement for the quarter ended 30 September 2023

	For the quarter ended 30 September 2023		
	As previously reported in the third quarter 2023 report	Measurement period adjustment in the fourth quarter 2023	Revised
<i>USD m</i>			
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	10,128	(196)	9,932
Interest expense from financial instruments measured at amortized cost	(9,082)		(9,082)
Net interest income from financial instruments measured at fair value through profit or loss and other	1,061	196	1,257
Net interest income	2,107		2,107
Other net income from financial instruments measured at fair value through profit or loss	3,212	14	3,226
Net fee and commission income	6,071	(14)	6,056
Other income	305		305
Total revenues	11,695	0	11,695
Negative goodwill			0
Credit loss expense / (release)	306	(67)	239
Operating expenses	11,644	(4)	11,640
Operating profit / (loss) before tax	(255)	71	(184)
Tax expense / (benefit)	526		526
Net profit / (loss)	(781)	71	(711)
Net profit / (loss) attributable to non-controlling interests	4		4
Net profit / (loss) attributable to shareholders	(785)	71	(715)

Effect of the measurement period adjustments on the balance sheet as of 30 September 2023 and 30 June 2023

	As of 30 September 2023			As of 30 June 2023		
	As previously reported in the third quarter 2023 report	Measurement period adjustment in the fourth quarter 2023	Revised	As previously reported in the third quarter 2023 report	Measurement period adjustment in the fourth quarter 2023	Revised
<i>USD m</i>						
Assets						
Total financial assets measured at amortized cost	1,113,238	(7,199)	1,106,039	1,137,531	(8,716)	1,128,815
of which: Loans and advances to customers	624,885	(7,199)	617,686	645,785	(8,716)	637,069
Total financial assets measured at fair value through profit or loss	474,415	7,006	481,421	483,261	8,459	491,719
of which: Financial assets at fair value held for trading	142,888	14,647	157,535	157,171	14,445	171,616
of which: Financial assets at fair value not held for trading	112,256	(7,642)	104,614	118,605	(5,987)	112,618
Financial assets measured at fair value through other comprehensive income	2,213		2,213	2,217		2,217
Non-financial assets	54,656		54,656	55,846		55,846
Total assets	1,644,522	(193)	1,644,329	1,678,856	(257)	1,678,598
Liabilities						
Total financial liabilities measured at amortized cost	1,101,268		1,101,268	1,125,687		1,125,687
Total financial liabilities measured at fair value through profit or loss	433,739	(298)	433,441	440,569	(309)	440,260
of which: Derivative financial instruments	198,019	(298) ¹	197,721	195,182	(309) ¹	194,873
Provisions and contingent liabilities	11,515	(23)	11,493	12,951	(18)	12,933
Other non-financial liabilities	12,603	57	12,660	11,896	70	11,966
Total liabilities	1,559,125	(264)	1,558,861	1,591,104	(257)	1,590,847
Equity						
Equity attributable to shareholders	84,856	71	84,926	87,116	0	87,116
of which: Retained earnings	76,726	71	76,796	78,297	0	78,297
Total equity	85,398	71	85,468	87,752	0	87,752
Total liabilities and equity	1,644,522	(193)	1,644,329	1,678,856	(257)	1,678,598

¹ Includes the fair value of loan commitments reclassified from loan commitments not measured at fair value to derivative loan commitments with a notional amount as of 30 September 2023 and 30 June 2023 of USD 0.7bn and USD 0.9bn respectively.

Accounting for the acquisition of the Credit Suisse Group (continued)

Off-balance sheet effect of the measurement period adjustments as of 30 September 2023 and 30 June 2023

	As of 30 September 2023			As of 30 June 2023		
	As previously reported in the third quarter 2023 report	Measurement period adjustment in the fourth quarter 2023	Revised	As previously reported in the third quarter 2023 report	Measurement period adjustment in the fourth quarter 2023	Revised
<i>USD bn</i>						
Guarantees	35.1	0.0	35.0	36.5		36.5
Loan commitments	91.5	(0.7) ¹	90.8	92.8	(0.9) ¹	91.9
Committed unconditionally revocable credit lines	159.0		159.0	168.6		168.6
Forward starting reverse repurchase agreements	10.4		10.4	5.0		5.0

¹ Represents the notional amount of loan commitments reclassified from loan commitments not measured at fair value to derivative loan commitments, with a fair value as of 30 September 2023 and 30 June 2023 of USD 0.1bn and USD 0.1bn respectively.

Provisions and contingent liabilities

a) Provisions and contingent liabilities

The table below presents an overview of total provisions and contingent liabilities.

<i>USD m</i>	31.12.23	30.9.23 ¹	31.12.22
Provisions related to expected credit losses (IFRS 9, <i>Financial Instruments</i>)	350	333	201
Provisions related to Credit Suisse loan commitments (IFRS 3, <i>Business Combinations</i>)	1,924	2,181	
Provisions related to litigation, regulatory and similar matters (IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	3,976	4,017	2,586
Acquisition-related contingent liabilities (IFRS 3, <i>Business Combinations</i>)	2,983	2,973	
Other provisions	2,123	1,988	456
Total provisions and contingent liabilities	11,357	11,493	3,243
<i>of which: Credit Suisse</i>	<i>8,787</i>	<i>9,141</i>	

¹ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in this section for more information.

The table below presents additional information for provisions related to litigation, regulatory and similar matters and other provisions.

<i>USD m</i>	Litigation, regulatory and similar matters ¹	Restructuring ²	Real estate ³	Other ⁴	Total
Balance as of 31 December 2022	2,586	130	129	197	3,042
Balance as of 30 September 2023⁵	4,017	613	243	1,133	6,006
Increase in provisions recognized in the income statement	84	393	3	75	555
Release of provisions recognized in the income statement	(77)	(114)	0	(99)	(291)
Provisions used in conformity with designated purpose	(125)	(158)	(8)	(9)	(299)
Foreign currency translation and other movements	76	8	21	23	128
Balance as of 31 December 2023	3,976	741	259	1,123	6,099
<i>of which: Credit Suisse</i>	<i>2,165</i>	<i>519</i>	<i>114</i>	<i>918</i>	<i>3,717</i>

¹ Consists of provisions for losses resulting from legal, liability and compliance risks. ² Primarily consists of USD 448m of provisions for onerous contracts related to real estate as of 31 December 2023 (30 September 2023: USD 389m; 31 December 2022: USD 28m) and USD 294m of personnel-related restructuring provisions as of 31 December 2023 (30 September 2023: USD 225m; 31 December 2022: USD 102m). ³ Mainly includes provisions for reinstatement costs with respect to leased properties. ⁴ Mainly includes provisions related to onerous contracts and employee benefits. ⁵ Comparative-period information has been revised. Refer to "Accounting for the acquisition of the Credit Suisse Group" in this section for more information.

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

b) Litigation, regulatory and similar matters

The Group 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 (which for purposes of this Note may refer to UBS Group AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

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 the Group 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 the Group 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. The Group 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 the Group 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 the Group, but are nevertheless expected to be, based on the Group'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 the Group 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; 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 part a) 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 beyond what has been identified as a consequence of the acquisition of Credit Suisse as set out below. 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.

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.

Matters related to Credit Suisse entities are separately described herein. The amounts shown in the table below reflect the provisions recorded under IFRS accounting principles. In connection with the acquisition of Credit Suisse, UBS Group AG additionally has reflected in its purchase accounting under IFRS 3 a further valuation adjustment of USD 3bn reflecting an estimate of outflows relating to contingent liabilities for all present obligations included in the scope of the acquisition at fair value upon closing, even if it is not probable that they will result in an outflow of resources, significantly increasing the recognition threshold for litigation liabilities beyond those that generally apply under IFRS and US GAAP.

Provisions for litigation, regulatory and similar matters by business division and in Group Items¹

<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy	Group Items	UBS Group
Balance as of 31 December 2022	1,182	159	8	308	771	158	2,586
Balance as of 30 September 2023	1,160	149	9	272	2,264	163	4,017
Increase in provisions recognized in the income statement	50	0	6	15	12	1	84
Release of provisions recognized in the income statement	(1)	0	0	(1)	(46)	(29)	(77)
Provisions used in conformity with designated purpose	(22)	0	0	0	(101)	(1)	(125)
Foreign currency translation and other movements	48	7	0	9	11	0	76
Balance as of 31 December 2023	1,235	157	15	294	2,141	134	3,976
<i>of which: Credit Suisse</i>	<i>15</i>	<i>1</i>	<i>2</i>	<i>8</i>	<i>2,137</i>	<i>2</i>	<i>2,165</i>

¹ Provisions, if any, for the matters described in items A3, B8 and B10 of this disclosure are recorded in Global Wealth Management; provisions, if any, for the matters described in items B1, B2, B3, B4, B5, B6, B7, B9, B11 and B12 of this disclosure are recorded in Non-core and Legacy; provisions, if any, for the matters described in items B13 and B14 of this disclosure are recorded in Group Items. Provisions, if any, for the matters described in items A1 and A4 of this disclosure are allocated between Global Wealth Management and Personal & Corporate Banking; and provisions, if any, for the matters described in item A3 are allocated between the Investment Bank and Group Items.

A. Litigation, regulatory and similar matters involving UBS AG and subsidiaries

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 Paris 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. The Supreme Court rendered its judgment on 15 November 2023. It upheld the Court of Appeal's decision regarding unlawful solicitation and aggravated laundering of the proceeds of tax fraud, but overturned the confiscation of EUR 1bn, the penalty of EUR 3.75m and the EUR 800m of civil damages awarded to the French state. The case has been remanded to the Court of Appeal for a retrial regarding these overturned elements. The French state has reimbursed the EUR 800m of civil damages to UBS AG.

Provisions and contingent liabilities (continued)

Our balance sheet at 31 December 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.

2. 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.

3. 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.

Provisions and contingent liabilities (continued)

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 moved to dismiss the amended complaint. In October 2023, the court dismissed the amended complaint with prejudice. In January 2024, plaintiffs appealed the dismissal to the Ninth Circuit Court of Appeals.

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.

Provisions and contingent liabilities (continued)

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, and in February 2024, the Second Circuit affirmed the district court's 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 31 December 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.

4. 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 31 December 2023 reflected a provision with respect to matters described in this item 4 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.

B. Litigation regulatory and similar matters involving Credit Suisse entities

1. Mortgage-related matters

Government and regulatory related matters: DOJ RMBS settlement – In January 2017, Credit Suisse Securities (USA) LLC (CSS LLC) and its current and former US subsidiaries and US affiliates reached a settlement with the US Department of Justice (DOJ) related to its legacy Residential Mortgage-Backed Securities (RMBS) business, a business conducted through 2007. The settlement resolved potential civil claims by the DOJ related to certain of those Credit Suisse entities' packaging, marketing, structuring, arrangement, underwriting, issuance and sale of RMBS. Pursuant to the terms of the settlement a civil monetary penalty was paid to the DOJ in January 2017. The settlement also required the Credit Suisse entities to provide certain levels of consumer relief measures, including affordable housing payments and loan forgiveness, and the DOJ and Credit Suisse agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. Credit Suisse continues to evaluate its approach toward satisfying its remaining consumer relief obligations, and Credit Suisse currently anticipates that it will take much longer than the five-year period provided in the settlement to satisfy in full its obligations in respect of these consumer relief measures, subject to risk appetite and market conditions. Credit Suisse expects to incur costs in relation to satisfying those obligations. The amount of consumer relief Credit Suisse must provide also increases after 2021 pursuant to the original settlement by 5% per annum of the outstanding amount due until these obligations are settled. The monitor publishes reports periodically on these consumer relief matters.

Provisions and contingent liabilities (continued)

Civil litigation: Repurchase litigations – CSS LLC and/or certain of its affiliates have also been named as defendants in various civil litigation matters related to their roles as issuer, sponsor, depositor, underwriter and/or servicer of RMBS transactions. These cases currently include repurchase actions by RMBS trusts and/or trustees, in which plaintiffs generally allege breached representations and warranties in respect of mortgage loans and failure to repurchase such mortgage loans as required under the applicable agreements. The amounts disclosed below do not reflect actual realized plaintiff losses to date or anticipated future litigation exposure. Unless otherwise stated, these amounts reflect the original unpaid principal balance amounts as alleged in these actions and do not include any reduction in principal amounts since issuance.

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in New York state court in: (i) one action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7, in which plaintiff alleges damages of not less than USD 374m in an amended complaint filed in August 2019; in January 2020, DLJ filed a motion to dismiss, which the court granted in part and denied in part on December 30, 2023, dismissing with prejudice all notice-based claims; in February 2024, the parties filed notices of appeal; (ii) one action brought by Home Equity Asset Trust, Series 2006-8, in which plaintiff alleges damages of not less than USD 436m; (iii) one action brought by Home Equity Asset Trust 2007-1, in which plaintiff alleges damages of not less than USD 420m; in December 2018, the court denied DLJ's motion for partial summary judgment in this action, which was affirmed on appeal; in March 2022, the New York State Court of Appeals reversed the decision and ordered that DLJ's motion for partial summary judgment be granted; a non-jury trial in the action was held between January and February 2023, and a decision is pending; (iv) one action brought by Home Equity Asset Trust 2007-2, in which plaintiff alleges damages of not less than USD 495m; and (v) one action brought by CSMC Asset-Backed Trust 2007-NC1, in which no damages amount is alleged. These actions are at various procedural stages.

DLJ is also a defendant in one action brought by Home Equity Asset Trust Series 2007-3, in which plaintiff alleges damages of not less than USD 206m. In March 2022, DLJ and the plaintiffs executed an agreement to settle this action. In November 2023, the Minnesota state court approved the settlement through a trust instruction proceeding brought by the trustee of the plaintiff trust. The New York state court dismissed the underlying action with prejudice in January 2024.

2. Tax and securities law matters

In May 2014, Credit Suisse AG entered into settlement agreements with several US regulators regarding its US cross-border matters. As part of the agreements, Credit Suisse AG, among other things, engaged an independent corporate monitor that reports to the New York State Department of Financial Services. As of July 2018, the monitor concluded both his review and his assignment. Credit Suisse AG continues to report to and cooperate with US authorities in accordance with Credit Suisse AG's obligations under the agreements, including by conducting a review of cross-border services provided by Credit Suisse's Switzerland-based Israel Desk. Most recently, Credit Suisse AG has provided information to US authorities regarding potentially undeclared US assets held by clients at Credit Suisse AG since the May 2014 plea. Credit Suisse AG continues to cooperate with the authorities. In March 2023, the US Senate Finance Committee issued a report criticizing Credit Suisse AG's history regarding US tax compliance. The report called on the DOJ to investigate Credit Suisse AG's compliance with the 2014 plea.

In February 2021, a qui tam complaint was filed in the Eastern District of Virginia, alleging that Credit Suisse AG had violated the False Claims Act by failing to disclose all US accounts at the time of the 2014 plea, which allegedly allowed Credit Suisse AG to pay a criminal fine in 2014 that was purportedly lower than it should have been. The DOJ moved to dismiss the case, and the Court summarily dismissed the suit. The case is now on appeal with the US Federal Court of Appeals for the Fourth Circuit.

3. Rates-related matters

Regulatory matters: Regulatory authorities in a number of jurisdictions, including the US, UK, EU and Switzerland, have for an extended period of time been conducting investigations into the setting of LIBOR and other reference rates with respect to a number of currencies, as well as the pricing of certain related derivatives. These ongoing investigations have included information requests from regulators regarding LIBOR-setting practices and reviews of the activities of various financial institutions, including Credit Suisse Group AG, which was a member of three LIBOR rate-setting panels (US Dollar LIBOR, Swiss Franc LIBOR and Euro LIBOR). Credit Suisse is cooperating fully with these investigations.

Provisions and contingent liabilities (continued)

Regulatory authorities in a number of jurisdictions, including WEKO, the European Commission (Commission), the South African Competition Commission and the Brazilian Competition Authority have been conducting investigations into the trading activities, information sharing and the setting of benchmark rates in the foreign exchange (including electronic trading) markets. Credit Suisse continues to cooperate with ongoing investigations.

Credit Suisse Group AG, Credit Suisse AG and Credit Suisse Securities (Europe) Limited (CSSEL) received a Statement of Objections and a Supplemental Statement of Objections from the Commission in July 2018 and March 2021, respectively, alleging that Credit Suisse entities engaged in anticompetitive practices in connection with their foreign exchange trading business. In December 2021, the Commission issued a formal decision imposing a fine of EUR 83.3m. In February 2022, Credit Suisse appealed this decision to the EU General Court.

The reference rates investigations have also included information requests from regulators concerning supranational, sub-sovereign and agency (SSA) bonds and commodities markets. Credit Suisse Group AG and CSSEL received a Statement of Objections from the Commission in December 2018, alleging that Credit Suisse entities engaged in anticompetitive practices in connection with their SSA bonds trading business. In April 2021, the Commission issued a formal decision imposing a fine of EUR 11.9m. In July 2021, Credit Suisse appealed this decision to the EU General Court.

Civil litigation:

USD LIBOR litigation – Beginning in 2011, certain Credit Suisse entities were named in various putative class and individual lawsuits filed in the US, alleging banks on the US dollar LIBOR panel manipulated US dollar LIBOR to benefit their reputation and increase profits. All remaining matters have been consolidated for pre-trial purposes into a multi-district litigation in the US District Court for the Southern District of New York (SDNY).

In a series of rulings between 2013 and 2019 on motions to dismiss, the SDNY (i) narrowed the claims against the Credit Suisse entities and the other defendants (dismissing antitrust, Racketeer Influenced and Corrupt Organizations Act (RICO), Commodity Exchange Act, and state law claims), (ii) narrowed the set of plaintiffs who may bring claims, and (iii) narrowed the set of defendants in the LIBOR actions (including the dismissal of several Credit Suisse entities from various cases on personal jurisdiction and statute of limitation grounds). After a number of putative class and individual plaintiffs appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit (Second Circuit), in December 2021, the Second Circuit affirmed in part and reversed in part the district court's decision and remanded the case to the SDNY.

Separately, in May 2017, the plaintiffs in three putative class actions moved for class certification. In February 2018, the SDNY denied certification in two of the actions and granted certification over a single antitrust claim in an action brought by over-the-counter purchasers of LIBOR-linked derivatives.

USD ICE LIBOR litigation – In August 2020, members of the ICE LIBOR panel, including Credit Suisse Group AG and certain of its affiliates, were named in a civil action in the US District Court for the Northern District of California, alleging that panel banks manipulated ICE LIBOR to profit from variable interest loans and credit cards. In December 2021, the court denied plaintiffs' motion for preliminary and permanent injunctions to enjoin panel banks from continuing to set LIBOR or automatically setting the benchmark to zero each day, and in September 2022, the court granted defendants' motions to dismiss. In October 2022, plaintiffs filed an amended complaint. In November 2022, defendants filed a motion to dismiss the amended complaint. In October 2023, the court dismissed the amended complaint with prejudice without leave to amend. Plaintiffs have appealed.

CHF LIBOR litigation – In February 2015, various banks that served on the Swiss franc LIBOR panel, including Credit Suisse Group AG, were named in a civil putative class action lawsuit filed in the SDNY, alleging manipulation of Swiss franc LIBOR to benefit defendants' trading positions. After defendants' motion to dismiss for lack of subject matter jurisdiction was granted and plaintiffs successfully appealed, in July 2022, Credit Suisse entered into an agreement to settle all claims. In February and September 2023, respectively, the court entered orders granting preliminary and final approval to the agreement to settle all claims.

Foreign exchange litigation – Credit Suisse Group AG and affiliates as well as other financial institutions have been named in civil lawsuits relating to the alleged manipulation of foreign exchange rates.

Credit Suisse AG, together with other financial institutions, was named in a consolidated putative class action in Israel, which made allegations similar to the consolidated class action. In April 2022, Credit Suisse entered into an agreement to settle all claims. The settlement remains subject to court approval.

Provisions and contingent liabilities (continued)

Treasury markets litigation – CSS LLC, along with over 20 other primary dealers of US treasury securities, was named in a number of putative civil class action complaints in the US relating to the US treasury markets. These complaints generally alleged that the defendants colluded to manipulate US treasury auctions, as well as the pricing of US treasury securities in the when-issued market, with impacts upon related futures and options, and that certain of the defendants participated in a group boycott to prevent the emergence of anonymous all-to-all trading in the secondary market for treasury securities. In March 2022, the SDNY granted defendants' motion to dismiss and dismissed with prejudice all claims against the defendants, and in February 2024, the Second Circuit affirmed the district court's dismissal.

SSA bonds litigation – Credit Suisse Group AG and certain of its affiliates, together with other financial institutions, were named in two Canadian putative class actions, which allege that defendants conspired to fix the prices of SSA bonds sold to and purchased from investors in the secondary market. One putative class action was dismissed against Credit Suisse in February 2020. In October 2022, in the second action, Credit Suisse entered into an agreement to settle all claims. The settlement remains subject to court approval.

Credit default swap auction litigation – In June 2021, Credit Suisse Group AG and affiliates, along with other banks and entities, were named in a putative class action complaint filed in the US District Court for the District of New Mexico alleging manipulation of credit default swap (CDS) final auction prices. In April 2022, defendants filed a motion to dismiss. In June 2023, the court granted in part and denied in part defendants' motion to dismiss. In November 2023, defendants filed a motion to enforce the previous CDS settlement with the SDNY. In January 2024, the SDNY ruled that the claims in the New Mexico action are barred by the settlement and release to the extent they arise from conduct prior to 30 June 2014.

4. OTC trading cases

Interest rate swaps litigation: Credit Suisse Group AG and affiliates, along with other financial institutions, have been named in a consolidated putative civil class action complaint and complaints filed by individual plaintiffs relating to interest rate swaps, alleging that dealer defendants conspired with trading platforms to prevent the development of interest rate swap exchanges. The individual lawsuits were brought by TeraExchange LLC, a swap execution facility, and affiliates; Javelin Capital Markets LLC, a swap execution facility, and an affiliate; and trueEX LLC, a swap execution facility, which claim to have suffered lost profits as a result of defendants' alleged conspiracy. All interest rate swap actions have been consolidated in a multi-district litigation in the SDNY.

Defendants moved to dismiss the putative class and individual actions, and the SDNY granted in part and denied in part these motions.

In February 2019, class plaintiffs in the consolidated multi-district litigation filed a motion for class certification. In March 2019, class plaintiffs filed a fourth amended consolidated class action complaint. In January 2022, Credit Suisse entered into an agreement to settle all class action claims. The settlement remains subject to court approval. In December 2023, the SDNY denied the motion for class certification.

Credit default swaps litigation: In June 2017, Credit Suisse Group AG and affiliates, along with other financial institutions, were named in a civil action filed in the SDNY by Tera Group, Inc. and related entities (Tera), alleging violations of antitrust law in connection with the allegation that CDS dealers conspired to block Tera's electronic CDS trading platform from successfully entering the market. In July 2019, the SDNY granted in part and denied in part defendants' motion to dismiss. In January 2020, plaintiffs filed an amended complaint. In April 2020, defendants filed a motion to dismiss. In August 2023, the court granted the motion, dismissing all claims with prejudice. Plaintiffs have appealed.

Stock loan litigation: Credit Suisse Group AG and certain of its affiliates, as well as other financial institutions, were originally named in a number of civil lawsuits in the SDNY, certain of which are brought by class action plaintiffs alleging that the defendants conspired to keep stock-loan trading in an over-the-counter market and collectively boycotted certain trading platforms that sought to enter the market, and certain of which are brought by trading platforms that sought to enter the market alleging that the defendants collectively boycotted the platforms. In January 2022, Credit Suisse entered into an agreement to settle all class action claims. In February 2022, the court entered an order granting preliminary approval to the agreement to settle all class action claims. The settlement remains subject to final court approval.

Provisions and contingent liabilities (continued)

In October 2021, in a consolidated civil litigation brought in the SDNY by entities that developed a trading platform for stock loans that sought to enter the market, alleging that the defendants collectively boycotted the platform, the court granted defendants' motion to dismiss. In October 2021, plaintiffs filed a notice of appeal. In March 2023, the Second Circuit affirmed the decision granting defendants' motion to dismiss.

Odd-lot corporate bond litigation: In April 2020, CSS LLC and other financial institutions were named in a putative class action complaint filed in the SDNY, alleging a conspiracy among the financial institutions to boycott electronic trading platforms and fix prices in the secondary market for odd-lot corporate bonds. In October 2021, the SDNY granted defendants' motion to dismiss. Plaintiffs have appealed.

5. ATA litigation

Since November 2014, a series of lawsuits have been filed against a number of banks, including Credit Suisse AG and, in two instances, Credit Suisse AG, New York Branch, in the US District Court for the Eastern District of New York (EDNY) and the SDNY alleging claims under the United States Anti-Terrorism Act (ATA) and the Justice Against Sponsors of Terrorism Act. The plaintiffs in each of these lawsuits are, or are relatives of, victims of various terrorist attacks in Iraq and allege a conspiracy and/or aiding and abetting based on allegations that various international financial institutions, including the defendants, agreed to alter, falsify or omit information from payment messages that involved Iranian parties for the express purpose of concealing the Iranian parties' financial activities and transactions from detection by US authorities. The lawsuits allege that this conduct has made it possible for Iran to transfer funds to Hezbollah and other terrorist organizations actively engaged in harming US military personnel and civilians. In January 2023, the United States Court of Appeals for the Second Circuit affirmed a September 2019 ruling by the EDNY granting defendants' motion to dismiss the first filed lawsuit. In October 2023, the United States Supreme Court denied plaintiffs' petition for a writ of certiorari. Of the other seven cases, four are stayed, including one that was dismissed as to Credit Suisse and most of the bank defendants prior to entry of the stay, and in three plaintiffs have filed amended complaints, including two that were dismissed prior to the court allowing plaintiffs to replead.

6. Customer account matters

Several clients have claimed that a former relationship manager in Switzerland had exceeded his investment authority in the management of their portfolios, resulting in excessive concentrations of certain exposures and investment losses. Credit Suisse AG is investigating the claims, as well as transactions among the clients. Credit Suisse AG filed a criminal complaint against the former relationship manager with the Geneva Prosecutor's Office upon which the prosecutor initiated a criminal investigation. Several clients of the former relationship manager also filed criminal complaints with the Geneva Prosecutor's Office. In February 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court for fraud, forgery and criminal mismanagement and ordered to pay damages of approximately USD 130m. Several parties appealed the judgment. In June 2019, the Criminal Court of Appeals of Geneva ruled in the appeal of the judgment against the former relationship manager, upholding the main findings of the Geneva criminal court. Several parties appealed the decision to the Swiss Federal Supreme Court. In February 2020, the Swiss Federal Supreme Court rendered its judgment on the appeals, substantially confirming the findings of the Criminal Court of Appeals of Geneva.

Civil lawsuits have been initiated against Credit Suisse AG and/or certain affiliates in various jurisdictions, based on the findings established in the criminal proceedings against the former relationship manager.

In Singapore, in the civil lawsuit brought against Credit Suisse Trust Limited, a Credit Suisse AG affiliate, in May 2023, the Singapore International Commercial Court issued a first instance judgment finding for the plaintiffs and directing the parties' experts to agree on the amount of the damages award according to the calculation method and parameters adopted by the court. As the parties' experts were unable to agree on the amount of the damages, following court directions, the parties filed their proposed draft orders with supporting documents in August 2023. In September 2023, the court ruled that the damages under its May 2023 judgment are USD 742.73m, excluding post-judgment interest. This figure does not exclude potential overlap with the Bermuda proceedings against Credit Suisse Life (Bermuda) Ltd., which are currently being appealed. The court ordered the parties to ensure that there shall be no double recovery in relation to this award and any sum recovered in the Bermuda proceedings. Credit Suisse Trust Limited has appealed the judgment and has applied for a stay of execution pending that appeal. On 2 November 2023, the court granted a stay of execution of its May 2023 judgment pending appeal on the condition that damages awarded and post-judgment interest accrued are paid into court deposit within 21 days, which condition was satisfied.

Provisions and contingent liabilities (continued)

In Bermuda, in the civil lawsuit brought against Credit Suisse Life (Bermuda) Ltd., a Credit Suisse AG affiliate, trial took place in the Supreme Court of Bermuda in November and December 2021. The Supreme Court of Bermuda issued a first instance judgment in March 2022, finding for the plaintiff. In May 2022, the Supreme Court of Bermuda issued an order awarding damages of USD 607.35m to the plaintiff. In May 2022, Credit Suisse Life (Bermuda) Ltd. appealed the decision to the Bermuda Court of Appeal. In July 2022, the Supreme Court of Bermuda granted a stay of execution of its judgment pending appeal on the condition that damages awarded were paid into an escrow account within 42 days, which condition was satisfied. In June 2023, the Bermuda Court of Appeal issued its judgment confirming the award issued by the Supreme Court of Bermuda and upholding the Supreme Court of Bermuda's finding that Credit Suisse Life (Bermuda) Ltd. had breached its contractual and fiduciary duties, but overturning the Supreme Court of Bermuda's finding that Credit Suisse Life (Bermuda) Ltd. had made fraudulent misrepresentations. In July 2023, Credit Suisse Life (Bermuda) Ltd. filed its notice of motion for leave to appeal to the Judicial Committee of the Privy Council and applied for a stay of execution of the Bermuda Court of Appeal's judgment pending the outcome of the appeal to the Judicial Committee of the Privy Council on the condition that the damages awarded remain within the escrow account and that interest be added to the escrow account calculated at the Bermuda statutory rate of 3.5%. A hearing on the applications for leave to appeal and stay of execution took place in December 2023. Further, in December 2023, USD 75m was released from the escrow account and paid to plaintiffs.

In Switzerland, civil lawsuits have commenced against Credit Suisse AG in the Court of First Instance of Geneva, with statements of claim served in March 2023.

7. Mozambique matter

Credit Suisse has been subject to investigations by regulatory and enforcement authorities, as well as civil litigation, regarding certain Credit Suisse entities' arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Mocambicana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and certain Credit Suisse entities' subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. In 2019, three former Credit Suisse employees pleaded guilty in the EDNY to accepting improper personal benefits in connection with financing transactions carried out with two Mozambique state enterprises.

In October 2021, Credit Suisse reached settlements with the DOJ, the US Securities Exchange Commission (SEC), the UK Financial Conduct Authority (FCA) and FINMA to resolve inquiries by these agencies. Credit Suisse Group AG entered into a three-year Deferred Prosecution Agreement (DPA) with the DOJ in connection with the criminal information charging Credit Suisse Group AG with conspiracy to commit wire fraud and consented to the entry of a Cease and Desist Order by the SEC. Under the terms of the DPA, UBS Group AG (as successor to Credit Suisse Group AG) must continue compliance enhancement and remediation efforts agreed by Credit Suisse, report to the DOJ on those efforts for three years and undertake additional measures as outlined in the DPA. If the DPA's conditions are complied with, the charges will be dismissed at the end of the DPA's three-year term. In addition, CSSEL entered into a Plea Agreement and pleaded guilty to one count of conspiracy to violate the US federal wire fraud statute. CSSEL is bound by the same compliance, remediation and reporting obligations under the DPA. The total monetary sanctions paid to the DOJ and SEC, taking into account various credits and offsets, was approximately USD 275m. Under the terms of the resolution with the DOJ, Credit Suisse also paid USD 22.6m in restitution to eligible investors in the 2016 Eurobonds issued by the Republic of Mozambique.

In the resolution with the FCA, CSSEL, Credit Suisse International (CSI) and Credit Suisse AG, London Branch agreed that, in respect of these transactions with Mozambique, its UK operations had failed to conduct business with due skill, care and diligence and to take reasonable care to organize and control its affairs responsibly and effectively, with adequate risk management systems. Credit Suisse paid a penalty of approximately USD 200m and, further to an agreement with the FCA, forgave USD 200m of debt owed to Credit Suisse by Mozambique.

Provisions and contingent liabilities (continued)

FINMA also entered a decree announcing the conclusion of its enforcement proceeding, finding that Credit Suisse AG and Credit Suisse (Schweiz) AG violated the duty to file a suspicious activity report in Switzerland, and Credit Suisse Group AG did not adequately manage and address the risks arising from specific sovereign lending and related securities transactions, and ordering the bank to remediate certain deficiencies. Credit Suisse's implementation of the measures required under the FINMA decree has been reviewed by an independent third party appointed by FINMA, which review recommends some enhancements to the measures that Credit Suisse has implemented. FINMA also arranged for certain existing transactions to be reviewed by the same independent third party on the basis of specific risk criteria, and required enhanced disclosure of certain sovereign transactions.

In February 2019, certain Credit Suisse entities, three former employees, and several other unrelated entities were sued in the English High Court by the Republic of Mozambique. Credit Suisse entities subsequently filed cross claims against several entities controlled by Prinvest Holding SAL (Prinvest) that acted as the project contractor, Iskander Safa, the owner of Prinvest, and several Mozambique officials. The Republic of Mozambique sought (i) a declaration that the sovereign guarantee issued in connection with the ProIndicus loan syndication arranged and funded, in part, by a Credit Suisse subsidiary is void and (ii) damages alleged to have arisen in connection with the transactions involving ProIndicus and EMATUM, and a transaction in which Credit Suisse had no involvement with Mozambique Asset Management S.A. In addition, several of the banks that participated in the ProIndicus loan syndicate brought claims against Credit Suisse entities seeking a declaration that Credit Suisse is liable to compensate them for alleged losses suffered as a result of any invalidity of the sovereign guarantee or damages stemming from the alleged loss suffered due to their reliance on representations made by Credit Suisse to the syndicate lenders.

In January 2021, Prinvest entities filed a cross claim against the Credit Suisse entities (as well as the three former Credit Suisse employees and various Mozambican officials) seeking an indemnity and/or contribution in the event that the contractor is found liable to the Republic of Mozambique.

In February 2022, Prinvest and Iskandar Safa brought a defamation claim in a Lebanese court against CSSEL and Credit Suisse Group AG. The lawsuit alleges damage to the claimants' professional reputation in Lebanon due to statements that were allegedly made by Credit Suisse in documents relating to the October 2021 settlements with global regulators. In November 2022, a Prinvest employee who was the lead negotiator on behalf of Prinvest entities in relation to the Mozambique transactions, also brought a defamation claim in a Lebanese court against Credit Suisse Group AG and CSSEL.

In September 2023, Credit Suisse, the Republic of Mozambique, and certain of the lenders in the ProIndicus syndicate entered into a settlement agreement. In November 2023, Credit Suisse, Prinvest and Iskander Safa entered into an agreement to settle all claims among them in the English High Court and in Lebanon.

8. Cross-border private banking matters

Credit Suisse offices in various locations, including the UK, the Netherlands, France and Belgium, have been contacted by regulatory and law enforcement authorities that are seeking records and information concerning investigations into Credit Suisse's historical private banking services on a cross-border basis and in part through its local branches and banks. Credit Suisse has conducted a review of these issues, the UK and French aspects of which have been closed, and is continuing to cooperate with the authorities.

Provisions and contingent liabilities (continued)

9. ETN-related litigation

XIV litigation: Since March 2018, three class action complaints were filed in the SDNY on behalf of a putative class of purchasers of VelocityShares Daily Inverse VIX Short Term Exchange Traded Notes linked to the S&P 500 VIX Short-Term Futures Index due December 4, 2030 (XIV ETNs). In August 2018, plaintiffs filed a consolidated amended class action complaint, naming Credit Suisse Group AG and certain affiliates and executives, which asserts claims for violations of Sections 9(a)(4), 9(f), 10(b) and 20(a) of the US Securities Exchange Act of 1934 and Rule 10b-5 thereunder and Sections 11 and 15 of the US Securities Act of 1933 and alleges that the defendants are responsible for losses to investors following a decline in the value of XIV ETNs in February 2018. Defendants moved to dismiss the amended complaint in November 2018. In September 2019, the SDNY granted defendants' motion to dismiss and dismissed with prejudice all claims against the defendants. In October 2019, plaintiffs filed a notice of appeal. In April 2021, the Second Circuit issued an order affirming in part and vacating in part the SDNY's September 2019 decision granting defendants' motion to dismiss with prejudice. In July 2022, plaintiffs filed a motion for class certification. In March 2023, the court denied plaintiffs' motion to certify two of their three alleged classes and granted plaintiffs' motion to certify their third alleged class. In March 2023, defendants moved for reconsideration and filed a petition for permission to appeal the court's class certification decision to the Second Circuit. In April 2023, plaintiffs filed a motion seeking leave to amend their complaint. In May 2023, plaintiffs filed a renewed motion for class certification, which Defendants have opposed. In January 2024, the court issued an order denying plaintiffs' motion to amend.

DGAZ litigation: In January 2022, Credit Suisse AG was named in a class action complaint filed in the SDNY brought on behalf of a putative class of short sellers of VelocityShares 3x Inverse Natural Gas Exchange Traded Notes linked to the S&P GSCI Natural Gas Index ER due February 9, 2032 (DGAZ ETNs). The complaint asserts claims for violations of Section 10(b) of the US Securities Exchange Act of 1934 and Rule 10b-5 thereunder and alleges that Credit Suisse is responsible for losses suffered by short sellers following a June 2020 announcement that Credit Suisse would delist and suspend further issuances of the DGAZ ETNs. In July 2022, Credit Suisse AG filed a motion to dismiss. In March 2023, the court granted Credit Suisse AG's motion to dismiss. In May 2023, the court entered an order dismissing the case with prejudice. In June 2023, plaintiff filed a notice of appeal.

10. Bulgarian former clients matter

Credit Suisse AG has been responding to an investigation by the Swiss Office of the Attorney General (SOAG) concerning the diligence and controls applied to a historical relationship with Bulgarian former clients who are alleged to have laundered funds through Credit Suisse AG accounts. In December 2020, the SOAG brought charges against Credit Suisse AG and other parties. Credit Suisse AG believes its diligence and controls complied with applicable legal requirements and intends to defend itself vigorously. The trial in the Swiss Federal Criminal Court took place in the first quarter of 2022. In June 2022, Credit Suisse AG was convicted in the Swiss Federal Criminal Court of certain historical organizational inadequacies in its anti-money laundering framework and ordered to pay a fine of CHF 2m. In addition, the court seized certain client assets in the amount of approximately CHF 12m and ordered Credit Suisse AG to pay a compensatory claim in the amount of approximately CHF 19m. In July 2022, Credit Suisse AG appealed the decision to the Swiss Federal Court of Appeals.

11. SCFF

Credit Suisse has received requests for documents and information in connection with inquiries, investigations, enforcement and other actions relating to the supply chain finance funds (SCFF) matter by FINMA, the FCA and other regulatory and governmental agencies. The Luxembourg Commission de Surveillance du Secteur Financier is reviewing the matter through a third party. Credit Suisse is cooperating with these authorities.

In February 2023, FINMA announced the conclusion of its enforcement proceedings against Credit Suisse in connection with the SCFF matter. In its order, FINMA reported that Credit Suisse had seriously breached applicable Swiss supervisory laws in this context with regard to risk management and appropriate operational structures. While FINMA recognized that Credit Suisse has already taken extensive organizational measures based on its own investigation into the SCFF matter, particularly to strengthen its governance and control processes, and FINMA is supportive of these measures, the regulator has ordered certain additional remedial measures. These include a requirement that the most important (approximately 500) business relationships must be reviewed periodically and holistically at the Executive Board level, in particular for counterparty risks, and that Credit Suisse must set up a document defining the responsibilities of approximately 600 of its highest-ranking managers. FINMA will appoint an audit officer to assess compliance with these supervisory measures. Separate from the enforcement proceeding regarding Credit Suisse, FINMA has opened four enforcement proceedings against former managers of Credit Suisse.

Provisions and contingent liabilities (continued)

In May 2023, FINMA opened an enforcement proceeding against Credit Suisse in order to confirm compliance with supervisory requirements in response to inquiries from FINMA's enforcement division in the SCFF matter.

The Attorney General of the Canton of Zürich has initiated a criminal procedure in connection with the SCFF matter. In such procedure, while certain former and active Credit Suisse employees, among others, have been named as accused persons, Credit Suisse itself is not a party to the procedure.

Certain civil actions have been filed by fund investors and other parties against Credit Suisse and/or certain officers and directors in various jurisdictions, which make allegations including mis-selling and breaches of duties of care, diligence and other fiduciary duties. Certain investors and other private parties have also filed criminal complaints against Credit Suisse and other parties in connection with this matter.

12. Archegos

Credit Suisse has received requests for documents and information in connection with inquiries, investigations and/or actions relating to Credit Suisse's relationship with Archegos Capital Management (Archegos), including from FINMA (assisted by a third party appointed by FINMA), the DOJ, the SEC, the US Federal Reserve, the US Commodity Futures Trading Commission (CFTC), the US Senate Banking Committee, the Prudential Regulation Authority (PRA), the FCA, COMCO, the Hong Kong Competition Commission and other regulatory and governmental agencies. Credit Suisse is cooperating with the authorities in these matters.

In July 2023, the US Federal Reserve and the PRA announced resolutions of their investigations of Credit Suisse's relationship with Archegos. UBS Group AG, Credit Suisse AG, Credit Suisse Holdings (USA) Inc., and Credit Suisse AG, New York Branch entered into an Order to Cease and Desist with the Board of Governors of the Federal Reserve System. Under the terms of the order, Credit Suisse paid a civil money penalty of USD 269m and agreed to undertake certain remedial measures relating to counterparty credit risk management, liquidity risk management and non-financial risk management, as well as enhancements to board oversight and governance.

CSI and CSSEL entered into a settlement agreement with the PRA providing for the resolution of the PRA's investigation, following which the PRA published a Final Notice imposing a financial penalty of GBP 87m on CSI and CSSEL for breaches of various of the PRA's Fundamental Rules.

FINMA also entered a decree dated 14 July 2023 announcing the conclusion of its enforcement proceeding, finding that Credit Suisse had seriously violated financial market law in connection with its business relationship with Archegos and ordering remedial measures directed at Credit Suisse AG and UBS Group AG, as the legal successor to Credit Suisse Group AG. These include a requirement that UBS Group AG apply its restrictions on its own positions relating to individual clients throughout the financial group, as well as adjustments to the compensation system of the entire financial group to provide for bonus allocation criteria that take into account risk appetite. FINMA also announced it has opened enforcement proceedings against a former Credit Suisse manager in connection with this matter.

Civil actions relating to Credit Suisse's relationship with Archegos have been filed against Credit Suisse and/or certain officers and directors, including claims for breaches of fiduciary duties.

13. Credit Suisse financial disclosures

Credit Suisse Group AG and certain directors, officers and executives have been named in securities class action complaints pending in the SDNY. These complaints, filed on behalf of purchasers of Credit Suisse shares, additional tier 1 capital notes ("AT1 notes"), and other securities in 2023, allege that defendants made misleading statements regarding: (i) customer outflows in late 2022; (ii) the adequacy of Credit Suisse's financial reporting controls; and (iii) the adequacy of Credit Suisse's risk management processes, and include allegations relating to Credit Suisse Group AG's merger with UBS Group AG. Many of the actions have been consolidated, and a motion to dismiss has been filed and remains pending. One additional action, filed in October 2023, has been stayed pending a determination on whether it should be consolidated with the earlier actions.

Credit Suisse has received requests for documents and information from regulatory and governmental agencies in connection with inquiries, investigations and/or actions relating to these matters, as well as for other statements regarding Credit Suisse's financial condition, including from the SEC, the DOJ and FINMA. Credit Suisse is cooperating with the authorities in these matters.

Provisions and contingent liabilities (continued)

14. Merger-related litigation

Certain Credit Suisse Group AG affiliates and certain directors, officers and executives have been named in class action complaints pending in the SDNY. One complaint, brought on behalf of Credit Suisse shareholders, alleges breaches of fiduciary duty under Swiss law and civil RICO claims under United States federal law. Another complaint, brought on behalf of holders of Credit Suisse AT1 notes, alleges breaches of fiduciary duty under Swiss law. These complaints, filed by Credit Suisse shareholders and holders of additional tier 1 capital notes ("AT1 noteholders") in 2023, allege that a series of scandals and misconduct led to Credit Suisse Group AG's merger with UBS Group AG, causing losses to shareholders and AT1 noteholders. Motions to dismiss have been filed and remain pending.

Currency translation rates

The following table shows the rates of the main currencies used to translate the financial information of UBS'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			For the year ended	
	31.12.23	30.9.23	31.12.22	31.12.23	30.9.23	31.12.22	31.12.23	31.12.22
1 CHF	1.19	1.09	1.08	1.13	1.12	1.05	1.12	1.05
1 EUR	1.10	1.06	1.07	1.08	1.08	1.04	1.08	1.05
1 GBP	1.28	1.22	1.21	1.25	1.26	1.19	1.25	1.23
100 JPY	0.71	0.67	0.76	0.68	0.69	0.73	0.70	0.76

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 or a year represent an average of three month-end rates or an average of twelve month-end rates, respectively, weighted according to the income and expense volumes of all operations of the Group with the same functional currency for each month. Accordingly, the weighted average rates for the third and fourth quarter of 2023 and for the full year 2023 consider income and expenses from Credit Suisse's operations generated since its acquisition by UBS. Weighted average rates for individual business divisions may deviate from the weighted average rates for the Group.

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-generating assets (USD) – Global Wealth Management	Calculated as the sum of discretionary and nondiscretionary wealth management portfolios (mandate volume) and assets where generated revenues are predominantly of a recurring nature, i.e., mainly investment, mutual, hedge and private-market funds where we have a distribution agreement, including client commitments into closed-ended private-market funds from the date that recurring fees are charged. Assets related to our Global Financial Intermediaries business are excluded, as are assets of sanctioned clients.	This measure provides information about the volume of invested assets that create a revenue stream, whether as a result of the nature of the contractual relationship with clients or through the fee structure of the asset. An increase in the level of fee-generating assets results in an increase in the associated revenue stream. Assets of sanctioned clients are excluded from fee-generating assets.
Fee-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 assets (USD) – 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, plus interest and dividends. Excluded from the calculation are movements due to market performance, foreign exchange translation, fees, and the effects on invested assets of strategic decisions by UBS to exit markets or services.	This measure provides information about the development of invested assets during a specific period as a result of net new asset flows, plus the effect of interest and dividends.
Net new assets 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), plus interest and dividends, 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 asset flows.
Net new fee-generating assets (USD) – Global Wealth Management	Calculated as the net amount of fee-generating asset inflows and outflows, including dividend and interest inflows into mandates and outflows from mandate fees paid by clients during a specific period. Excluded from the calculation are the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.	This measure provides information about the development of fee-generating assets during a specific period as a result of net flows, excluding movements due to market performance and foreign exchange translation, as well as the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.

APM label	Calculation	Information content
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 this 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.
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 this 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.
Pre-tax profit growth (underlying) (%) – 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. Net profit before tax 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 pre-tax profit growth since the comparison period, while excluding items that management believes are not representative of the underlying performance of the businesses.
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 equity¹ (%)	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 capital¹ (%)	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 equity¹ (%)	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, gross¹ (%)	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.

APM label	Calculation	Information content
Return on tangible equity¹ (%)	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 this 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.
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 capital¹ (%)	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 equity¹ (%)	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 each of the fourth quarter of 2023 and the third quarter of 2023 is presented on a consolidated basis, including for each quarter Credit Suisse data for three months, and for the purpose of the calculation of return measures, has been annualized multiplying such by four. Profit or loss information for 2023 includes seven months (June to December 2023, inclusive) of Credit Suisse data for the year-to-date return 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.

Information related to underlying return on common equity tier 1 (CET1) capital and underlying return on tangible equity (%)

<i>USD m</i>	As of or for the quarter ended			As of or for the year ended	
	31.12.23	30.9.23	31.12.22	31.12.23	31.12.22
Underlying operating profit / (loss) before tax	592	914	1,869	3,963	8,500
Underlying tax expense / (benefit)	(329)	623	280	1,194	1,909
NCI	1	4	4	16	32
Underlying net profit / (loss)	920	287	1,585	2,753	6,559
Underlying net profit / (loss), annualized	3,681	1,148	6,339	2,753	6,559
Tangible equity	79,770	77,465	50,609	79,770	50,609
Average tangible equity	78,617	78,506	50,078	68,171	51,249
CET1 capital	79,263	78,587	45,457	79,263	45,457
Average CET1 capital	78,925	79,422	45,061	66,449	44,856
Underlying return on tangible equity (%)	4.7	1.5	12.7	4.0	12.8
Underlying return on common equity tier 1 capital	4.7	1.4	14.1	4.1	14.6

Abbreviations frequently used in our financial reports

A		CRM	credit risk mitigation (credit risk) or comprehensive risk measure (market risk)	FSB	Financial Stability Board
ABS	asset-backed securities			FTA	Swiss Federal Tax Administration
AG	Aktiengesellschaft				
AGM	Annual General Meeting of shareholders	CST	combined stress test	FVA	funding valuation adjustment
A-IRB	advanced internal ratings-based	CUSIP	Committee on Uniform Security Identification Procedures	FVOCI	fair value through other comprehensive income
AIV	alternative investment vehicle	CVA	credit valuation adjustment	FVTPL	fair value through profit or loss
ALCO	Asset and Liability Committee	D		FX	foreign exchange
AMA	advanced measurement approach	DBO	defined benefit obligation	G	
AML	anti-money laundering	DCCP	Deferred Contingent Capital Plan	GAAP	generally accepted accounting principles
AoA	Articles of Association	DE&I	diversity, equity and inclusion	GBP	pound sterling
APM	alternative performance measure	DFAST	Dodd–Frank Act Stress Test	GCRG	Group Compliance, Regulatory & Governance
ARR	alternative reference rate	DM	discount margin	GDP	gross domestic product
ARS	auction rate securities	DOJ	US Department of Justice	GEB	Group Executive Board
ASF	available stable funding	DTA	deferred tax asset	GHG	greenhouse gas
AT1	additional tier 1	DVA	debit valuation adjustment	GIA	Group Internal Audit
AuM	assets under management	E		GRI	Global Reporting Initiative
B		EAD	exposure at default	G-SIB	global systemically important bank
BCBS	Basel Committee on Banking Supervision	EB	Executive Board		
BIS	Bank for International Settlements	EC	European Commission	H	
BoD	Board of Directors	ECB	European Central Bank	HQLA	high-quality liquid assets
C		ECL	expected credit loss	I	
CAO	Capital Adequacy Ordinance	EGM	Extraordinary General Meeting of shareholders	IAS	International Accounting Standards
CCAR	Comprehensive Capital Analysis and Review	EIR	effective interest rate	IASB	International Accounting Standards Board
CCF	credit conversion factor	EL	expected loss	IBOR	interbank offered rate
CCP	central counterparty	EMEA	Europe, Middle East and Africa	IFRIC	International Financial Reporting Interpretations Committee
CCR	counterparty credit risk	EOP	Equity Ownership Plan	IFRS	International Financial Reporting Standards
CCRC	Corporate Culture and Responsibility Committee	EPS	earnings per share	IRB	internal ratings-based
CDS	credit default swap	ESG	environmental, social and governance	IRRBB	interest rate risk in the banking book
CEA	Commodity Exchange Act	ESR	environmental and social risk	ISDA	International Swaps and Derivatives Association
CEO	Chief Executive Officer	ETD	exchange-traded derivatives	ISIN	International Securities Identification Number
CET1	common equity tier 1	ETF	exchange-traded fund		
CFO	Chief Financial Officer	EU	European Union		
CGU	cash-generating unit	EUR	euro		
CHF	Swiss franc	EURIBOR	Euro Interbank Offered Rate		
CIO	Chief Investment Office	EVE	economic value of equity		
C&ORC	Compliance & Operational Risk Control	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		

Abbreviations frequently used in our financial reports (continued)

K		R		T	
KRT	Key Risk Taker	RBC	risk-based capital	TBTF	too big to fail
L		RbM	risk-based monitoring	TCFD	Task Force on Climate-related Financial Disclosures
	LAS	REIT	real estate investment trust		
	LCR	RMBS	residential mortgage-backed securities	TIBOR	Tokyo Interbank Offered Rate
	LGD	RniV	risks not in VaR	TLAC	total loss-absorbing capacity
	LIBOR	RoCET1	return on CET1 capital	TTC	through the cycle
		RoU	right-of-use		
LLC	limited liability company	rTSR	relative total shareholder return	U	
LoD	lines of defense	RWA	risk-weighted assets	USD	US dollar
LRD	leverage ratio denominator			V	
LTIP	Long-Term Incentive Plan	S		VaR	value-at-risk
LTV	loan-to-value	SA	standardized approach or société anonyme	VAT	value added tax
M		SA-CCR	standardized approach for counterparty credit risk		
M&A	mergers and acquisitions	SAR	Special Administrative Region of the People's Republic of China		
MRT	Material Risk Taker	SDG	Sustainable Development Goal		
N		SEC	US Securities and Exchange Commission		
NII	net interest income	SFT	securities financing transaction		
NSFR	net stable funding ratio	SI	sustainable investing or sustainable investment		
NYSE	New York Stock Exchange	SIBOR	Singapore Interbank Offered Rate		
O		SICR	significant increase in credit risk		
OCA	own credit adjustment	SIX	SIX Swiss Exchange		
OCI	other comprehensive income	SME	small and medium-sized entities		
OECD	Organisation for Economic Co-operation and Development	SMF	Senior Management Function		
OTC	over-the-counter	SNB	Swiss National Bank		
P		SOR	Singapore Swap Offer Rate		
PCI	purchased credit impaired	SPPI	solely payments of principal and interest		
PD	probability of default	SRB	systemically relevant bank		
PIT	point in time	SRM	specific risk measure		
PPA	purchase price allocation	SVaR	stressed value-at-risk		
P&L	profit or loss				
Q					
QCCP	Qualifying central counterparty				

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. It also provides certain disclosures related to diversity, equity and inclusion.

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, terrorist activity and conflicts 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 the Credit Suisse Group 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 Group; (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 the Credit Suisse Group; (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; (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 the Credit Suisse Group; (vi) changes in central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the EU 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 the Credit Suisse Group, 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 the Credit Suisse Group, 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 of Credit Suisse, 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 Risk Factors filed on Form 6-K with the 2Q23 UBS Group AG report on 31 August 2023 and 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.

Websites | In this report, any website addresses are provided solely for information and are not intended to be active links. UBS is not incorporating the contents of any such websites into this report.

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