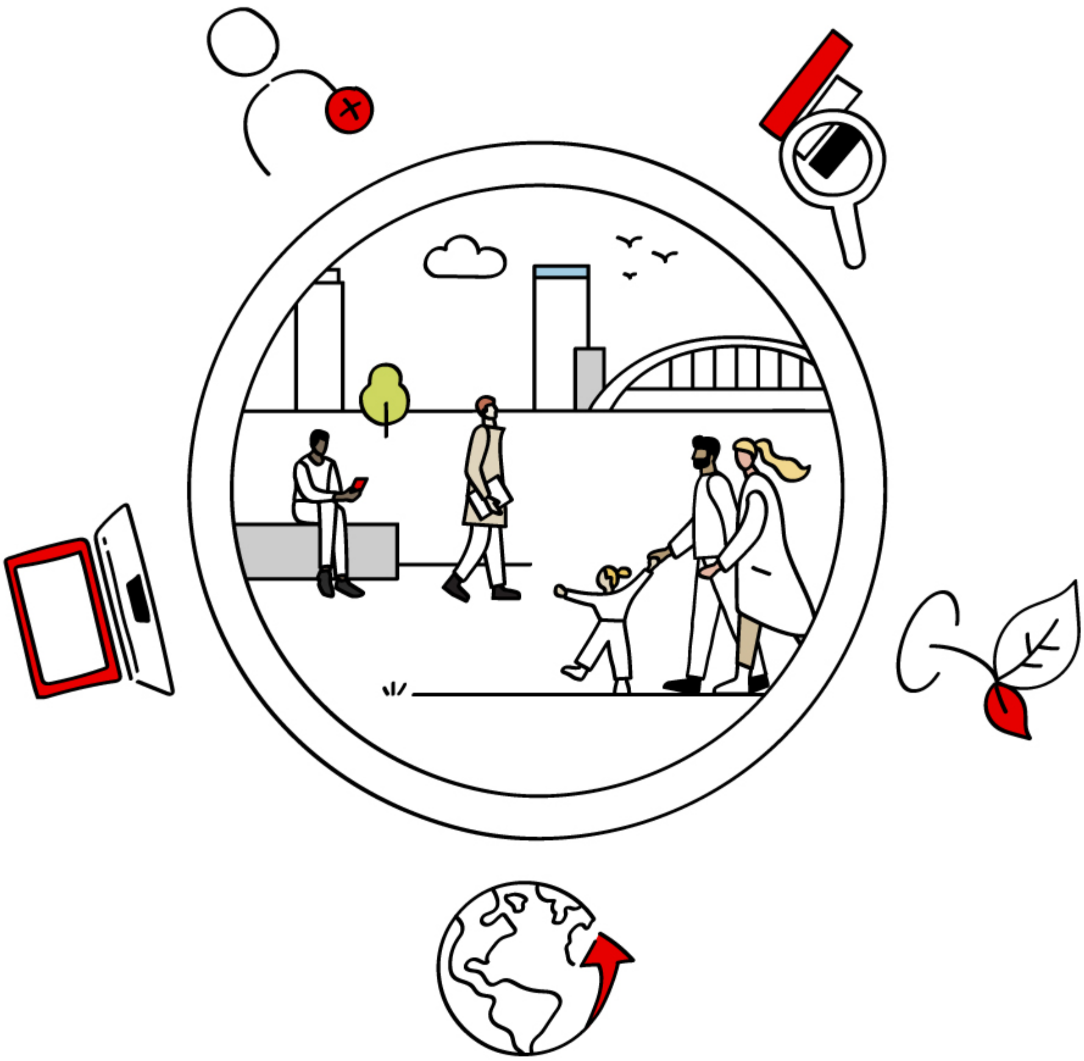

UBS Group

Second quarter 2022 report

Corporate calendar UBS Group AG

Publication of the third quarter 2022 report:	Tuesday, 25 October 2022
Publication of the fourth quarter 2022 report:	Tuesday, 31 January 2023

Corporate calendar UBS AG

Publication of the second quarter 2022 report:	Friday, 29 July 2022

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

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Our key figures

	As of or for the quarter ended				As of or year-to-date	
USD m, except where indicated	30.6.22	31.3.22	31.12.21	30.6.21	30.6.22	30.6.21
Group results						
Total revenues	8,917	9,382	8,705	8,897	18,299	17,574
Credit loss expense / (release)	7	18	(27)	(80)	25	(108)
Operating expenses	6,295	6,634	7,003	6,384	12,929	12,790
Operating profit / (loss) before tax	2,615	2,729	1,729	2,593	5,344	4,891
Net profit / (loss) attributable to shareholders	2,108	2,136	1,348	2,006	4,244	3,830
Diluted earnings per share (USD)[1]	0.61	0.61	0.38	0.55	1.22	1.04
Profitability and growth[2]						
Return on equity (%)	14.6	14.3	8.9	13.7	14.4	13.1
Return on tangible equity (%)	16.4	16.0	10.0	15.4	16.2	14.7
Return on common equity tier 1 capital (%)	18.9	19.0	11.9	19.3	18.9	18.8
Return on leverage ratio denominator, gross (%)	3.4	3.5	3.3	3.4	3.5	3.4
Cost / income ratio (%)	70.6	70.7	80.5	71.8	70.7	72.8
Effective tax rate (%)	19.0	21.4	21.4	22.4	20.2	21.5
Net profit growth (%)	5.1	17.1	(17.6)	62.8	10.8	35.5
Resources[2]						
Total assets	1,113,193	1,139,922	1,117,182	1,086,519	1,113,193	1,086,519
Equity attributable to shareholders	56,845	58,855	60,662	58,765	56,845	58,765
Common equity tier 1 capital[3]	44,798	44,593	45,281	42,583	44,798	42,583
Risk-weighted assets[3]	315,685	312,037	302,209	293,277	315,685	293,277
Common equity tier 1 capital ratio (%)[3]	14.2	14.3	15.0	14.5	14.2	14.5
Going concern capital ratio (%)[3]	19.0	19.2	20.0	20.2	19.0	20.2
Total loss-absorbing capacity ratio (%)[3]	33.7	34.2	34.7	35.6	33.7	35.6
Leverage ratio denominator[3]	1,025,422	1,072,953	1,068,862	1,039,939	1,025,422	1,039,939
Common equity tier 1 leverage ratio (%)[3]	4.37	4.16	4.24	4.09	4.37	4.09
Liquidity coverage ratio (%)[4]	161	160	155	156	161	156
Net stable funding ratio (%)[4]	121	122	119	115	121	115
Other						
Invested assets (USD bn)[5]	3,912	4,380	4,596	4,485	3,912	4,485
Personnel (full-time equivalents)	71,294	71,697	71,385	71,304	71,294	71,304
Market capitalization[1]	52,475	65,775	61,230	53,218	52,475	53,218
Total book value per share (USD)[1]	17.45	17.57	17.84	16.90	17.45	16.90
Tangible book value per share (USD)[1]	15.51	15.67	15.97	15.05	15.51	15.05

1 Refer to the "Share information and earnings per share" section of this report for more information. 2 Refer to the "Targets, aspirations and capital guidance" section of our Annual Report 2021 for more information about our performance targets. 3 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital management" section of this report for more information. 4 The final Swiss net stable funding ratio (NSFR) regulation became effective on 1 July 2021. Prior to this date, the NSFR was based on estimated pro forma reporting. Refer to the "Liquidity and funding management" section of this report for more information. 5 Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Refer to "Note 32 Invested assets and net new money" in the "Consolidated financial statements" section of our Annual Report 2021 for more information.

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 our Group Functions. 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.

UBS Group

Management report

Terms used in this report, unless the context requires otherwise	
"UBS," "UBS Group," "UBS Group AG consolidated," "Group," "the Group," "we," "us" and "our"	UBS Group AG and its consolidated subsidiaries
"UBS AG consolidated"	UBS AG and its consolidated subsidiaries
"UBS Group AG" and "UBS Group AG standalone"	UBS Group AG on a standalone basis
"UBS AG" and "UBS AG standalone"	UBS 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

Recent developments

Russia's invasion of Ukraine

The war in Ukraine has led to one of the largest humanitarian crises in decades, severe sanctions imposed by various governments on Russia and certain Russian entities and nationals, a mass exodus of businesses from Russia, and heightened volatility across global markets. The long-term consequences are still difficult to assess, but there will likely be global ramifications that are felt for some time.

As a result of Russia's invasion of Ukraine, several jurisdictions, including the US, the EU, the UK, Switzerland and others, continue to impose extensive sanctions on Russia and Belarus and certain Russian and Belarusian entities and nationals.

We are not conducting any new business in Russia or with Russia-domiciled clients.

We have reduced our exposure to Russia following the invasion of Ukraine in February 2022. Our direct country risk exposure to Russia decreased to USD 0.3bn as of 30 June 2022 compared with USD 0.4bn as of 31 March 2022 and USD 0.6bn as of 31 December 2021. This includes trade finance exposures in Personal & Corporate Banking, a single loan in the Investment Bank, nostro and cash account balances and issuer risk on trading inventory within the Investment Bank. We had no material direct country risk exposures to Ukraine or to Belarus as of 30 June 2022.

Reliance on Russian, Ukrainian or Belarusian assets as collateral for secured financing is negligible.

Countries have imposed, and continue to impose, novel forms of sanctions. For example, in the first quarter of 2022, the EU and Switzerland prohibited acceptance of deposits in excess of EUR 100,000 from Russian persons not entitled to residency in the European Economic Area (the EEA) or Switzerland. Around 0.4% of our invested assets in Global Wealth Management as of 30 June 2022 related to such clients, compared with around 0.7% as of 31 March 2022.

We are monitoring potential second-order impacts on our clients and other counterparties, including those that may result from a prolongation or escalation of hostilities. These may include, but are not limited to, effects of supply chain disruptions and impacts on industry sectors that are affected by energy and other commodity prices or dependent on specific geographies.

We continue to monitor settlement risk on certain open transactions with Russian bank and non-bank counterparties or Russian underlyings, as market closures and the imposition of exchange controls, sanctions or other measures may further limit our ability to settle transactions or to realize collateral if required, which may result in unexpected increases in exposures.

Russia's invasion of Ukraine and the imposition of sanctions on Russia and Belarus have increased the risk of cyberattacks from foreign state actors, activists or other parties.

As of 19 July 2022, more than 10,000 clients and 12,000 UBS employees had donated over USD 25m to the UBS Optimus Foundation Ukraine Relief Fund. Combined with the matched funding from UBS and our strategic partner XTX Markets, more than USD 50m has been raised to support the immediate response to the humanitarian crisis, as well as longer-term recovery efforts. Through partners, including Hope and Homes for Children and the International Rescue Committee, we provide a variety of assistance measures, such as distributing basic survival and medical supplies and services, making emergency grants to local organizations serving children, and facilitating refugee integration into host countries.

Regulatory and legal developments

Amendment of the Swiss Capital Adequacy Ordinance regarding the final implementation of Basel III

In July 2022, the Swiss Federal Department of Finance (the FDF) launched a consultation on amending the Swiss Capital Adequacy Ordinance with the aim of implementing the final elements of the Basel Committee on Banking Supervision (BCBS) reforms (Basel III) in Swiss law. In parallel, the Swiss Financial Market Supervisory Authority (FINMA) has opened a consultation on the associated implementing circulars.

We currently estimate that the implementation of the revised Basel III framework may lead to a net increase in risk-weighted assets (RWA) of around USD 20bn in 2024, excluding mitigating actions. The estimate includes credit risk and operational risk RWA from the finalization of the Basel III framework, as well as market risk and credit valuation adjustment RWA from the fundamental review of the trading book (FRTB), based on our current understanding of the relevant standards. The precise impact might change as a result of new or revised regulatory interpretations, including those related to historical operational losses and model calibration, the implementation of Basel III standards into national law, changes in business growth, market conditions and other factors.

The consultations will last until 25 October 2022. The Swiss Federal Council's Capital Adequacy Ordinance and the associated FINMA ordinances are scheduled to enter into force on 1 July 2024, with the phasing in of certain elements until 2028.

Revision of the Swiss liquidity requirements

In June 2022, the Swiss Federal Council adopted the revisions to the Swiss Liquidity Ordinance. The revisions will increase the regulatory minimum liquidity requirements for systemically important banks, including UBS Group AG. The increase in UBS's liquidity requirements remains uncertain pending supervisory guidance from FINMA. The final rule became effective on 1 July 2022, with a transition period of 18 months.

In accordance with Article 31b of the Liquidity Ordinance, the FDF provided a report to the Swiss Federal Council in which it reviewed Swiss and foreign provisions regarding the net stable funding ratio. The report identified no need for regulatory action.

FINMA revision of Circular 2008/21 "Operational Risks – Banks"

In July 2022, FINMA completed a consultation regarding the revision of Circular 2008/21 "Operational Risks – Banks," which will incorporate the BCBS's new Principles on Operational Resilience into the FINMA framework. The circular will also cover the updated Principles for the Sound Management of Operational Risk, which cover a range of issues, including managing information and communication technology risks, cyber risks, and the risks involving critical data. The revised circular will enter into force on 1 January 2023, and firms will be given three years thereafter to comply with the operational resilience elements thereof.

Developments regarding sustainability and climate risk

In June 2022, the Swiss Bankers Association issued two new self-regulation minimum requirements. One requirement sets standards for the consideration of sustainability criteria in the investment advisory process and the other regulates the mortgage advisory process.

In parallel, in June 2022 the FDF jointly with industry associations, non-governmental organizations and selected companies, including UBS, developed a voluntary best-practice approach for investing in line with the COP 21 Paris Agreement. This resulted in the Swiss Climate Scores, which consist of six indicators that provide transparency regarding climate-related information, such as carbon emissions and the implied temperature increase of a portfolio. The scores were developed to underpin Switzerland's leading role as a sustainable financial center. UBS will start its implementation efforts in the second half of 2022.

In April 2022, the US Securities and Exchange Commission published its proposed rules on climate-related disclosures in the US Federal Register. The proposal requires qualitative disclosures on climate risk management processes inclusive of governance, risk identification and scenario analyses, and quantitative disclosures on greenhouse gas emissions and financial statement impacts. As proposed, the new requirements would apply beginning with our Annual Report 2023.

Other developments

Sale of our shareholding in Mitsubishi Corp.-UBS Realty Inc.

In the second quarter of 2022, we completed the sale of our 49% shareholding in our Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc., to KKR & Co. Inc., as announced on 17 March 2022. The sale resulted in a pre-tax gain of USD 848m in Asset Management and increased our CET1 capital by USD 979m. Our asset management, wealth management and investment banking businesses operating in Japan were not affected by the sale.

Organizational changes

As announced on 12 July 2022, Iqbal Khan will become sole President Global Wealth Management, effective 3 October 2022, following Tom Naratil's decision to step down as Co-President Global Wealth Management and President UBS Americas. Naureen Hassan will join UBS from the Federal Reserve Bank of New York to succeed Tom Naratil as President UBS Americas and CEO of UBS Americas Holding LLC and will become a member of UBS's Group Executive Board on 3 October 2022.

Group performance

Income statement

	For the quarter ended			% change from		Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Net interest income	1,665	1,771	1,628	(6)	2	3,436	3,241
Other net income from financial instruments measured at fair value through profit or loss	1,619	2,226	1,479	(27)	9	3,845	2,787
Net fee and commission income	4,774	5,353	5,557	(11)	(14)	10,127	11,248
Other income	859	32	233		268	891	297
Total revenues	8,917	9,382	8,897	(5)	0	18,299	17,574
Credit loss expense / (release)	7	18	(80)	(64)		25	(108)
Personnel expenses	4,422	4,920	4,772	(10)	(7)	9,343	9,573
General and administrative expenses	1,370	1,208	1,103	13	24	2,578	2,192
Depreciation, amortization and impairment of non-financial assets	503	506	509	(1)	(1)	1,009	1,026
Operating expenses	6,295	6,634	6,384	(5)	(1)	12,929	12,790
Operating profit / (loss) before tax	2,615	2,729	2,593	(4)	1	5,344	4,891
Tax expense / (benefit)	497	585	581	(15)	(15)	1,082	1,053
Net profit / (loss)	2,118	2,144	2,012	(1)	5	4,262	3,838
Net profit / (loss) attributable to non-controlling interests	10	8	6	29	89	18	9
Net profit / (loss) attributable to shareholders	2,108	2,136	2,006	(1)	5	4,244	3,830
Comprehensive income							
Total comprehensive income	1,079	(72)	2,602		(59)	1,008	2,263
Total comprehensive income attributable to non-controlling interests	(17)	26	20			9	10
Total comprehensive income attributable to shareholders	1,097	(98)	2,582		(58)	999	2,252

Results: 2Q22 vs 2Q21

Operating profit before tax increased by USD 22m, or 1%, to USD 2,615m, reflecting lower operating expenses and an increase in total revenues, largely offset by net credit loss expenses of USD 7m compared with net credit loss releases of USD 80m in the second quarter of 2021. Operating expenses decreased by USD 89m, or 1%, to USD 6,295m, which included positive foreign currency effects. Personnel expenses decreased by USD 350m, mainly reflecting lower expenses for salaries and variable compensation, partly offset by a USD 267m increase in general and administrative expenses, mainly due to higher expenses for litigation, regulatory and similar matters. Total revenues increased by USD 20m to USD 8,917m, which included negative foreign currency effects. Other income increased by USD 626m, largely driven by USD 810m higher gains on sale of minority shareholdings in Asset Management, partly offset by real estate-related losses of USD 46m, compared with gains of USD 101m in the prior-year quarter. In addition, total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 178m. These effects were largely offset by a USD 783m decrease in net fee and commission income, reflecting negative market performance and lower levels of IPO and follow-on activity, as well as a decrease in the level of client activity.

Total revenues: 2Q22 vs 2Q21

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 178m to USD 3,284m, mainly driven by Global Wealth Management and the Investment Bank, partly offset by Group Functions.

Global Wealth Management increased by USD 227m to USD 1,548m, largely reflecting higher net interest income, mainly due to an increase in deposit revenues, which was driven by both higher deposit margins, as a result of rising interest rates, and increased deposit volumes.

The Investment Bank increased by USD 73m to USD 1,370m. Financing increased by USD 122m, mainly as the prior-year quarter included an USD 87m loss incurred from the exit of remaining exposures relating to the default of a US-based client of our prime brokerage business in the first quarter of 2021. Derivatives & Solutions increased by USD 107m, driven by Rates and Foreign Exchange, which benefited from elevated volatility due to inflationary concerns and the actions of central banks, partly offset by lower revenues in Credit resulting from widening spreads. These increases were partly offset by a USD 126m decrease in Global Banking, mainly reflecting lower Leveraged Capital Markets revenues.

Group Functions was negative USD 265m compared with negative USD 158m, mainly reflecting the net effects of accounting asymmetries, including hedge accounting ineffectiveness, within Group Treasury.

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

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

	For the quarter ended			% change from		Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	1,310	1,363	1,270	(4)	3	2,673	2,535
Net interest income from financial instruments measured at fair value through profit or loss	355	408	357	(13)	(1)	763	706
Other net income from financial instruments measured at fair value through profit or loss	1,619	2,226	1,479	(27)	9	3,845	2,787
Total	3,284	3,997	3,106	(18)	6	7,281	6,028
Global Wealth Management	1,548	1,442	1,321	7	17	2,991	2,622
of which: net interest income	*1,268*	*1,141*	*1,026*	*11*	*24*	*2,409*	*2,023*
of which: transaction-based income from foreign exchange and other intermediary activity [1]	*281*	*301*	*295*	*(7)*	*(5)*	*582*	*598*
Personal & Corporate Banking	641	665	643	(4)	0	1,306	1,247
of which: net interest income	*522*	*535*	*526*	*(2)*	*(1)*	*1,057*	*1,039*
of which: transaction-based income from foreign exchange and other intermediary activity [1]	*119*	*130*	*117*	*(9)*	*2*	*249*	*208*
Asset Management	(10)	(2)	4	515		(11)	(3)
Investment Bank [2]	1,370	2,004	1,297	(32)	6	3,373	2,381
Global Banking	*31*	*115*	*157*	*(73)*	*(80)*	*146*	*300*
Global Markets	*1,339*	*1,888*	*1,140*	*(29)*	*17*	*3,227*	*2,081*
Group Functions	(265)	(112)	(158)	137	67	(377)	(218)

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

Net fee and commission income

Net fee and commission income decreased by USD 783m to USD 4,774m.

Underwriting fees decreased by USD 276m to USD 111m, largely driven by lower equity underwriting revenues from public offerings in the Investment Bank, reflecting lower levels of IPO and follow-on activity.

Investment fund fees and fees for portfolio management and related services decreased by USD 172m and USD 128m, respectively, driven by Asset Management and Global Wealth Management, mainly reflecting negative market performance, partly offset by the effects of net new money generation and net new fee-generating assets, respectively. In addition, Asset Management performance fee income decreased, mainly in our Hedge Fund businesses and Equities.

Net brokerage fees decreased by USD 145m to USD 818m, reflecting lower levels of client activity in Global Wealth Management, particularly in the Americas and Asia Pacific, and in the Investment Bank in relation to cash equities.

M&A and corporate finance fees decreased by USD 110m to USD 220m, largely reflecting lower revenues from merger and acquisition transactions in the Global Banking business in the Investment Bank.

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

Other income

Other income was USD 859m, compared with USD 233m in the prior-year quarter. The increase was largely driven by USD 810m higher gains on sale of minority shareholdings in Asset Management, largely reflecting an USD 848m gain in the second quarter of 2022, related to the sale of our shareholding in our Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc. This was partly offset by USD 46m of remeasurement losses relating to properties held for sale, compared with gains of USD 101m in the prior-year quarter. The second quarter of 2021 also included income of USD 45m related to a legacy bankruptcy claim.

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

Credit loss expense / release: 2Q22 vs 2Q21

Total net credit loss expenses were USD 7m, compared with net credit loss releases of USD 80m in the prior-year quarter, reflecting USD 16m net credit loss expenses related to stage 1 and 2 positions and USD 9m net credit loss releases related to stage 3 positions.

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

Credit loss expense / (release)

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
For the quarter ended 30.6.22						
Stages 1 and 2	(8)	26	0	(2)	0	16
Stage 3	6	8	0	(26)	2	(9)
Total credit loss expense / (release)	(3)	35	0	(28)	2	7
For the quarter ended 31.3.22						
Stages 1 and 2	(5)	13	0	3	0	11
Stage 3	(2)	10	0	0	0	7
Total credit loss expense / (release)	**(7)**	**23**	**0**	**4**	**0**	**18**
For the quarter ended 30.6.21						
Stages 1 and 2	(13)	(51)	0	(24)	1	(88)
Stage 3	0	5	0	3	0	8
Total credit loss expense / (release)	**(14)**	**(46)**	**0**	**(21)**	**1**	**(80)**

Operating expenses: 2Q22 vs 2Q21

Operating expenses

	For the quarter ended			% change from		Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Personnel expenses	4,422	4,920	4,772	(10)	(7)	9,343	9,573
of which: salaries and variable compensation	*2,664*	*2,948*	*2,945*	*(10)*	*(10)*	*5,612*	*5,816*
of which: financial advisor compensation [1]	*1,122*	*1,220*	*1,183*	*(8)*	*(5)*	*2,342*	*2,353*
of which: other personnel expenses [2]	*637*	*752*	*644*	*(15)*	*(1)*	*1,388*	*1,403*
General and administrative expenses	1,370	1,208	1,103	13	24	2,578	2,192
of which: net expenses for litigation, regulatory and similar matters	*221*	*57*	*63*	*287*	*247*	*278*	*72*
of which: other general and administrative expenses	*1,149*	*1,151*	*1,039*	*0*	*11*	*2,300*	*2,120*
Depreciation, amortization and impairment of non-financial assets	503	506	509	(1)	(1)	1,009	1,026
Total operating expenses	6,295	6,634	6,384	(5)	(1)	12,929	12,790

1 Financial advisor compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, new assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. 2 Consists of expenses related to contractors, social security, and post-employment benefit plans, as well as other personnel expenses.

Personnel expenses

Personnel expenses decreased by USD 350m to USD 4,422m, largely driven by lower salary costs, mainly reflecting foreign currency effects, lower variable compensation and a decrease in financial advisor compensation resulting from lower compensable revenues.

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

General and administrative expenses

General and administrative expenses increased by USD 267m to USD 1,370m, mainly driven by higher expenses for litigation, regulatory and similar matters, travel and entertainment, and IT.

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

› **Refer to "Note 6 General and administrative expenses" in the "Consolidated financial statements" section of this report for more information**

› **Refer to "Note 14 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information about litigation, regulatory and similar matters**

› **Refer to the "Regulatory and legal developments" and "Risk factors" sections of our Annual Report 2021 for more information about litigation, regulatory and similar matters**

Tax: 2Q22 vs 2Q21

We recognized income tax expenses of USD 497m for the second quarter of 2022, representing an effective tax rate of 19.0%, compared with USD 581m and an effective tax rate of 22.4% for the second quarter of 2021. Current tax expenses were USD 367m, compared with USD 362m, and related to taxable profits of UBS Switzerland AG and other entities. Deferred tax expenses were USD 130m, compared with USD 219m. These include an expense of USD 76m that primarily relates to the amortization of deferred tax assets previously recognized in relation to tax losses carried forward and deductible temporary differences of UBS Americas Inc. In addition, they include an expense of USD 54m in respect of a decrease in the expected value of future tax deductions for deferred compensation awards, due to a decrease in the Group's share price during the quarter.

The effective tax rate for the second quarter of 2022 of 19.0% is low primarily because no net tax expense was recognized in respect of the pre-tax gain of USD 848m that resulted from the sale of our shareholding in Mitsubishi Corp.-UBS Realty Inc. However, this impact on the effective tax rate was partly offset by the aforementioned expense of USD 54m in respect of deferred compensation awards.

Excluding any potential effects from the remeasurement of deferred tax assets in connection with this year's business planning process and any potential US corporate tax rate changes or other material jurisdictional statutory tax rate changes that could be enacted, we expect a tax rate for the second half of 2022 of around 24%.

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

Total comprehensive income attributable to shareholders

In the second quarter of 2022, total comprehensive income attributable to shareholders was positive USD 1,097m, reflecting net profit of USD 2,108m and other comprehensive income (OCI), net of tax, of negative USD 1,011m.

OCI related to cash flow hedges was negative USD 1,171m, mainly reflecting net unrealized losses on US dollar hedging derivatives resulting from significant increases in the relevant US dollar long-term interest rates.

Foreign currency translation OCI was negative USD 577m, mainly resulting from a weakening of the Swiss franc (3%) and the euro (5%) against the US dollar.

OCI associated with financial assets measured at fair value through OCI (FVOCI) was positive USD 330m, mainly reflecting the reclassification of a portfolio of high-quality liquid assets from Financial assets measured at FVOCI to Other financial assets measured at amortized cost, thereby reversing post-tax unrealized losses of USD 333m.

OCI related to own credit on financial liabilities designated at fair value was positive USD 271m, primarily due to a widening of our own credit spreads.

Defined benefit plan OCI was positive USD 115m, reflecting positive net pre-tax OCI related to our non-Swiss pension plans of USD 135m, mainly driven by the UK pension plan, partly offset by negative pre-tax OCI in our Swiss pension plan of USD 13m.

OCI related to cost of hedging was positive USD 21m, mainly driven by a widening of the US dollar / euro cross-currency basis that increased the fair value of the cross-currency swaps.

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

› **Refer to "Note 1 Basis of accounting" in the "Consolidated financial statements" section of this report for more information about the reclassification of financial assets at FVOCI**

› **Refer to "Note 21 Fair value measurement" in the "Consolidated financial statements" section of our Annual Report 2021 for more information about own credit on financial liabilities designated at fair value**

› **Refer to "Note 27 Post-employment benefit plans" in the "Consolidated financial statements" section of our Annual Report 2021 for more information about OCI related to defined benefit plans**

Sensitivity to interest rate movements

As of 30 June 2022, we estimate that a parallel shift in yield curves by +100 basis points could lead to a combined increase in annual net interest income of approximately USD 1.8bn in Global Wealth Management and Personal & Corporate Banking in the first year after such a shift. Of this increase, approximately USD 0.7bn would result from changes in US dollar interest rates, a similar amount from changes in Swiss franc interest rates and USD 0.2bn from changes in euro interest rates. A parallel shift in yield curves by –100 basis points could lead to a combined decrease in annual net interest income of approximately USD 1.4bn in Global Wealth Management and Personal & Corporate Banking in the first year after such a shift, mainly driven by positions denominated in US dollars.

These estimates are based on a hypothetical scenario of an immediate change in interest rates, equal across all currencies and relative to implied forward rates as of 30 June 2022 applied to our banking book. These estimates further assume no change to balance sheet size and structure, constant foreign exchange rates and no specific management action.

› **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 we provide 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: 2Q22 vs 2Q21

The cost / income ratio was 70.6%, compared with 71.8%, mainly reflecting a decrease in operating expenses, and includes the effect of the gain on sale of our shareholding in Mitsubishi Corp.-UBS Realty Inc.

Personnel: 2Q22 vs 1Q22

The number of personnel employed as of 30 June 2022 was broadly stable at 71,294 (full-time equivalents), a net decrease of 403 compared with 31 March 2022.

Equity, CET1 capital and returns

	As of or for the quarter ended			Year-to-date	
USD m, except where indicated	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Net profit					
Net profit attributable to shareholders	2,108	2,136	2,006	4,244	3,830
Equity					
Equity attributable to shareholders	56,845	58,855	58,765	56,845	58,765
Less: goodwill and intangible assets	6,312	6,383	6,452	6,312	6,452
Tangible equity attributable to shareholders	50,533	52,472	52,313	50,533	52,313
Less: other CET1 deductions	5,734	7,878	9,730	5,734	9,730
CET1 capital	44,798	44,593	42,583	44,798	42,583
Returns					
Return on equity (%)	14.6	14.3	13.7	14.4	13.1
Return on tangible equity (%)	16.4	16.0	15.4	16.2	14.7
Return on CET1 capital (%)	18.9	19.0	19.3	18.9	18.8

Common equity tier 1 capital: 2Q22 vs 1Q22

During the second quarter of 2022, our common equity tier 1 (CET1) capital increased by USD 0.2bn to USD 44.8bn, mainly driven by operating profit before tax of USD 2.6bn and a positive pre-tax effect of USD 0.4bn from the reclassification of a portfolio of high-quality liquid assets from Financial assets measured at FVOCI to Other financial assets measured at amortized cost, largely offset by share repurchases of USD 1.6bn, negative effects from foreign currency translation of USD 0.6bn, dividend accruals of USD 0.4bn and current tax expenses of USD 0.4bn.

Return on CET1 capital: 2Q22 vs 2Q21

The annualized return on CET1 capital was 18.9%, compared with 19.3%, driven by higher net profit attributable to shareholders, partly offset by an increase in average CET1 capital.

Risk-weighted assets: 2Q22 vs 1Q22

Risk-weighted assets (RWA) increased by USD 3.6bn to USD 315.7bn, primarily driven by increases of USD 4.3bn from model updates and USD 3.8bn from asset size and other movements, partly offset by a decrease of USD 5.0bn from currency effects.

Common equity tier 1 capital ratio: 2Q22 vs 1Q22

Our CET1 capital ratio decreased to 14.2% from 14.3%, reflecting a USD 3.6bn increase in RWA, partly offset by an increase in CET1 capital of USD 0.2bn.

Leverage ratio denominator: 2Q22 vs 1Q22

The leverage ratio denominator (the LRD) decreased by USD 47.5bn to USD 1,025.4bn, driven by currency effects of USD 27.3bn and a USD 20.3bn decrease due to asset size and other movements.

Common equity tier 1 leverage ratio: 2Q22 vs 1Q22

Our CET1 leverage ratio increased to 4.37% from 4.16%, primarily due to a USD 47.5bn decrease in the LRD.

Going concern leverage ratio: 2Q22 vs 1Q22

Our going concern leverage ratio increased to 5.8% from 5.6%, mainly reflecting the aforementioned decrease in the LRD.

Results 6M22 vs 6M21

Operating profit before tax increased by USD 453m, or 9%, to USD 5,344m.

Total revenues increased by USD 725m, or 4%, to USD 18,299m, which included negative foreign currency effects. Total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 1,253m, mainly reflecting the USD 861m loss in the prior-year period in relation to a default by a US-based client of our prime brokerage business. Other income increased by USD 594m, largely driven by USD 810m higher gains on sale of minority shareholdings in Asset Management, partly offset by real estate-related losses of USD 45m, compared with gains of USD 100m in the prior-year period. These increases were partly offset by USD 1,121m lower net fee and commission income, mainly reflecting a decrease in underwriting fees, particularly in Equity Capital Markets, and a decrease in net brokerage fees due to lower levels of client activity in Global Wealth Management and the Investment Bank. Investment fund fees decreased, reflecting negative market performance and lower performance fees, and revenues from merger and acquisition transactions also decreased.

Expected credit loss expenses were USD 25m, compared with releases of USD 108m in the prior-year period. Stage 1 and 2 net expenses were USD 27m and included scenario-related net expenses of USD 28m, model change-related net releases of USD 23m, mainly in Global Wealth Management Americas, and other net expenses of USD 22m, mainly including book quality and size effects from corporate and real estate lending portfolios in Switzerland. This was partly offset by a USD 2m release of stage 3 allowances.

Operating expenses increased by USD 139m, or 1%, to USD 12,929m, which included positive foreign currency effects. General and administrative expenses increased by USD 386m, mainly reflecting higher expenses for litigation, regulatory and similar matters, IT, outsourcing, and travel and entertainment. This increase was largely offset by a USD 230m decrease in personnel expenses, largely driven by lower salary costs, mainly reflecting foreign currency effects.

Outlook

High and increasing inflation and tight labor markets in many countries have led central banks to raise interest rates at an accelerated pace. The implications of Russia's ongoing war in Ukraine, including higher energy and commodity prices, as well as the continuing effects of the pandemic and related restrictions, particularly in Asia Pacific, have increased uncertainty about the global economic outlook. As a result, equity and fixed income valuations declined steeply in the second quarter and high volatility persisted. Against this backdrop, client sentiment and activity among our private clients remained muted in the second quarter of 2022, while institutional trading activity remained strong. We expect these uncertainties to continue to affect client sentiment, which, combined with normal seasonality, may also affect client activity levels in the third quarter of 2022.

While lower asset valuations will have a negative impact on our recurring net fee income and weak client sentiment may affect net new assets in our asset gathering businesses, we expect higher interest rates will positively affect our net interest income.

Our clients value our capital strength and expert guidance, particularly in these uncertain times, and we remain focused on supporting them with advice and solutions.

UBS business divisions and Group Functions

Management report

Global Wealth Management

Global Wealth Management[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Results							
Net interest income	1,268	1,141	1,026	11	24	2,409	2,023
Recurring net fee income[2]	2,614	2,806	2,774	(7)	(6)	5,419	5,403
Transaction-based income[2]	793	954	953	(17)	(17)	1,747	2,136
Other income	2	3	8	(34)	(73)	5	44
Total revenues	4,677	4,904	4,760	(5)	(2)	9,581	9,606
Credit loss expense / (release)	(3)	(7)	(14)	(65)	(81)	(10)	(16)
Operating expenses	3,523	3,602	3,479	(2)	1	7,124	6,918
Business division operating profit / (loss) before tax	1,157	1,310	1,294	(12)	(11)	2,467	2,704
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(10.6)	(7.0)	47.1			(8.8)	28.9
Cost / income ratio (%)[2]	75.3	73.4	73.1			74.4	72.0
Average attributed equity (USD bn)[3]	20.0	19.9	18.5	3	10	19.9	18.4
Return on attributed equity (%)[2,3]	23.2	26.3	27.9			24.7	29.3
Financial advisor compensation[4]	1,122	1,220	1,183	(8)	(5)	2,342	2,353
Net new fee-generating assets (USD bn)[2]	0.4	19.4	25.0			19.8	61.2
Fee-generating assets (USD bn)[2]	1,244	1,414	1,416	(12)	(12)	1,244	1,416
Fee-generating asset margin (bps)[2]	79.6	81.6	82.3			80.6	84.1
Invested assets (USD bn)[2]	2,811	3,145	3,230	(11)	(13)	2,811	3,230
Loans, gross (USD bn)[5]	227.1	230.3	228.1	(1)	0	227.1	228.1
Customer deposits (USD bn)[5]	349.3	372.3	344.2	(6)	1	349.3	344.2
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,6]	0.3	0.2	0.3			0.3	0.3
Advisors (full-time equivalents)	9,224	9,300	9,480	(1)	(3)	9,224	9,480

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. From the second quarter of 2022, assets related to our Global Financial Intermediaries business are excluded from fee-generating assets, given that fee-generating investment management products, such as mandates, are not central to this business. Furthermore, client commitments into closed-ended private-market investment funds are included as fee-generating assets once recurring fees are charged, rather than when commitments are funded. These changes were applied prospectively. 3 Refer to the "Capital management" section of this report for more information. 4 Relates to licensed professionals with the ability to provide investment advice to clients in the Americas. Consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, new assets and other variables. 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 1,673m in the second quarter of 2022. 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: 2Q22 vs 2Q21

Profit before tax decreased by USD 137m, or 11%, to USD 1,157m, mainly driven by lower total revenues and higher operating expenses.

Total revenues

Total revenues decreased by USD 83m to USD 4,677m, mainly due to decreases across transaction-based and recurring net fee income, partly offset by an increase in net interest income.

Net interest income increased by USD 242m, or 24%, to USD 1,268m, mainly reflecting higher deposit revenues, which were driven by both higher deposit margins, as a result of rising interest rates, and increased deposit volumes.

Recurring net fee income decreased by USD 160m, or 6%, to USD 2,614m, primarily driven by negative market performance and foreign currency effects, partly offset by net new fee-generating assets over the past twelve months.

Transaction-based income decreased by USD 160m, or 17%, to USD 793m, mainly driven by lower levels of client activity, particularly in the Americas and Asia Pacific.

Credit loss expense / release

Net credit loss releases were USD 3m, primarily related to stage 1 and 2 positions, compared with net releases of USD 14m in the second quarter of 2021.

Operating expenses

Operating expenses increased by USD 44m to USD 3,523m, mainly driven by an increase in provisions for litigation, regulatory and similar matters, as well as higher expenses for travel and entertainment, professional fees and outsourcing. These effects were partly offset by lower personnel expenses.

Fee-generating assets: 2Q22 vs 1Q22

Fee-generating assets decreased by USD 169.5bn, or 12%, to USD 1,244bn, almost entirely driven by net negative market performance and foreign currency effects. The change in fee-generating assets included a net decrease of USD 16bn from refinements to our fee-generating asset classification. Net new fee-generating asset inflows were USD 0.4bn and included an effect of USD 0.5bn due to the aforementioned refinements.

Loans: 2Q22 vs 1Q22

Loans decreased by USD 3.2bn to USD 227.1bn, mainly driven by negative foreign currency effects, partly offset by net new loans of USD 0.9bn.

Results: 6M22 vs 6M21

Profit before tax decreased by USD 237m, or 9%, to USD 2,467m, mainly reflecting higher operating expenses.

Total revenues decreased by USD 25m to USD 9,581m, as lower transaction-based and other income were almost entirely offset by increases in net interest and recurring net fee income.

Net interest income increased by USD 386m, or 19%, to USD 2,409m, mostly due to higher deposit revenues, driven by increases in deposit margins and volumes, as well as higher loan revenues, mainly driven by higher loan volumes and margins.

Recurring net fee income increased by USD 16m to USD 5,419m, primarily driven by net new fee-generating assets. This was largely offset by negative market performance and foreign currency effects.

Transaction-based income decreased by USD 389m, or 18%, to USD 1,747m, mainly driven by lower levels of client activity, particularly in Asia Pacific and the Americas.

Other income decreased by USD 39m to USD 5m, mainly driven by a valuation loss of USD 6m on our equity ownership of SIX Group, compared with a USD 9m gain in the first half of 2021, and lower gains from sales of securities positions.

Net credit loss releases were USD 10m, compared with net releases of USD 16m.

Operating expenses increased by USD 206m, or 3%, to USD 7,124m, mostly driven by an increase in provisions for litigation, regulatory and similar matters, as well as higher expenses for professional fees and travel and entertainment.

Regional breakdown of performance measures

As of or for the quarter ended 30.6.22 *USD bn, except where indicated*	Americas[1]	Switzerland	EMEA[2]	Asia Pacific	Global Wealth Management[3]
Total revenues (USD m)	2,639	474	925	641	4,677
Profit / (loss) before tax (USD m)	397	218	313	239	1,157
Cost / income ratio (%)[4]	85.0	54.1	66.3	62.7	75.3
Loans, gross	99.4[5]	42.6	43.4	41.1	227.1
Net new loans	3.8	0.4	(0.1)	(3.3)	0.9
Fee-generating assets[4]	773	112	253	105	1,244
Net new fee-generating assets[4]	(3.5)	1.1	(0.5)	3.3	0.4
Net new fee-generating asset growth rate (%)[4]	(1.6)	3.4	(0.6)	12.0	0.1
Invested assets[4]	1,569	241	538	460	2,811
Advisors (full-time equivalents)	6,139	688	1,445	876	9,224

1 Including the following business units: United States and Canada; and Latin America. 2 Including the following business units: Europe; Central & Eastern Europe, Greece and Israel; and Middle East and Africa. 3 Including minor functions, which are not included in the four regions individually presented in this table, with total revenues of negative USD 3m, USD 11m of operating loss before tax, USD 0.6bn of loans, USD 0.1bn of net new loan inflows, USD 0.8bn of fee-generating assets, USD 0.0bn of net new fee-generating asset outflows, USD 3bn of invested assets and 76 advisors in the second quarter of 2022. 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 2Q22 vs 2Q21, except where indicated

Americas

Profit before tax decreased by USD 108m to USD 397m, mainly driven by an increase in provisions for litigation, regulatory and similar matters. Total revenues increased by USD 30m, or 1%, to USD 2,639m, mostly driven by higher net interest income. The cost / income ratio increased to 85.0% from 80.9%. Loans increased 4% compared with the first quarter of 2022, to USD 99bn, reflecting USD 3.8bn of net new loans, which were mostly securities-based loans and mortgages. Net new fee-generating assets were negative USD 3.5bn, resulting in a negative annualized net new fee-generating asset growth rate of 1.6%.

Switzerland

Profit before tax increased by USD 14m to USD 218m. Total revenues increased by USD 10m, or 2%, to USD 474m, mainly driven by higher net interest income. The cost / income ratio decreased to 54.1% from 57.5%. Loans decreased 2% compared with the first quarter of 2022, to USD 43bn, as USD 0.4bn of net new loans were offset by negative foreign currency effects. Net new fee-generating assets were USD 1.1bn, resulting in an annualized net new fee-generating asset growth rate of 3.4%.

EMEA

Profit before tax increased by USD 5m to USD 313m. Total revenues decreased by USD 48m, or 5%, to USD 925m, as higher net interest income was more than offset by decreases in recurring net fee and transaction-based income. The cost / income ratio decreased to 66.3% from 68.5%. Loans decreased 4% compared with the first quarter of 2022, to USD 43bn, reflecting net new loan outflows and negative foreign currency effects. Net new fee-generating assets were negative USD 0.5bn, resulting in a negative annualized net new fee-generating asset growth rate of 0.6%.

Asia Pacific

Profit before tax decreased by USD 44m to USD 239m. Total revenues decreased by USD 70m, or 10%, to USD 641m, mainly driven by lower transaction-based income. The cost / income ratio increased to 62.7% from 60.2%. Loans decreased 9% compared with the first quarter of 2022, to USD 41bn, reflecting USD 3.3bn of net new loan outflows as the current market uncertainty led to clients deleveraging. Net new fee-generating assets were USD 3.3bn, resulting in an annualized net new fee-generating asset growth rate of 12.0%.

Personal & Corporate Banking

Personal & Corporate Banking – in Swiss francs[1]

	As of or for the quarter ended			% change from		Year-to-date	
CHF m, except where indicated	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Results							
Net interest income	502	493	480	2	5	996	950
Recurring net fee income[2]	202	210	187	(3)	8	412	369
Transaction-based income[2]	300	300	288	0	4	600	527
Other income	13	(1)	40		(67)	13	78
Total revenues	1,018	1,002	995	2	2	2,020	1,924
Credit loss expense / (release)	33	21	(42)	59		54	(64)
Operating expenses	587	586	581	0	1	1,173	1,174
Business division operating profit / (loss) before tax	398	395	456	1	(13)	793	814
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(12.8)	10.4	99.5			(2.6)	47.7
Cost / income ratio (%)[2]	57.7	58.5	58.4			58.1	61.0
Average attributed equity (CHF bn)[3]	8.9	8.7	8.4	2	6	8.8	8.3
Return on attributed equity (%)[2,3]	17.9	18.2	21.8			18.1	19.6
Net interest margin (bps)[2]	142	141	139			141	138
Fee and trading income for Corporate & Institutional Clients[2]	213	221	210	(4)	1	434	402
Investment products for Personal Banking (CHF bn)[2]	21.4	23.1	22.5	(7)	(5)	21.4	22.5
Net new investment products for Personal Banking (CHF bn)[2]	0.46	0.97	0.85			1.43	1.70
Active Digital Banking clients in Personal Banking (%)[2,4]	73.6	73.2	69.8			73.4	69.6
Active Mobile Banking clients in Personal Banking (%)[2]	54.9	52.1	45.7			53.5	45.0
Active Digital Banking clients in Corporate & Institutional Clients (%)[2]	79.6	80.2	79.1			79.9	79.2
Loans, gross (CHF bn)	141.5	141.3	138.6	0	2	141.5	138.6
Customer deposits (CHF bn)	160.3	161.5	159.7	(1)	0	160.3	159.7
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,5]	0.9	0.8	1.0			0.9	1.0

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 3 Refer to the "Capital management" section of this report for more information. 4 In the second quarter of 2022, 85.7% of clients of Personal Banking were "activated users" of Digital Banking (i.e., clients who had logged into Digital Banking at least once in the course of their relationship with UBS). 5 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

Results: 2Q22 vs 2Q21

Profit before tax decreased by CHF 58m, or 13%, to CHF 398m, reflecting net credit loss expenses compared with net credit loss releases in the second quarter of 2021, as well as slightly higher operating expenses, partly offset by higher total revenues. Profit before tax in the prior-year quarter benefited from a number of items that totaled around CHF 90m, including CHF 42m of credit loss releases.

Total revenues

Total revenues increased by CHF 23m, or 2%, to CHF 1,018m, reflecting a CHF 49m increase from strong business momentum, with higher net interest, recurring net fee and transaction-based income. This was partly offset by lower other income.

Net interest income increased by CHF 22m to CHF 502m, mainly driven by deposit revenues due to higher deposit margins as a result of rising interest rates, as well as deposit management actions that led to higher deposit fees and a decrease in liquidity and funding costs. Growth in loan volumes more than offset the effects from pressure on loan margins.

Recurring net fee income increased by CHF 15m to CHF 202m, mostly driven by higher revenues from account fees, as well as higher revenues from mandate and custody fees, mainly due to net new investment product inflows over the past four quarters.

Transaction-based income increased by CHF 12m to CHF 300m, mainly driven by higher revenues from credit card and foreign exchange transactions, including the effects of a continued increase in spending on travel by clients following the easing of COVID-19-related restrictions in certain countries.

Other income decreased by CHF 27m to CHF 13m, due to the second quarter of 2021 including a CHF 26m gain from the sale of several properties across Switzerland.

Credit loss expense / release

Net credit loss expenses were CHF 33m, which primarily related to stage 1 and 2 positions, reflecting scenario-related net expenses related to corporate lending, as well as additional net expenses from book quality and size changes, mainly across the corporate and real estate lending portfolios. The second quarter of 2021 included net credit loss releases of CHF 42m.

Operating expenses

Operating expenses increased by CHF 6m, or 1%, to CHF 587m, mainly driven by higher investments in technology in the second quarter of 2022 and releases of provisions for litigation, regulatory and similar matters in the second quarter of 2021. These effects were almost entirely offset by lower personnel expenses in the second quarter of 2022.

Results: 6M22 vs 6M21

Profit before tax decreased by CHF 21m, or 3%, to CHF 793m, mainly reflecting net credit loss expenses compared with net credit loss releases in the first half of 2021, partly offset by higher total revenues.

Total revenues increased by CHF 96m, or 5%, to CHF 2,020m, reflecting a CHF 162m increase from strong business momentum, with higher transaction-based, recurring net fee and net interest income, partly offset by lower other income.

Net interest income increased by CHF 46m to CHF 996m, mainly driven by deposit revenues due to higher deposit margins as a result of rising interest rates, as well as deposit management actions that led to higher deposit fees and a decrease in liquidity and funding costs. Growth in loans more than offset the impact from pressure on margins.

Recurring net fee income increased by CHF 43m to CHF 412m, primarily reflecting higher revenues from mandate and custody fees, mainly due to net new investment product inflows, as well as higher revenues from account fees.

Transaction-based income increased by CHF 73m to CHF 600m, mainly driven by higher revenues from credit card and foreign exchange transactions, reflecting a continued increase in spending on travel by clients following the easing of COVID-19-related restrictions in certain countries in the first half of 2022.

Other income decreased by CHF 65m to CHF 13m, mostly due to the first half of 2022 including a valuation loss of CHF 16m on our equity ownership of SIX Group, compared with a CHF 26m gain thereon in the first half of 2021. The prior-year period also included a CHF 26m gain from the sale of several properties across Switzerland.

Net credit loss expenses were CHF 54m, with net credit loss expenses primarily related to stage 1 and 2 positions, reflecting scenario-related net expenses related to corporate lending, as well as additional net expenses from book quality and size changes, mainly across the corporate and real estate lending portfolios. The first half of 2021 included net credit loss releases of CHF 64m.

Total operating expenses were broadly stable at CHF 1,173m. Increased investments in technology were largely offset by lower personnel expenses and real estate expenses, as the prior-year period included expenses due to accelerated depreciation resulting from the closure of 44 branches, which led to lower real estate expenses for our branch network in the first half of 2022.

Personal & Corporate Banking – in US dollars[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Results							
Net interest income	522	535	526	(2)	(1)	1,057	1,039
Recurring net fee income[2]	210	227	205	(7)	3	438	403
Transaction-based income[2]	312	325	315	(4)	(1)	637	576
Other income	14	(1)	44		(69)	13	85
Total revenues	1,058	1,086	1,089	(3)	(3)	2,144	2,102
Credit loss expense / (release)	35	23	(46)	54		57	(69)
Operating expenses	610	635	636	(4)	(4)	1,246	1,284
Business division operating profit / (loss) before tax	413	428	498	(4)	(17)	841	888
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(17.1)	10.0	109.8			(5.2)	55.2
Cost / income ratio (%)[2]	57.7	58.5	58.4			58.1	61.1
Average attributed equity (USD bn)[3]	9.3	9.4	9.1	(2)	2	9.3	9.1
Return on attributed equity (%)[2,3]	17.8	18.2	21.8			18.0	19.5
Net interest margin (bps)[2]	139	140	142			139	140
Fee and trading income for Corporate & Institutional Clients[2]	221	240	230	(8)	(4)	461	439
Investment products for Personal Banking (USD bn)[2]	22.4	25.0	24.3	(10)	(8)	22.4	24.3
Net new investment products for Personal Banking (USD bn)[2]	0.48	1.05	0.93			1.53	1.86
Active Digital Banking clients in Personal Banking (%)[2,4]	73.6	73.2	69.8			73.4	69.6
Active Mobile Banking clients in Personal Banking (%)[2]	54.9	52.1	45.7			53.5	45.0
Active Digital Banking clients in Corporate & Institutional Clients (%)[2]	79.6	80.2	79.1			79.9	79.2
Loans, gross (USD bn)	148.2	152.9	149.8	(3)	(1)	148.2	149.8
Customer deposits (USD bn)	167.8	174.8	172.6	(4)	(3)	167.8	172.6
Impaired loan portfolio as a percentage of total loan portfolio, gross (%)[2,5]	0.9	0.8	1.0			0.9	1.0

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 3 Refer to the "Capital management" section of this report for more information. 4 In the second quarter of 2022, 85.7% of clients of Personal Banking were "activated users" of Digital Banking (i.e., clients who had logged into Digital Banking at least once in the course of their relationship with UBS). 5 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

Asset Management

Asset Management[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Results							
Net management fees[2]	515	561	588	(8)	(12)	1,076	1,133
Performance fees	9	17	40	(44)	(77)	26	133
Net gain from disposal of a joint venture / an associate	848		37			848	37
Total revenues	1,372	578	666	137	106	1,950	1,303
Credit loss expense / (release)	0	0	0			0	0
Operating expenses	413	404	410	2	1	817	820
Business division operating profit / (loss) before tax	959	174	255	450	276	1,133	482
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[3]	275.7	(23.1)	62.0			135.0	53.4
Cost / income ratio (%)[3]	30.1	69.8	61.7			41.9	63.0
Average attributed equity (USD bn)[4]	1.7	1.8	2.1	(2)	(17)	1.8	2.2
Return on attributed equity (%)[3,4]	221.3	39.5	49.0			129.5	44.7
Gross margin on invested assets (bps)[3]	50	20	23			34	23
Information by business line / asset class							
Net new money (USD bn)[3]							
Equities	(10.4)	(2.4)	(2.4)			(12.8)	4.0
Fixed Income	(0.3)	4.1	(1.3)			3.8	12.2
of which: money market	*0.5*	*(6.5)*	*(6.7)*			*(6.0)*	*(2.4)*
Multi-asset & Solutions	1.4	4.0	3.7			5.4	7.5
Hedge Fund Businesses	(1.6)	1.6	1.5			0.0	3.5
Real Estate & Private Markets	(0.7)	0.4	0.6			(0.4)	1.2
Total net new money	(11.7)	7.7	2.1			(3.9)	28.3
of which: net new money excluding money market	*(12.1)*	*14.2*	*8.8*			*2.0*	*30.7*
Invested assets (USD bn)[3]							
Equities	449	537	559	(16)	(20)	449	559
Fixed Income	262	277	280	(5)	(6)	262	280
of which: money market	*85*	*86*	*94*	*(1)*	*(10)*	*85*	*94*
Multi-asset & Solutions	163	185	187	(12)	(13)	163	187
Hedge Fund Businesses	53	56	53	(5)	1	53	53
Real Estate & Private Markets	99	99	95	0	4	99	95
Total invested assets	1,026	1,154	1,174	(11)	(13)	1,026	1,174
of which: passive strategies	*440*	*516*	*501*	*(15)*	*(12)*	*440*	*501*
Information by region							
Invested assets (USD bn)[3]							
Americas	261	278	277	(6)	(6)	261	277
Asia Pacific	153	175	189	(12)	(19)	153	189
Europe, Middle East and Africa (excluding Switzerland)	263	315	320	(17)	(18)	263	320
Switzerland	349	386	388	(9)	(10)	349	388
Total invested assets	1,026	1,154	1,174	(11)	(13)	1,026	1,174
Information by channel							
Invested assets (USD bn)[3]							
Third-party institutional	593	672	686	(12)	(14)	593	686
Third-party wholesale	119	137	141	(13)	(16)	119	141
UBS's wealth management businesses	314	345	346	(9)	(9)	314	346
Total invested assets	1,026	1,154	1,174	(11)	(13)	1,026	1,174

1 Comparatives may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Net management fees include transaction fees, fund administration revenues (including net interest and trading income from lending activities and foreign exchange hedging as part of the fund services offering), distribution fees, incremental fund-related expenses, gains or losses from seed money and co-investments, funding costs, the negative pass-through impact of third-party performance fees, and other items that are not Asset Management's performance fees. 3 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 4 Refer to the "Capital management" section of this report for more information.

Results: 2Q22 vs 2Q21

Profit before tax increased by USD 704m, or 276%, to USD 959m, driven by a gain of USD 848m from the sale of our shareholding in the Mitsubishi Corp.-UBS Realty Inc. joint venture. Profit before tax in the second quarter of 2021 included a post-tax gain of USD 37m related to the sale of our minority interest in Clearstream Fund Centre. Excluding these gains, profit before tax decreased by USD 107m, or 49%, to USD 111m, reflecting lower net management and performance fees.

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

Total revenues

Total revenues increased by USD 706m, or 106%, to USD 1,372m. This included the aforementioned gains of USD 848m in the second quarter of 2022 and USD 37m in the prior-year quarter.

Net management fees decreased by USD 73m, or 12%, to USD 515m, reflecting negative market performance and foreign currency effects, partly offset by net new money generation over the past twelve months.

Performance fees decreased by USD 31m to USD 9m, mainly in our Hedge Fund Businesses and Equities.

Operating expenses

Operating expenses were broadly stable at USD 413m. Lower salary costs, partly reflecting foreign currency effects, were mainly offset by increases across a number of other expense lines, including variable compensation-related expenses.

Invested assets: 2Q22 vs 1Q22

Invested assets decreased by USD 128bn to USD 1,026bn, reflecting negative market performance of USD 84bn, foreign currency effects of USD 31bn and net new money outflows of USD 12bn. Excluding money market flows, net new money outflows were USD 12bn, primarily driven by Equities.

Results: 6M22 vs 6M21

Profit before tax increased by USD 651m, or 135%, to USD 1,133m, driven by the aforementioned gain of USD 848m. Profit before tax in the prior-year period included the aforementioned gain of USD 37m. Excluding these gains, profit before tax decreased by USD 159m, or 36%, to USD 286m, reflecting lower performance and net management fees.

Total revenues increased by USD 647m, or 50%, to USD 1,950m. This included the aforementioned gains of USD 848m in the first half of 2022 and USD 37m in the prior-year period.

Net management fees decreased by USD 57m, or 5%, to USD 1,076m, reflecting negative market performance and foreign currency effects, partly offset by net new money generation over the past twelve months.

Performance fees decreased by USD 107m to USD 26m, mainly in our Hedge Fund Businesses and Equities, compared with the particularly high levels of performance fees in the first half of 2021.

Operating expenses were broadly stable at USD 817m. Lower salary costs, partly reflecting foreign currency effects, were mainly offset by increases across a number of other expense lines, including variable compensation-related expenses.

Investment Bank

Investment Bank[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Results							
Advisory	209	216	300	(3)	(30)	425	523
Capital Markets	168	334	581	(50)	(71)	502	1,147
Global Banking	377	550	881	(32)	(57)	927	1,670
Execution Services	399	496	443	(19)	(10)	895	998
Derivatives & Solutions	839	1,418	773	(41)	9	2,257	2,020
Financing	479	444	352	8	36	924	33
Global Markets	1,718	2,358	1,567	(27)	10	4,076	3,051
of which: Equities	*1,274*	*1,705*	*1,194*	*(25)*	*7*	*2,979*	*2,114*
of which: Foreign Exchange, Rates and Credit	*444*	*653*	*373*	*(32)*	*19*	*1,097*	*937*
Total revenues	2,094	2,908	2,449	(28)	(14)	5,003	4,720
Credit loss expense / (release)	(28)	4	(21)		33	(24)	(23)
Operating expenses	1,712	1,976	1,802	(13)	(5)	3,688	3,663
Business division operating profit / (loss) before tax	410	929	668	(56)	(39)	1,339	1,080
Performance measures and other information							
Pre-tax profit growth (year-on-year, %)[2]	(38.7)	125.6	9.1			23.9	(18.2)
Cost / income ratio (%)[2]	81.8	67.9	73.6			73.7	77.6
Average attributed equity (USD bn)[3]	13.3	13.2	13.0	1	3	13.2	13.0
Return on attributed equity (%)[2,3]	12.3	28.2	20.6			20.2	16.7
Average VaR (1-day, 95% confidence, 5 years of historical data)	11	10	11	4	(2)	11	11

1 Comparative figures in this table may differ as a result of adjustments following organizational changes, restatements due to the retrospective adoption of new accounting standards or changes in accounting policies, and events after the reporting period. 2 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 3 Refer to the "Capital management" section of this report for more information.

Results: 2Q22 vs 2Q21

Profit before tax decreased by USD 258m, or 39%, to USD 410m, mainly driven by lower total revenues, partly offset by lower operating expenses.

Total revenues

Total revenues decreased by USD 355m, or 14%, to USD 2,094m, reflecting lower revenues in Global Banking, partly offset by higher revenues in Global Markets.

Global Banking

Global Banking revenues decreased by USD 504m, or 57%, to USD 377m, mostly driven by lower Capital Markets revenues, compared with a 51% decrease in the overall global fee pool.

Advisory revenues decreased by USD 91m, or 30%, to USD 209m, due to lower revenues from merger and acquisition transactions, compared with a 28% reduction in the global merger and acquisition fee pool.

Capital Markets revenues decreased by USD 413m, or 71%, to USD 168m. Equity Capital Markets (ECM) revenues decreased by USD 235m, or 83%, reflecting lower levels of IPO and follow-on activity, compared with a 73% decrease in the global ECM fee pool, reflecting a challenging market environment. Leveraged Capital Markets (LCM) fee revenues decreased by USD 79m, or 64%, compared with a 60% decrease in the global LCM fee pool.

Global Markets

Global Markets revenues increased by USD 151m, or 10%, to USD 1,718m, partly due to the second quarter of 2021 including an USD 87m loss incurred from the exit of remaining exposure relating to the default of a US-based client of our prime brokerage business in the first quarter of 2021. Excluding that loss, revenues increased by USD 64m, or 4%, primarily driven by higher revenues in Rates and Foreign Exchange, partly offset by lower Credit and Cash Equities revenues.

Execution Services revenues decreased by USD 44m, or 10%, to USD 399m, partly driven by lower Cash Equities revenues due to lower exchange-traded volumes. Derivatives & Solutions revenues increased by USD 66m, or 9%, to USD 839m, driven by Rates and Foreign Exchange, benefiting from elevated volatility due to inflationary concerns and the actions of central banks, partly offset by lower revenues in Credit resulting from widening spreads.

Financing revenues increased by USD 127m, or 36%, to USD 479m. Excluding the aforementioned USD 87m loss in the second quarter of 2021, revenues increased by USD 40m, or 9%, due to higher Equity Financing revenues and increases in Clearing, which benefited from a higher interest rate environment.

Equities
Global Markets Equities revenues increased by USD 80m, or 7%, to USD 1,274m, as the second quarter of 2021 included the aforementioned loss in our prime brokerage business. Excluding that loss, Equities revenues decreased by USD 7m, or 1%.

Foreign Exchange, Rates and Credit
Global Markets Foreign Exchange, Rates and Credit revenues increased by USD 71m, or 19%, to USD 444m, mainly driven by Foreign Exchange and Rates, due to elevated volatility, inflationary concerns and the actions of central banks, partly offset by decreases in Credit revenues resulting from widening spreads.

Credit loss expense / release

Net credit loss releases were USD 28m, primarily related to a stage 3 net release, compared with net credit loss releases of USD 21m.

Operating expenses

Operating expenses decreased by USD 90m, or 5%, to USD 1,712m, mainly driven by favorable foreign currency effects and lower variable compensation, partly offset by higher expenses on technology and increases across a number of other expense lines.

Results: 6M22 vs 6M21

Profit before tax increased by USD 259m, or 24%, to USD 1,339m, due to the prior-year period including a loss related to the default of a client reported within Financing in Global Markets. This was partly offset by lower revenues in Global Banking.

Total revenues increased by USD 283m, or 6%, to USD 5,003m, reflecting higher revenues in Global Markets, offset by lower revenues in Global Banking.

Global Banking revenues decreased by USD 743m, or 44%, to USD 927m, reflecting lower revenues in Capital Markets and Advisory.

Advisory revenues decreased by USD 98m, or 19%, to USD 425m, due to lower revenues from merger and acquisition transactions, compared with a 6% decrease in the global merger and acquisition fee pool.

Capital Markets revenues decreased by USD 645m, or 56%, to USD 502m, mainly reflecting a USD 426m, or 75%, decrease in Equity Capital Markets revenues, compared with a decrease in the global ECM fee pool of 71%.

Global Markets revenues increased by USD 1,025m, or 34%, to USD 4,076m, partly due to the first half of 2021 including an USD 861m loss on the default of a US-based client of our prime brokerage business. Excluding that loss, revenues increased by USD 164m, or 4%, primarily driven by higher revenues in our Rates, Foreign Exchange and Equity Derivatives businesses, partly offset by lower revenues in Credit and Cash Equities.

Execution Services revenues decreased by USD 103m, or 10%, to USD 895m, mainly driven by Cash Equities due to lower exchange-traded volumes, particularly in Asia Pacific.

Derivatives & Solutions revenues increased by USD 237m, or 12%, to USD 2,257m, driven by Rates, Foreign Exchange and Equity Derivatives, on elevated volatility, inflationary concerns and the actions of central banks, partly offset by Credit, due to widening credit spreads.

Financing revenues increased by USD 891m to USD 924m, predominantly due to the first half of 2021 including the aforementioned loss in our prime brokerage business. Excluding that loss, revenues increased by USD 30m, or 3%.

Global Markets Equities revenues increased by USD 865m, or 41%, to USD 2,979m, due to the first half of 2021 including the aforementioned loss in our prime brokerage business. Global Markets Foreign Exchange, Rates and Credit revenues increased by USD 160m, or 17%, to USD 1,097m, driven by higher revenues in our Rates and Foreign Exchange businesses, partly offset by decreases in Credit revenues.

Net credit loss releases were largely unchanged.

Operating expenses increased by USD 25m, or 1%, to USD 3,688m, as favorable foreign exchange effects were more than offset by increases across a number of expense lines.

Group Functions

Group Functions[1]

	As of or for the quarter ended			% change from		Year-to-date	
USD m, except where indicated	30.6.22	31.3.22	30.6.21	1Q22	2Q21	30.6.22	30.6.21
Results							
Total revenues	(284)	(95)	(67)	199	323	(379)	(158)
Credit loss expense / (release)	2	0	1		194	2	1
Operating expenses	37	18	56	110	(34)	54	105
Operating profit / (loss) before tax	(324)	(112)	(124)	188	161	(436)	(263)
of which: Group Treasury	*(239)*	*(162)*	*(125)*	*48*	*91*	*(400)*	*(229)*
of which: Non-core and Legacy Portfolio	*1*	*45*	*(24)*	*(97)*		*46*	*(19)*
of which: Group Services	*(86)*	*5*	*25*			*(82)*	*(14)*

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

Results: 2Q22 vs 2Q21

Group Functions recorded a loss before tax of USD 324m, compared with a loss of USD 124m.

Group Treasury

The Group Treasury result was negative USD 239m, compared with negative USD 125m. Income from accounting asymmetries, including hedge accounting ineffectiveness, was net negative USD 214m, compared with net negative income of USD 84m. Accounting asymmetries are generally expected to mean revert to zero over time. Income related to centralized Group Treasury risk management was negative USD 19m, compared with negative USD 33m. Operating expenses decreased by USD 1m to USD 6m.

Non-core and Legacy Portfolio

The Non-core and Legacy Portfolio result was positive USD 1m, compared with negative USD 24m. This result was mainly due to valuation gains of USD 9m on our USD 1.6bn portfolio of auction rate securities (ARS), compared with valuation losses of USD 25m in the second quarter of 2021. Our remaining exposures to ARS were all rated investment grade as of 30 June 2022.

Group Services

The Group Services result was negative USD 86m, compared with positive USD 25m, mainly related to remeasurement losses of USD 46m on properties held for sale in the second quarter of 2022, compared with gains of USD 72m in the second quarter of 2021. The second quarter of 2022 also included higher funding costs related to deferred tax assets, partly offset by lower expenses relating to our legal entity transformation program.

Results: 6M22 vs 6M21

Group Functions recorded a loss before tax of USD 436m, compared with a loss of USD 263m.

The Group Treasury result was negative USD 400m, compared with negative USD 229m. This included income from accounting asymmetries, including hedge accounting ineffectiveness, of net negative USD 352m, compared with net negative income of USD 174m. Income related to centralized Group Treasury risk management was negative USD 36m, compared with negative USD 35m in the first half of 2021. Operating expenses decreased by USD 7m to USD 13m.

The Non-core and Legacy Portfolio result was positive USD 46m, compared with negative USD 19m. This result was mainly due to valuation gains of USD 58m on our USD 1.6bn portfolio of ARS, compared with valuation gains of USD 36m in the same period last year.

The Group Services result was negative USD 82m, compared with negative USD 14m, mainly due to remeasurement losses of USD 46m on properties held for sale in the first half of 2022, compared with gains of USD 72m in the same period last year. The first half of 2022 also included higher funding costs related to deferred tax assets, partly offset by lower expenses relating to our legal entity transformation program.

Risk, capital, liquidity and funding, and balance sheet

Management report

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Risk management and control

This section provides information about key developments during the reporting period and should be read in conjunction with the "Risk management and control" section of our Annual Report 2021.

Credit risk

Overall banking products exposure

Overall banking products exposure decreased by USD 17bn to USD 689bn as of 30 June 2022, driven by a USD 16bn decrease in balances at central banks and an USD 8bn decrease in loans and advances to customers, primarily in Global Wealth Management and Personal & Corporate Banking due to the US dollar appreciating and clients in Asia Pacific deleveraging. This was partially offset by a USD 9bn increase in other financial assets measured at amortized cost, primarily due to a reclassification of a portfolio of Financial assets measured at fair value through other comprehensive income.

Credit-impaired gross exposure increased by USD 111m to USD 2,605m. Total net credit loss expenses were USD 7m, reflecting USD 16m net credit loss expenses related to stage 1 and 2 positions and USD 9m net credit loss releases related to stage 3 positions.

In aggregate, exposure related to traded products increased by USD 2.4bn to USD 55.4bn during the second quarter of 2022, driven primarily by increased market volatility.

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

› **Refer to "Note 1 Basis of accounting" in the "Consolidated financial statements" section of this report for more information about the reclassification of a portfolio of Financial assets measured at fair value through other comprehensive income**

Loan underwriting

In the Investment Bank, mandated loan underwriting commitments on a notional basis increased by USD 1.8bn to USD 4.8bn as of 30 June 2022, driven by a higher level of origination activity in the loan underwriting business compared with the prior quarter, yet below 2021 levels. USD 0.7bn of commitments had not yet been distributed as originally planned as of 30 June 2022.

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 Functions

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
	30.6.22					
Banking products[1]						
Gross exposure	337,929	225,420	1,533	73,478	50,560	688,920
of which: loans and advances to customers (on-balance sheet)	*221,405*	*148,159*	*0*	*13,369*	*1,758*	*384,691*
of which: guarantees and loan commitments (off-balance sheet)	*10,628*	*27,915*	*0*	*13,736*	*7,980*	*60,259*
Traded products[2,3]						
Gross exposure	9,866	531	0	44,998		55,396
of which: over-the-counter derivatives	*7,325*	*510*	*0*	*17,923*		*25,758*
of which: securities financing transactions	*0*	*0*	*0*	*19,020*		*19,020*
of which: exchange-traded derivatives	*2,541*	*21*	*0*	*8,056*		*10,618*
Other credit lines, gross[4]	11,955	21,921	0	5,776	103	39,756
Total credit-impaired exposure, gross (stage 3)	869	1,473	0	257	6	2,605
Total allowances and provisions for expected credit losses (stages 1 to 3)	236	708	0	157	6	1,107
of which: stage 1	*73*	*132*	*0*	*59*	*4*	*267*
of which: stage 2	*43*	*166*	*0*	*41*	*0*	*250*
of which: stage 3 (allowances and provisions for credit-impaired exposures)	*120*	*410*	*0*	*57*	*3*	*590*

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
	31.3.22					
Banking products[1]						
Gross exposure	343,285	233,355	1,680	76,267	51,780	706,367
of which: loans and advances to customers (on-balance sheet)	*224,675*	*152,898*	*0*	*13,555*	*1,862*	*392,990*
of which: guarantees and loan commitments (off-balance sheet)	*10,303*	*28,794*	*5*	*14,380*	*7,053*	*60,535*
Traded products[2,3]						
Gross exposure	10,109	505	0	42,382		52,997
of which: over-the-counter derivatives	*7,687*	*485*	*0*	*14,622*		*22,793*
of which: securities financing transactions	*0*	*0*	*0*	*20,331*		*20,331*
of which: exchange-traded derivatives	*2,423*	*20*	*0*	*7,429*		*9,872*
Other credit lines, gross[4]	12,220	22,686	0	6,380	110	41,396
Total credit-impaired exposure, gross (stage 3)	685	1,550	0	259	0	2,494
Total allowances and provisions for expected credit losses (stages 1 to 3)	253	703	0	189	3	1,148
of which: stage 1	*82*	*127*	*0*	*62*	*3*	*275*
of which: stage 2	*42*	*153*	*0*	*39*	*0*	*234*
of which: stage 3 (allowances and provisions for credit-impaired exposures)	*130*	*422*	*0*	*88*	*0*	*639*

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

Global Wealth Management and Personal & Corporate Banking loans and advances to customers, gross[1]

	Global Wealth Management		Personal & Corporate Banking		Total	
USD m	30.6.22	31.3.22	30.6.22	31.3.22	30.6.22	31.3.22
Secured by residential real estate	59,830	59,894	106,579	109,484	166,409	169,378
Secured by commercial / industrial real estate	3,902	3,877	17,991	18,701	21,892	22,578
Secured by cash	34,948	36,286	2,993	3,007	37,941	39,294
Secured by securities	107,131	108,809	1,975	2,048	109,106	110,858
Secured by guarantees and other collateral	13,264	13,725	6,380	7,136	19,645	20,861
Unsecured loans and advances to customers	2,330	2,084	12,241	12,521	14,571	14,605
Total loans and advances to customers, gross	221,405	224,675	148,159	152,898	369,564	377,573
Allowances	(142)	(153)	(573)	(542)	(715)	(695)
Total loans and advances to customers, net of allowances	221,263	224,522	147,586	152,356	368,849	376,878

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

Market risk

We continued to maintain generally low levels of management value-at-risk (VaR). Average management VaR (1-day, 95% confidence level) increased marginally to USD 12m from USD 11m at the end of the first quarter of 2022.

There were no new Group VaR negative backtesting exceptions in the second quarter of 2022, and the total number of negative backtesting exceptions within the most recent 250-business-day window decreased to 1 from 2. The Swiss Financial Market Supervisory Authority (FINMA) VaR multiplier derived from backtesting exceptions for market risk risk-weighted assets was unchanged compared with the prior quarter, at 3.0.

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

					Average by risk type				
USD m	Min.	Max.	Period end	Average	Equity	Interest rates	Credit spreads	Foreign exchange	Commodities
Global Wealth Management	1	2	1	1	0	1	1	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	9	15	13	11	8	8	5	4	3
Group Functions	4	5	5	4	1	4	3	1	0
Diversification effect[2,3]			(4)	(4)	(1)	(3)	(4)	(1)	0
Total as of 30.6.22	10	16	15	12	8	10	5	4	3
Total as of 31.3.22	8	18	11	11	6	9	6	4	3

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

Economic value of equity and net interest income sensitivity

The economic value of equity (EVE) sensitivity in the banking book to a +1-basis-point parallel shift in yield curves was negative USD 27.1m as of 30 June 2022, compared with negative USD 28.3m as of 31 March 2022, the change predominantly driven by rising market rates. EVE represents the present value of future cash flows related to the banking book irrespective of accounting treatment and, as per specific FINMA requirements, disregards the sensitivity of USD 4.2m from additional tier 1 (AT1) capital instruments that otherwise would be included under general BCBS guidance.

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 19.9m (31 March 2022: USD 20.9m) assigned to our equity, goodwill and real estate, with the aim of generating a stable net interest income contribution. Of this, USD 14.3m and USD 4.7m are attributable to the US dollar and the Swiss franc portfolios, respectively (31 March 2022: USD 14.9m and USD 5.2m, 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 5.1bn, or 8.5%, of our tier 1 capital (31 March 2022: negative USD 5.5bn, or 9.1%), which is well below the 15% threshold as per the BCBS supervisory outlier test for high levels of interest rate risk in the banking book.

The immediate effect on our tier 1 capital in the "Parallel up" scenario as of 30 June 2022 would have been only a decrease of USD 0.1bn, or 0.2% (31 March 2022: USD 1.0bn or 1.7%), reflecting the fact that the vast majority of our banking book is accrual accounted or subject to hedge accounting. The "Parallel up" scenario would subsequently have a positive effect on net interest income, assuming a constant balance sheet.

UBS also applies granular internal interest rate shock scenarios to its banking book positions to monitor its specific risk profile.

› **Refer to "Interest rate risk in the banking book" in the "Market risk" section of our Annual Report 2021 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 Global Wealth Management and Personal & Corporate Banking**

Interest rate risk – banking book

USD m	+1 bp	Parallel up[2]	Parallel down[2]	Steepener[3]	Flattener[4]	Short-term up[5]	Short-term down[6]
CHF	(2.7)	(379.3)	438.7	(311.2)	231.3	55.4	(52.5)
EUR	(1.1)	(203.8)	241.1	(86.1)	53.3	(11.5)	13.8
GBP	0.1	14.3	(16.7)	(29.2)	30.4	33.4	(33.6)
USD	(23.1)	(4,477.3)	4,466.7	(1,046.1)	(5.1)	(1,824.0)	2,001.0
Other	(0.2)	(63.0)	66.7	9.2	(22.3)	(45.0)	47.5
Effect on EVE[1] - FINMA as of 30.6.22	(27.1)	(5,109.2)	5,196.4	(1,463.3)	287.7	(1,791.7)	1,976.2
Additional tier 1 (AT1) capital instruments	4.2	793.4	(857.5)	(36.7)	211.7	517.8	(538.5)
Effect on EVE[1] - in line with BCBS as of 30.6.22	(22.9)	(4,315.8)	4,339.0	(1,500.0)	499.4	(1,273.8)	1,437.7
Effect on EVE[1] - FINMA as of 31.3.22	(28.3)	(5,475.5)	5,142.5	(1,384.7)	96.0	(1,993.6)	2,270.0
Effect on EVE[1] - in line with BCBS as of 31.3.22	(23.5)	(4,572.0)	4,162.6	(1,399.1)	309.8	(1,428.0)	1,681.2

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 Russia's invasion of Ukraine. As described in the "Recent developments" section of this report, our direct exposure to Russia, Belarus and Ukraine is limited, and we continue to monitor potential second-order impacts. We do have significant country risk exposure to major European economies, including Germany, the UK and France.

There continue to be concerns regarding a resurgence in global inflation, and the timing and economic impact of central bank policy responses (e.g., interest rate hikes and tapering of quantitative easing). There are related concerns about increasing energy prices in a number of countries, and global supply chain stresses and tight labor markets are creating negative pressure on growth. China has experienced a slowing economy following the post-pandemic boom, as well as recent COVID-19-related lockdowns.

We continue to monitor potential trade policy disputes, as well as economic and political developments in addition to those mentioned above. A number of emerging markets are facing economic, political and market pressures, particularly in light of challenges related to the COVID-19 pandemic, but our exposure to emerging market countries is diversified.

› **Refer to the "Risk management and control" section of our Annual Report 2021 for more information**

› **Refer to the "Recent developments" section of this report for more information about our exposure and response to Russia's invasion of Ukraine**

Non-financial risk

Operational resilience continues to be a focus area for us, as well as for regulators globally. We have a global program to enhance our operational-resilience capabilities, including addressing developing regulatory requirements.

Increases in the sophistication of cyberattacks and fraud are noted worldwide, especially with regard to ransomware attacks. We believe that to date, our security controls, regular communications to help employees to stay alert to cyber threats while working remotely, and enhanced monitoring of cyber threats have been generally effective. No cybersecurity incidents had a material effect on our operations during the second quarter of 2022. UBS continues to be vigilant, particularly in view of the potential for cyber threats to intensify, both in volume and sophistication, as a result of Russia's invasion of Ukraine.

Our response to the COVID-19 pandemic has relied upon our business continuity management and operational risk processes. They have enabled us to: maintain stable operations while complying with governmental measures to contain COVID-19; continue to serve our clients without material impact; and support the safety and well-being of our staff.

Hybrid working arrangements can lead to increased conduct risk, inherent risk of fraudulent activities, potential increases in the number of suspicious transactions and increased information security risks. We have implemented additional monitoring and supervision intended to mitigate these risks and continue to review the effectiveness of these measures. In addition, changes to the work environment, including permanent hybrid and the introduction of agile ways of working, may introduce new challenges for supervision and monitoring.

Achieving fair outcomes for our clients, upholding market integrity and cultivating the highest standards of employee conduct are of critical importance to the firm. 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.

We are continuing our efforts regarding innovation and digitalization to create value for our clients. As part of the resulting transformation, we focus on timely changes to frameworks, including consideration of new or revised controls, working practices and oversight, with the aim of mitigating any new risks introduced, including those around data ethics.

Competition to find new business opportunities across the financial services industry, both for firms and for customers, is increasing. Thus, suitability risk, product selection, cross-divisional service offerings, quality of advice and price transparency also remain areas of heightened focus for UBS and for the industry as a whole. Market volatility and major legislative change programs (such as the Swiss Financial Services Act (FIDLEG) in Switzerland, Regulation Best Interest (Reg BI) in the US and the revised Markets in Financial Instruments Directive (MiFID II) in the EU), along with new requirements for sustainable investments, all significantly impact the industry and require adjustments to control processes. We regularly monitor our suitability, product and conflicts-of-interest control frameworks to assess whether they are reasonably designed to facilitate adherence to applicable laws and regulatory expectations.

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

Financial crime, including money laundering, terrorist financing, sanctions violations, fraud, bribery and corruption, continues to present a major risk, as technological innovation and geopolitical developments increase the complexity of doing business and heightened regulatory attention continues. An effective financial crime prevention program therefore remains essential for UBS. Money laundering and financial fraud techniques are becoming increasingly sophisticated, and geopolitical volatility makes the sanctions landscape more complex, as new or novel sanctions may be imposed that require complex implementation in a short time frame. This was evidenced by the extensive sanctions arising from Russia's invasion of Ukraine. New risks continue to emerge, such as virtual currencies and related activities or investments.

The Office of the Comptroller of the Currency issued a Cease and Desist Order against the firm in May 2018 relating to our US branch know-your-client (KYC) and anti-money-laundering (AML) programs. In response, we initiated an extensive program for the purpose of ensuring sustainable remediation of US-relevant Bank Secrecy Act / AML issues across all our US legal entities. We introduced significant improvements to the framework between 2019 and 2021 and are continuing to implement these.

We continued to focus on strategic enhancements to our global AML / KYC and sanctions programs to address evolving risk profiles and regulatory expectations, including the exploration of new technologies and more sophisticated monitoring.

› **Refer to "Russia's invasion of Ukraine" in the "Recent developments" section of this report for more information**

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).

UBS Group AG is a holding company and conducts substantially all of its operations through UBS AG and subsidiaries thereof. UBS Group AG and UBS 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 "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021 for more information about our capital management objectives, planning and activities, as well as the Swiss SRB total loss-absorbing capacity framework and the Swiss SRB going and gone concern requirements**

› **Refer to our 30 June 2022 Pillar 3 Report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at *ubs.com/investors*, for more information relating to additional regulatory disclosures for UBS Group AG on a consolidated basis, as well as our significant regulated subsidiaries and sub-groups (UBS AG standalone, UBS Switzerland AG standalone, UBS Europe SE consolidated and UBS Americas Holding LLC consolidated)**

› **Refer to our UBS AG second quarter 2022 report, which will be available as of 29 July 2022 under "Quarterly 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 30.6.22	RWA		LRD	
USD m, except where indicated	in %		in %	
Required going concern capital				
Total going concern capital	14.32[1]	45,207	5.00[1]	51,271
Common equity tier 1 capital	10.02	31,633	3.50[2]	35,890
of which: minimum capital	*4.50*	*14,206*	*1.50*	*15,381*
of which: buffer capital	*5.50*	*17,363*	*2.00*	*20,508*
of which: countercyclical buffer	*0.02*	*64*		
Maximum additional tier 1 capital	4.30	13,574	1.50	15,381
of which: additional tier 1 capital	*3.50*	*11,049*	*1.50*	*15,381*
of which: additional tier 1 buffer capital	*0.80*	*2,525*		
Eligible going concern capital				
Total going concern capital	18.98	59,907	5.84	59,907
Common equity tier 1 capital	14.19	44,798	4.37	44,798
Total loss-absorbing additional tier 1 capital[3]	4.79	15,108	1.47	15,108
of which: high-trigger loss-absorbing additional tier 1 capital	*4.40*	*13,889*	*1.35*	*13,889*
of which: low-trigger loss-absorbing additional tier 1 capital	*0.39*	*1,219*	*0.12*	*1,219*
Required gone concern capital				
Total gone concern loss-absorbing capacity[4]	10.77	34,011	3.78	38,756
of which: base requirement[5]	*12.86*	*40,597*	*4.50*	*46,144*
of which: additional requirement for market share and LRD	*1.44*	*4,546*	*0.50*	*5,127*
of which: applicable reduction on requirements	*(3.53)*	*(11,132)*	*(1.22)*	*(12,515)*
of which: rebate granted[6]	*(3.14)*	*(9,897)*	*(1.10)*	*(11,280)*
of which: reduction for usage of low-trigger tier 2 capital instruments	*(0.39)*	*(1,236)*	*(0.12)*	*(1,236)*
Eligible gone concern capital				
Total gone concern loss-absorbing capacity	14.68	46,342	4.52	46,342
Total tier 2 capital	0.95	3,009	0.29	3,009
of which: low-trigger loss-absorbing tier 2 capital	*0.78*	*2,471*	*0.24*	*2,471*
of which: non-Basel III-compliant tier 2 capital	*0.17*	*538*	*0.05*	*538*
TLAC-eligible senior unsecured debt	13.73	43,333	4.23	43,333
Total loss-absorbing capacity				
Required total loss-absorbing capacity	25.09	79,218	8.78	90,027
Eligible total loss-absorbing capacity	33.66	106,248	10.36	106,248
Risk-weighted assets / leverage ratio denominator				
Risk-weighted assets		315,685		
Leverage ratio denominator				1,025,422

1 Includes applicable add-ons of 1.44% for RWA and 0.50% for LRD. 2 Our minimum CET1 leverage ratio requirement of 3.5% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement and a 0.25% market share add-on requirement based on our Swiss credit business. 3 Includes outstanding low-trigger loss-absorbing additional tier 1 (AT1) capital instruments, which are available under the Swiss SRB 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 The gone concern requirement after the application of the rebate for resolvability measures and the reduction for the use of higher quality capital instruments is floored at 10% and 3.75% for the RWA- and LRD-based requirements, respectively. This means that the combined reduction may not exceed 4.3 percentage points for the RWA-based requirement of 14.3% and 1.25 percentage points for the LRD-based requirement of 5.0%. 6 Based on the actions we completed up to December 2021 to improve resolvability, FINMA granted an increase in the rebate on the gone concern requirement from 55.0% to 65.0% of the maximum rebate, effective from 1 July 2022.

We are subject to the going and gone concern requirements of the Swiss Capital Adequacy Ordinance that include the too-big-to-fail provisions applicable to Swiss SRBs. The table on the previous page provides the risk-weighted asset (RWA)- and leverage ratio denominator (LRD)-based requirements and information as of 30 June 2022.

The applicable gone concern requirement floor as of 30 June 2022 was 10% for RWA and 3.75% for LRD purposes. This floor was increased by 1.4% for RWA and 0.75% for LRD in the first quarter of 2022. The aforementioned requirements are also applicable to UBS AG consolidated. UBS Switzerland AG and UBS AG are subject to going and gone concern requirements on a standalone basis.

Total loss-absorbing capacity

The table below provides Swiss SRB going and gone concern information based on the Swiss SRB framework and requirements that are discussed under "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021.

Swiss SRB going and gone concern information

USD m, except where indicated	30.6.22	31.3.22	31.12.21
Eligible going concern capital			
Total going concern capital	59,907	60,053	60,488
Total tier 1 capital	59,907	60,053	60,488
Common equity tier 1 capital	44,798	44,593	45,281
Total loss-absorbing additional tier 1 capital	15,108	15,460	15,207
of which: high-trigger loss-absorbing additional tier 1 capital	*13,889*	*14,223*	*12,783*
of which: low-trigger loss-absorbing additional tier 1 capital	*1,219*	*1,236*	*2,425*
Eligible gone concern capital			
Total gone concern loss-absorbing capacity	46,342	46,520	44,264
Total tier 2 capital	3,009	3,050	3,144
of which: low-trigger loss-absorbing tier 2 capital	*2,471*	*2,507*	*2,596*
of which: non-Basel III-compliant tier 2 capital	*538*	*543*	*547*
TLAC-eligible senior unsecured debt	43,333	43,470	41,120
Total loss-absorbing capacity			
Total loss-absorbing capacity	106,248	106,573	104,752
Risk-weighted assets / leverage ratio denominator			
Risk-weighted assets	315,685	312,037	302,209
Leverage ratio denominator	1,025,422	1,072,953	1,068,862
Capital and loss-absorbing capacity ratios (%)			
Going concern capital ratio	19.0	19.2	20.0
of which: common equity tier 1 capital ratio	*14.2*	*14.3*	*15.0*
Gone concern loss-absorbing capacity ratio	14.7	14.9	14.6
Total loss-absorbing capacity ratio	33.7	34.2	34.7
Leverage ratios (%)			
Going concern leverage ratio	5.8	5.6	5.7
of which: common equity tier 1 leverage ratio	*4.37*	*4.16*	*4.24*
Gone concern leverage ratio	4.5	4.3	4.1
Total loss-absorbing capacity leverage ratio	10.4	9.9	9.8

Total loss-absorbing capacity and movement

Our total loss-absorbing capacity (TLAC) decreased by USD 0.3bn to USD 106.2bn in the second quarter of 2022.

Going concern capital and movement

Our going concern capital decreased by USD 0.1bn to USD 59.9bn. Our common equity tier 1 (CET1) capital increased by USD 0.2bn to USD 44.8bn, mainly driven by operating profit before tax of USD 2.6bn and a positive pre-tax effect of USD 0.4bn from the reclassification of a portfolio of high-quality liquid assets from Financial assets measured at fair value through other comprehensive income (FVOCI) to Other financial assets measured at amortized cost, largely offset by share repurchases of USD 1.6bn, negative effects from foreign currency translation of USD 0.6bn, dividend accruals of USD 0.4bn and current tax expenses of USD 0.4bn.

› **Refer to "Note 1 Basis of accounting" in the "Consolidated financial statements" section of this report for more information about the reclassification of financial assets at FVOCI**

Our additional tier 1 (AT1) capital decreased by USD 0.4bn to USD 15.1bn, mainly reflecting interest rate risk hedge, foreign currency translation and other effects.

Gone concern loss-absorbing capacity and movement

Our total gone concern loss-absorbing capacity decreased by USD 0.2bn to USD 46.3bn, mainly due to two calls of TLAC-eligible unsecured debt denominated in US dollars amounting to USD 3.0bn and interest rate risk hedge, foreign currency translation and other effects, largely offset by eight new issuances of TLAC-eligible senior unsecured debt, denominated in US dollars, euro and Australian dollars, amounting to USD 5.2bn equivalent.

› **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 decreased to 14.2% from 14.3%, reflecting a USD 3.6bn increase in RWA, partly offset by an increase in CET1 capital of USD 0.2bn.

Our CET1 leverage ratio increased to 4.37% from 4.16%, primarily due to a USD 47.5bn decrease in the LRD.

Our gone concern loss-absorbing capacity ratio decreased to 14.7% from 14.9%, due to the aforementioned increase in RWA and the decrease in gone concern loss-absorbing capacity of USD 0.2bn.

Our gone concern leverage ratio increased to 4.5% from 4.3%, mainly reflecting the aforementioned decrease in the LRD.

Swiss SRB total loss-absorbing capacity movement

USD m	
Going concern capital	Swiss SRB
Common equity tier 1 capital as of 31.3.22	44,593
Operating profit before tax	2,615
Current tax (expense) / benefit	(367)
Reclassification of financial assets from fair value through OCI to amortized cost, before tax[1]	449
Share repurchase program	(1,632)
Foreign currency translation effects, before tax	(582)
Other[2]	(278)
Common equity tier 1 capital as of 30.6.22	44,798
Loss-absorbing additional tier 1 capital as of 31.3.22	15,460
Interest rate risk hedge, foreign currency translation and other effects	(351)
Loss-absorbing additional tier 1 capital as of 30.6.22	15,108
Total going concern capital as of 31.3.22	60,053
Total going concern capital as of 30.6.22	59,907
Gone concern loss-absorbing capacity	
Tier 2 capital as of 31.3.22	3,050
Interest rate risk hedge, foreign currency translation and other effects	(41)
Tier 2 capital as of 30.6.22	3,009
TLAC-eligible senior unsecured debt as of 31.3.22	43,470
Issuance of TLAC-eligible senior unsecured debt	5,191
Call of TLAC-eligible senior unsecured debt	(3,000)
Interest rate risk hedge, foreign currency translation and other effects	(2,328)
TLAC-eligible senior unsecured debt as of 30.6.22	43,333
Total gone concern loss-absorbing capacity as of 31.3.22	46,520
Total gone concern loss-absorbing capacity as of 30.6.22	46,342
Total loss-absorbing capacity	
Total loss-absorbing capacity as of 31.3.22	106,573
Total loss-absorbing capacity as of 30.6.22	106,248

1 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to "Note 1 Basis of accounting" in the "Consolidated financial statements" section of this report for more information. 2 Includes dividend accruals for the current year (negative USD 0.4bn) and movements related to other items.

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

USD m	30.6.22	31.3.22	31.12.21
Total IFRS equity	57,184	59,212	61,002
Equity attributable to non-controlling interests	(339)	(356)	(340)
Defined benefit plans, net of tax	(471)	(446)	(270)
Deferred tax assets recognized for tax loss carry-forwards	(4,401)	(4,520)	(4,565)
Deferred tax assets on temporary differences, excess over threshold		(81)	(49)
Goodwill, net of tax[1]	(5,776)	(5,822)	(5,838)
Intangible assets, net of tax	(174)	(191)	(180)
Compensation-related components (not recognized in net profit)	(1,912)	(1,744)	(1,700)
Expected losses on advanced internal ratings-based portfolio less provisions	(501)	(518)	(482)
Unrealized (gains) / losses from cash flow hedges, net of tax	2,713	1,556	(628)
Own credit related to gains / losses on financial liabilities measured at fair value that existed at the balance sheet date, net of tax	(392)	(114)	315
Own credit related to gains / losses on derivative financial instruments that existed at the balance sheet date	(111)	(84)	(50)
Unrealized gains related to financial assets at fair value through OCI, net of tax	0	(1)	(68)
Prudential valuation adjustments	(211)	(183)	(167)
Accruals for dividends to shareholders for 2021		(1,668)	(1,700)
Other[2]	(809)	(448)	1
Total common equity tier 1 capital	44,798	44,593	45,281

1 Includes goodwill related to significant investments in financial institutions of USD 21m as of 30 June 2022 (31 March 2022: USD 22m; 31 December 2021: USD 22m) presented on the balance sheet line Investments in associates. 2 Includes dividend accruals for the current year and other items.

Additional information

Sensitivity to currency movements

Risk-weighted assets

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our RWA by USD 13bn and our CET1 capital by USD 1.3bn as of 30 June 2022 (31 March 2022: USD 13bn and USD 1.3bn, respectively) and decreased our CET1 capital ratio 14 basis points (31 March 2022: 17 basis points). Conversely, we estimate that a 10% appreciation of the US dollar against other currencies would have decreased our RWA by USD 12bn and our CET1 capital by USD 1.2bn (31 March 2022: USD 12bn and USD 1.2bn, respectively) and increased our CET1 capital ratio 15 basis points (31 March 2022: 16 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 61bn as of 30 June 2022 (31 March 2022: USD 64bn) and decreased our Swiss SRB going concern leverage ratio 18 basis points (31 March 2022: 18 basis points). Conversely, we estimate that a 10% appreciation of the US dollar against other currencies would have decreased our LRD by USD 55bn (31 March 2022: USD 58bn) and increased our Swiss SRB going concern leverage ratio 18 basis points (31 March 2022: 18 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 currency movements" under "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021 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 described in "Note 14 Provisions and contingent liabilities" in the "Consolidated financial statements" 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, 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 4.7bn as of 30 June 2022. 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 our Annual Report 2021 for more information**

› **Refer to "Note 14 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information**

Risk-weighted assets

During the second quarter of 2022, RWA increased by USD 3.6bn to USD 315.7bn, primarily driven by increases of USD 4.3bn from model updates and USD 3.8bn from asset size and other movements, partly offset by a decrease of USD 5.0bn from currency effects.

Movement in risk-weighted assets by key driver

USD bn	RWA as of 31.3.22	Currency effects	Methodology and policy changes	Model updates / changes	Regulatory add-ons	Asset size and other[1]	RWA as of 30.6.22
Credit and counterparty credit risk[2]	195.4	(4.7)	0.1	2.9	0.3	2.0	196.0
Non-counterparty-related risk[3]	23.9	(0.3)				(0.3)	23.3
Market risk	13.9			(0.7)	0.2	2.1	15.5
Operational risk	78.8			2.0			80.9
Total	**312.0**	**(5.0)**	**0.1**	**4.3**	**0.5**	**3.8**	**315.7**

1 Includes the Pillar 3 categories "Asset size," "Credit quality of counterparties," "Acquisitions and disposals" and "Other." For more information, refer to our 30 June 2022 Pillar 3 report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at ubs.com/investors. 2 Includes settlement risk, credit valuation adjustments, equity exposures in the banking book, investments in funds and securitization exposures in the banking book. 3 Non-counterparty-related risk includes deferred tax assets recognized for temporary differences, property, equipment, software and other items.

Credit and counterparty credit risk

Credit and counterparty credit risk RWA was USD 196.0bn as of 30 June 2022. The increase of USD 0.6bn included negative currency effects of USD 4.7bn.

Asset size and other movements resulted in a USD 2.0bn increase in RWA.

- Global Wealth Management RWA increased by USD 2.9bn, mainly due to higher RWA related to Lombard and other loans.
- Investment Bank RWA decreased by USD 0.6bn, mainly reflecting lower RWA related to loans.
- Asset Management RWA decreased by USD 0.5bn, primarily reflecting lower RWA related to investments in funds.
- Group Functions RWA increased by USD 0.3bn.
- Personal & Corporate Banking RWA decreased by USD 0.1bn.

Model updates resulted in an RWA increase of USD 2.9bn, mainly driven by USD 1.1bn from updates to margin period of risk for prime brokerage clients, as well as USD 1.0bn from updates to the loss-given-default (LGD) model for mortgages in Switzerland. Furthermore, the second quarter of 2022 also included a USD 0.7bn quarterly phase-in impact for structured margin loans and similar products in Global Wealth Management and a USD 0.1bn increase due to an LGD model update for leveraged finance clients in the Investment Bank.

Regulatory add-ons resulted in an RWA increase of USD 0.3bn, due to the implementation of an exposure-at-default floor for prime brokerage clients.

We expect that further methodology changes, model updates and regulatory add-ons will increase credit and counterparty credit risk RWA by around USD 2bn in the third quarter of 2022. The extent and timing of RWA changes may vary as methodology changes and model updates are completed and receive regulatory approval. In addition, changes in the composition of the relevant portfolios and other market factors will affect RWA.

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

› **Refer to our 30 June 2022 Pillar 3 report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at *ubs.com/investors*, for more information**

› **Refer to "Credit risk models" in the "Risk management and control" section of our Annual Report 2021 for more information**

Market risk

Market risk RWA increased by USD 1.7bn to USD 15.5bn in the second quarter of 2022, mainly due to a USD 2.1bn increase in asset size and other movements primarily related to higher average regulatory and stressed value-at-risk levels in the Investment Bank's Global Markets business on the back of continued market volatility from the previous quarter, as well as an increase of USD 0.2bn in regulatory add-ons that reflected updates from the monthly risks-not-in-VaR assessment. This was partially offset by a decrease of USD 0.7bn primarily driven by the introduction of a VaR model change. The integration of time decay into the regulatory VaR model is subject to further discussions between the Swiss Financial Market Supervisory Authority (FINMA) and UBS.

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

› **Refer to our 30 June 2022 Pillar 3 report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at *ubs.com/investors,* for more information**

› **Refer to "Market risk" in the "Risk management and control" section of our Annual Report 2021 for more information**

Operational risk

Operational risk RWA increased by USD 2.0bn to USD 80.9bn as of 30 June 2022. Following a review with FINMA on the French cross-border matter, we reflected additional operational risk RWA of USD 4.1bn in the first half of 2022, USD 2.1bn in the first quarter and USD 2.0bn in the second quarter.

› **Refer to "Note 14 Provisions and contingent liabilities" in the "Consolidated financial statements" section of this report for more information about the French cross-border matter**

› **Refer to "Non-financial risk" in the "Risk management and control" section of our Annual Report 2021 for information about the AMA model**

Risk-weighted assets by business division and Group Functions

USD bn	Global Wealth Management	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	Group Functions	Total RWA
			30.6.22			
Credit and counterparty credit risk[1]	61.8	62.5	2.8	62.0	6.9	196.0
Non-counterparty-related risk[2]	5.8	1.9	0.6	3.6	11.5	23.3
Market risk	1.0	0.0		13.1	1.4	15.5
Operational risk	37.4	9.1	3.1	21.2	10.1	80.9
Total	106.0	73.5	6.5	99.9	29.8	315.7
			31.3.22			
Credit and counterparty credit risk[1]	58.6	63.6	3.4	62.7	7.1	195.4
Non-counterparty-related risk[2]	6.0	1.9	0.6	3.7	11.7	23.9
Market risk	2.3	0.0		10.5	1.0	13.9
Operational risk	36.5	8.8	3.1	20.7	9.8	78.8
Total	**103.4**	**74.4**	**7.0**	**97.6**	**29.6**	**312.0**
			30.6.22 vs 31.3.22			
Credit and counterparty credit risk[1]	3.2	(1.1)	(0.6)	(0.7)	(0.1)	0.6
Non-counterparty-related risk[2]	(0.2)	(0.1)	0.0	(0.1)	(0.2)	(0.6)
Market risk	(1.3)	0.0		2.6	0.3	1.7
Operational risk	0.9	0.2	0.1	0.5	0.3	2.0
Total	**2.6**	**(1.0)**	**(0.5)**	**2.3**	**0.2**	**3.6**

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 (30 June 2022: USD 10.9bn; 31 March 2022: USD 11.2bn), as well as property, equipment, software and other items (30 June 2022: USD 12.4bn; 31 March 2022: USD 12.7bn).

Leverage ratio denominator

During the second quarter of 2022, the LRD decreased by USD 47.5bn to USD 1,025.4bn, driven by currency effects of USD 27.3bn and a USD 20.3bn decrease due to asset size and other movements.

Movement in leverage ratio denominator by key driver

USD bn	LRD as of 31.3.22	Currency effects	Asset size and other	LRD as of 30.6.22
On-balance sheet exposures (excluding derivative exposures and SFTs)[1]	845.1	(20.7)	(20.1)	804.3
Derivative exposures	101.8	(3.3)	5.7	104.1
Securities financing transactions	106.0	(2.6)	(5.2)	98.2
Off-balance sheet items	31.7	(0.7)	(0.9)	30.1
Deduction items	(11.6)	0.1	0.2	(11.3)
Total	**1,073.0**	**(27.3)**	**(20.3)**	**1,025.4**

1 The exposures exclude derivative financial instruments, cash collateral receivables on derivative instruments, receivables from SFTs, and margin loans, as well as prime brokerage receivables and financial assets at fair value not held for trading, both related to SFTs. These exposures are presented separately under Derivative exposures and Securities financing transactions in this table.

The LRD movements described below exclude currency effects.

On-balance sheet exposures decreased by USD 20.1bn, mainly driven by lower trading portfolio assets in the Investment Bank, as well as a decrease in central bank balances, partly offset by purchases of high-quality liquid asset securities in Group Treasury.

Derivative exposures increased by USD 5.7bn, mainly driven by the Investment Bank, reflecting market-driven movements and higher margin requirements, partly offset by decreases due to lower client activity levels.

Securities financing transactions decreased by USD 5.2bn, mainly due to excess cash reinvestment trade roll-offs in Group Treasury, as well as a decrease resulting from improved collateralization in the Investment Bank.

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

Leverage ratio denominator by business division and Group Functions

USD bn	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
			30.6.22			
Total IFRS assets	397.1	222.4	18.6	388.3	86.8	1,113.2
Difference in scope of consolidation[1]	0.0	0.0	(14.5)	(0.1)	0.1	(14.6)
Less: derivative exposures and SFTs[2]	(28.3)	(12.1)	(0.1)	(216.1)	(37.6)	(294.3)
On-balance sheet exposures	368.8	210.3	4.0	172.0	49.2	804.3
Derivative exposures	6.8	1.1	0.0	88.8	7.5	104.1
Securities financing transactions	24.1	11.4	0.1	41.1	21.6	98.2
Off-balance sheet items	6.3	16.0		7.2	0.6	30.1
Items deducted from Swiss SRB tier 1 capital	(5.2)	(0.2)	(1.3)	(0.5)	(4.2)	(11.3)
Total	400.7	238.6	2.8	308.6	74.8	1,025.4
			31.3.22			
Total IFRS assets	407.9	231.9	23.0	381.3	95.9	1,139.9
Difference in scope of consolidation[1]	0.0	0.0	(18.7)	(0.1)	0.0	(18.8)
Less: derivative exposures and SFTs[2]	(27.9)	(12.1)	(0.1)	(189.3)	(46.7)	(276.0)
On-balance sheet exposures	**380.0**	**219.8**	**4.2**	**191.9**	**49.2**	**845.1**
Derivative exposures	7.0	1.3	0.0	87.2	6.2	101.8
Securities financing transactions	23.7	11.2	0.1	42.8	28.2	106.0
Off-balance sheet items	6.6	16.6	0.0	7.5	0.9	31.7
Items deducted from Swiss SRB tier 1 capital	(5.3)	(0.2)	(1.3)	(0.4)	(4.4)	(11.6)
Total	**412.0**	**248.8**	**3.0**	**329.1**	**80.0**	**1,073.0**
			30.6.22 vs 31.3.22			
Total IFRS assets	(10.7)	(9.5)	(4.4)	7.0	(9.1)	(26.7)
Difference in scope of consolidation[1]	0.0	0.0	4.2	0.0	0.1	4.2
Less: derivative exposures and SFTs[2]	(0.5)	0.0	0.0	(26.9)	9.1	(18.2)
On-balance sheet exposures	**(11.2)**	**(9.5)**	**(0.2)**	**(19.9)**	**0.1**	**(40.7)**
Derivative exposures	(0.2)	(0.3)	0.0	1.5	1.3	2.4
Securities financing transactions	0.3	0.1	0.0	(1.8)	(6.5)	(7.8)
Off-balance sheet items	(0.3)	(0.6)	0.0	(0.4)	(0.3)	(1.6)
Items deducted from Swiss SRB tier 1 capital	0.1	0.0	0.0	(0.1)	0.2	0.3
Total	**(11.3)**	**(10.2)**	**(0.2)**	**(20.5)**	**(5.2)**	**(47.5)**

1 Represents the difference between the IFRS and the regulatory scope of consolidation, which is the applicable scope for the LRD calculation. 2 The exposures consist of derivative financial instruments, cash collateral receivables on derivative instruments, receivables from SFTs, and margin loans, as well as prime brokerage receivables and financial assets at fair value not held for trading, both related to SFTs, all of which are in accordance with the regulatory scope of consolidation. These exposures are presented separately under Derivative exposures and Securities financing transactions in this table.

Equity attribution and return on attributed equity

Under our equity attribution framework, tangible equity is attributed based on a weighting of 50% each for average risk-weighted assets (RWA) and average leverage ratio denominator (LRD), which both include resource allocations from Group Functions to the business divisions (the BDs). Average RWA and LRD are converted to common equity tier 1 (CET1) capital equivalents using capital ratios of 12.5% and 3.75%, respectively. If the attributed tangible equity calculated under the weighted-driver approach is less than the CET1 capital equivalent of risk-based capital (RBC) for any BD, the CET1 capital equivalent of RBC is used as a floor for that BD.

In addition to tangible equity, we allocate equity to the BDs to support goodwill and intangible assets.

We also allocate to the BDs attributed equity related to certain CET1 deduction items, such as compensation-related components and expected losses on the advanced internal ratings-based portfolio, less general provisions.

We attribute all remaining Basel III capital deduction items to Group Functions. These items include deferred tax assets (DTAs) recognized for tax loss carry-forwards, DTAs on temporary differences in excess of the threshold, accruals for shareholder returns and unrealized gains from cash flow hedges.

- › **Refer to the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021 for more information about the equity attribution framework**
- › **Refer to the "Balance sheet and off-balance sheet" section of this report for more information about movements in equity attributable to shareholders**

Average attributed equity

	For the quarter ended			Year-to-date	
USD bn	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Global Wealth Management	20.0	19.9	18.5	19.9	18.4
Personal & Corporate Banking	9.3	9.4	9.1	9.3	9.1
Asset Management	1.7	1.8	2.1	1.8	2.2
Investment Bank	13.3	13.2	13.0	13.2	13.0
Group Functions	13.5	15.5	15.7	14.5	15.9
of which: deferred tax assets[1]	*5.3*	*5.4*	*6.1*	*5.3*	*6.2*
of which: related to retained RWA and LRD[2]	*2.9*	*3.1*	*3.1*	*3.0*	*3.2*
of which: accruals for shareholder returns and others[3]	*5.4*	*7.1*	*6.4*	*6.2*	*6.5*
Average equity attributed to business divisions and Group Functions	57.8	59.8	58.4	58.8	58.6

1 Includes average attributed equity related to the Basel III capital deduction items for deferred tax assets (deferred tax assets recognized for tax loss carry-forwards and deferred tax assets on temporary differences, excess over threshold), as well as retained RWA and LRD related to deferred tax assets. 2 Excludes average attributed equity related to retained RWA and LRD related to deferred tax assets. 3 Includes attributed equity related to dividend accruals, unrealized gains from cash flow hedges, and a balancing item for capital held in excess of the 12.5% / 3.75% capital and leverage ratio calibration thresholds for equity attribution.

Return on attributed equity[1]

	For the quarter ended			Year-to-date	
in %	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Global Wealth Management	23.2	26.3	27.9	24.7	29.3
Personal & Corporate Banking	17.8	18.2	21.8	18.0	19.5
Asset Management	221.3	39.5	49.0	129.5	44.7
Investment Bank	12.3	28.2	20.6	20.2	16.7

1 Return on attributed equity for Group Functions is not shown, as it is not meaningful.

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 our Annual Report 2021, which provides more information about the Group's strategy, objectives and governance in connection with liquidity and funding management.

Liquidity coverage ratio

The quarterly average liquidity coverage ratio (the LCR) of UBS Group increased 1 percentage point to 161%, remaining above the prudential requirement communicated by the Swiss Financial Market Supervisory Authority (FINMA).

The movement in the average LCR was driven by a decrease in net cash outflows of USD 3bn to USD 155bn due to lower outflows from customer deposit balances, partly offset by a decrease in high-quality liquid assets of USD 3bn to USD 249bn, mainly reflecting lower average cash balances, driven by debt maturities and decreases in customer deposits, partly offset by lower funding consumption in the business divisions.

› **Refer to our 30 June 2022 Pillar 3 report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at *ubs.com/investors*, and to "Liquidity and funding management" in the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021 for more information about the LCR**

Liquidity coverage ratio

USD bn, except where indicated	Average 2Q22[1]	Average 1Q22[1]
High-quality liquid assets	249	253
Net cash outflows	155	158
Liquidity coverage ratio (%)[2]	161	160

1 Calculated based on an average of 64 data points in the second quarter of 2022 and 64 data points in the first quarter of 2022. 2 Calculated after the application of haircuts and inflow and outflow rates, as well as, where applicable, caps on Level 2 assets and cash inflows.

Net stable funding ratio

As of 30 June 2022, the net stable funding ratio (the NSFR) of UBS Group decreased 1 percentage point to 121%, remaining above the prudential requirement communicated by FINMA.

The movement in the NSFR was driven by USD 18bn lower available stable funding, mainly due to a decrease in customer deposit balances, and USD 11bn lower required stable funding, mainly due to a decrease in trading assets.

› **Refer to our 30 June 2022 Pillar 3 report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at *ubs.com/investors*, and to "Liquidity and funding management" in the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021 for more information about the NSFR**

Net stable funding ratio

USD bn, except where indicated	30.6.22	31.3.22
Available stable funding	552	569
Required stable funding	456	468
Net stable funding ratio (%)	121	122

Balance sheet and off-balance sheet

Strategy, objectives and governance

This section provides balance sheet and off-balance sheet information and should be read in conjunction with "Balance sheet and off-balance sheet" in the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021, which provides more information about the Group's balance sheet and off-balance sheet positions.

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

Balance sheet assets (30 June 2022 vs 31 March 2022)

Total assets were USD 1,113bn as of 30 June 2022. The decrease of USD 27bn included currency effects of approximately USD 26bn.

Cash and balances at central banks decreased by USD 16bn, mainly driven by lower customer deposits in Global Wealth Management, higher margin requirements, currency effects, as well as net redemptions of short- and long-term debt, partly offset by lower funding consumption in the Investment Bank and net roll-offs of securities financing transactions. Trading portfolio assets decreased by USD 15bn, primarily reflecting lower inventory levels held to hedge client positions in our Financing and Derivative & Solution businesses in the Investment Bank. Lending assets decreased by USD 10bn, predominantly reflecting currency effects. Securities financing transactions at amortized cost decreased by USD 6bn, predominantly reflecting excess cash reinvestment trade roll-offs in Group Treasury. Non-financial assets and financial assets for unit-linked investment contracts decreased by USD 5bn, mostly reflecting market-driven decreases and outflows from unit-linked investment contracts in Asset Management.

These decreases were partly offset by a USD 25bn increase in Derivatives and cash collateral receivables on derivative instruments, mainly in our Derivatives & Solutions and Financing businesses, primarily reflecting market-driven movements on foreign currency and interest rate contracts amid volatility in exchange rates and increases in interest rates, respectively. Other financial assets measured at amortized cost and fair value increased by USD 3bn, mainly driven by purchases of securities in our high-quality liquid asset portfolio.

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

Included within Other financial assets measured at amortized cost and fair value is a portfolio of financial assets reclassified effective from 1 April 2022 from Financial assets measured at fair value through other comprehensive income to Other financial assets measured at amortized cost, in line with the principles in IFRS 9, *Financial Instruments*.

› **Refer to "Note 1 Basis of accounting" in the "Consolidated financial statements" section of this report for more information**

Assets

	As of		% change from
USD bn	30.6.22	31.3.22	31.3.22
Cash and balances at central banks	190.4	206.8	(8)
Lending[1]	400.5	410.1	(2)
Securities financing transactions at amortized cost	63.3	69.5	(9)
Trading portfolio[2]	99.5	114.7	(13)
Derivatives and cash collateral receivables on derivative instruments	204.3	179.6	14
Brokerage receivables	19.3	20.8	(7)
Other financial assets measured at amortized cost and fair value[3]	83.1	80.3	3
Non-financial assets and financial assets for unit-linked investment contracts	52.9	58.2	(9)
Total assets	1,113.2	1,139.9	(2)

1 Consists of loans and advances to customers and banks. 2 Consists of financial assets at fair value held for trading. 3 Consists of financial assets at fair value not held for trading, financial assets measured at fair value through other comprehensive income and other financial assets measured at amortized cost, but excludes financial assets for unit-linked investment contracts.

Balance sheet liabilities (30 June 2022 vs 31 March 2022)

Total liabilities were USD 1,056bn as of 30 June 2022. The decrease of USD 25bn included currency effects of approximately USD 22bn.

Customer deposits decreased by USD 29bn, mainly reflecting decreases in Global Wealth Management in EMEA, the Americas and Asia Pacific, as well as currency effects of USD 12bn. Customer time deposits increased by USD 17bn to USD 67bn, mainly reflecting shifts from on-demand customer deposits in Global Wealth Management as interest rates increased during the quarter. Short-term borrowings decreased by USD 8bn, mainly driven by net maturities of commercial paper and certificates of deposit in Group Treasury, as well as lower amounts due to banks, mainly in Personal & Corporate Banking. Trading portfolio liabilities decreased by USD 4bn, driven by our Financing business in the Investment Bank, mainly reflecting a reduction in short positions after the end of the Japanese dividend season. Non-financial liabilities and financial liabilities related to unit-linked investment contracts decreased by USD 4bn, driven by decreases in unit-linked investment contracts in line with the asset side, partly offset by higher compensation-related liabilities. Debt issued designated at fair value and long-term debt issued measured at amortized cost decreased by USD 3bn, mainly driven by currency effects partly offset by net issuances of debt measured at fair value in our Derivatives & Solutions business.

These decreases were partly offset by a USD 19bn increase in Derivatives and cash collateral payables on derivative instruments, mainly in our Derivatives & Solutions and Financing businesses, primarily reflecting market-driven movements, broadly in line with the asset side. Other financial liabilities measured at amortized cost and fair value increased by USD 3bn, mainly reflecting higher securities financing transactions measured at fair value in Group Treasury.

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

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

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

Liabilities and equity

	As of		% change from
USD bn	30.6.22	31.3.22	31.3.22
Short-term borrowings[1]	46.7	54.2	(14)
Securities financing transactions at amortized cost	6.0	7.1	(16)
Customer deposits	512.2	541.5	(5)
Debt issued designated at fair value and long-term debt issued measured at amortized cost[2]	162.6	165.4	(2)
Trading portfolio[3]	30.4	34.7	(12)
Derivatives and cash collateral payables on derivative instruments	197.4	178.1	11
Brokerage payables	49.8	48.0	4
Other financial liabilities measured at amortized cost and fair value[4]	24.0	21.3	13
Non-financial liabilities and financial liabilities related to unit-linked investment contracts	26.9	30.5	(12)
Total liabilities	1,056.0	1,080.7	(2)
Share capital	0.3	0.3	(6)
Share premium	13.2	15.4	(14)
Treasury shares	(4.4)	(5.8)	(24)
Retained earnings	46.6	46.5	0
Other comprehensive income[5]	1.2	2.5	(55)
Total equity attributable to shareholders	56.8	58.9	(3)
Equity attributable to non-controlling interests	0.3	0.4	(5)
Total equity	57.2	59.2	(3)
Total liabilities and equity	1,113.2	1,139.9	(2)

1 Consists of short-term debt issued measured at amortized cost and amounts due to banks. 2 The classification of debt issued measured at amortized cost into short-term and long-term is based on original contractual maturity and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features. 3 Consists of financial liabilities at fair value held for trading. 4 Consists of other financial liabilities measured at amortized cost and other financial liabilities designated at fair value, but excludes financial liabilities related to unit-linked investment contracts. 5 Excludes other comprehensive income related to defined benefit plans and own credit, which is recorded directly in Retained earnings.

Equity (30 June 2022 vs 31 March 2022)

Equity attributable to shareholders decreased by USD 2,010m to USD 56,845m as of 30 June 2022.

The decrease of USD 2,010m was mainly driven by distributions to shareholders of USD 1,668m, reflecting a dividend payment of USD 0.50 per share. In addition, net treasury share activity reduced equity by USD 1,633m. This was predominantly due to repurchases of USD 1,632m of shares under our 2022 share repurchase program.

These decreases were partly offset by positive total comprehensive income attributable to shareholders of USD 1,097m, reflecting net profit of USD 2,108m and negative other comprehensive income (OCI) of USD 1,011m. OCI mainly included negative cash flow hedge OCI of USD 1,171m, negative OCI related to foreign currency translation of USD 577m, positive OCI associated with financial assets measured at fair value through OCI of USD 330m, positive OCI related to own credit on financial liabilities designated at fair value of USD 271m and positive defined benefit plan OCI of USD 115m.

In the second quarter of 2022, we canceled 177,787,273 shares purchased under our 2021 share repurchase program, as approved by shareholders at the 2022 Annual General Meeting. The cancellation of shares resulted in reclassifications within equity but had no net effect on our total equity attributable to shareholders.

› **Refer to the "Share information and earnings per share" section of this report for more information about our share repurchase programs**

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

Liabilities by product and currency

	USD bn		As a percentage of total liabilities									
	All currencies		All currencies		USD		CHF		EUR		Other	
	30.6.22	31.3.22	30.6.22	31.3.22	30.6.22	31.3.22	30.6.22	31.3.22	30.6.22	31.3.22	30.6.22	31.3.22
Short-term borrowings	46.7	54.2	4.4	5.0	2.3	2.8	0.4	0.5	0.6	0.7	1.0	1.1
of which: amounts due to banks	*15.2*	*16.6*	*1.4*	*1.5*	*0.5*	*0.5*	*0.4*	*0.4*	*0.1*	*0.2*	*0.4*	*0.4*
of which: short-term debt issued[1]	*31.5*	*37.5*	*3.0*	*3.5*	*1.8*	*2.3*	*0.0*	*0.0*	*0.5*	*0.5*	*0.6*	*0.7*
Securities financing transactions at amortized cost	6.0	7.1	0.6	0.7	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.1
Customer deposits	512.2	541.5	48.5	50.1	22.5	23.5	17.0	17.4	4.8	5.0	4.2	4.3
of which: demand deposits	*211.2*	*244.8*	*20.0*	*22.6*	*6.8*	*8.6*	*6.1*	*6.4*	*4.1*	*4.3*	*3.0*	*3.4*
of which: retail savings / deposits	*234.3*	*246.8*	*22.2*	*22.8*	*11.0*	*11.6*	*10.7*	*10.7*	*0.5*	*0.5*	*0.0*	*0.0*
of which: time deposits	*66.7*	*49.9*	*6.3*	*4.6*	*4.7*	*3.4*	*0.2*	*0.2*	*0.2*	*0.2*	*1.2*	*0.9*
Debt issued designated at fair value and long-term debt issued measured at amortized cost[2]	162.6	165.4	15.4	15.3	9.4	9.2	1.6	1.6	3.0	3.1	1.4	1.4
Trading portfolio[3]	30.4	34.7	2.9	3.2	1.1	1.0	0.1	0.1	0.7	0.8	0.9	1.3
Derivatives and cash collateral payables on derivative instruments	197.4	178.1	18.7	16.5	15.7	13.4	0.4	0.3	1.4	1.4	1.2	1.4
Brokerage payables	49.8	48.0	4.7	4.4	3.5	3.3	0.0	0.0	0.3	0.3	0.9	0.8
Other financial liabilities measured at amortized cost and fair value[4]	24.0	21.3	2.3	2.0	1.3	0.9	0.2	0.2	0.5	0.5	0.3	0.3
Non-financial liabilities and financial liabilities related to unit-linked investment contracts	26.9	30.5	2.5	2.8	0.5	0.4	0.1	0.1	0.3	0.4	1.6	2.0
Total liabilities	1,056.0	1,080.7	100.0	100.0	56.8	55.0	19.9	20.2	11.7	12.2	11.5	12.6

1 Short-term debt issued consists of certificates of deposit, commercial paper, acceptances and promissory notes, and other money market paper. 2 The classification of debt issued measured at amortized cost into short-term and long-term is based on original contractual maturity and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features. 3 Consists of financial liabilities at fair value held for trading. 4 Consists of other financial liabilities measured at amortized cost and other financial liabilities designated at fair value, but excludes financial liabilities related to unit-linked investment contracts.

Off-balance sheet (30 June 2022 vs 31 March 2022)

Guarantees and Loan commitments were broadly unchanged as of 30 June 2022 compared with 31 March 2022. Committed unconditionally revocable credit lines decreased by USD 2bn, driven by currency effects in Personal & Corporate Banking and a decrease in credit lines provided to corporate clients in our Global Banking business in the Investment Bank. Forward starting reverse repurchase agreements and Forward starting repurchase agreements decreased by USD 2bn and USD 1bn, respectively, in Group Treasury, reflecting fluctuations in levels of business division activity in short-dated securities financing transactions.

Off-balance sheet

	As of		% change from
USD bn	30.6.22	31.3.22	31.3.22
Guarantees[1,2]	20.9	20.8	0
Loan commitments[1,3]	37.7	38.0	(1)
Committed unconditionally revocable credit lines	39.8	41.4	(4)
Forward starting reverse repurchase agreements[3]	4.0	6.4	(38)
Forward starting repurchase agreements[3]	2.9	3.4	(16)

1 Guarantees and loan commitments are shown net of sub-participations. 2 Includes guarantees measured at fair value through profit or loss. 3 Derivative loan commitments, as well as forward starting repurchase and reverse repurchase agreements, measured at fair value through profit or loss are not included. Refer to "Note 9 Derivative instruments" in the "Consolidated financial statements" section of this report for more information.

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 CHF 0.10. Shares issued decreased in the second quarter of 2022, as 177,787,273 shares acquired under our 2021 share repurchase program were canceled by means of a capital reduction, as approved by shareholders at the 2022 Annual General Meeting. We also intend to cancel the remaining shares purchased under the 2021 program, subject to shareholder approval.

We held 267m shares as of 30 June 2022, of which 155m shares had been acquired under our 2021 and 2022 share repurchase program for cancellation purposes. The remaining 112m shares are primarily held to hedge our share delivery obligations related to employee share-based compensation and participation plans.

Treasury shares held decreased by 86m shares in the second quarter of 2022. This mainly reflected the aforementioned cancellation of 178m shares, partly offset by repurchases of 92.7m shares (acquisition cost of CHF 1,575m, or USD 1,633m) under our 2022 share repurchase program.

From 1 January 2022 to 30 June 2022, we repurchased 180m shares for a total acquisition cost of CHF 3,091m (USD 3,270m) under the 2021 and 2022 share repurchase programs. We expect to execute around USD 5bn of repurchases in aggregate in 2022 under the 2021 and 2022 share repurchase programs.

› **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 year-to-date	
	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Basic and diluted earnings (USD m)					
Net profit / (loss) attributable to shareholders for basic EPS	2,108	2,136	2,006	4,244	3,830
Less: (profit) / loss on own equity derivative contracts	(5)	0	(1)	(3)	(2)
Net profit / (loss) attributable to shareholders for diluted EPS	2,103	2,136	2,005	4,241	3,828
Weighted average shares outstanding					
Weighted average shares outstanding for basic EPS[1]	3,304,598,259	3,380,254,237	3,502,478,236	3,342,426,249	3,520,450,363
Effect of dilutive potential shares resulting from notional employee shares, in-the-money options and warrants outstanding[2]	128,725,327	148,405,048	138,873,741	138,710,134	144,776,805
Weighted average shares outstanding for diluted EPS	3,433,323,586	3,528,659,285	3,641,351,977	3,481,136,383	3,665,227,168
Earnings per share (USD)					
Basic	0.64	0.63	0.57	1.27	1.09
Diluted	0.61	0.61	0.55	1.22	1.04
Shares outstanding and potentially dilutive instruments					
Shares issued	3,524,635,722	3,702,422,995	3,702,422,995	3,524,635,722	3,702,422,995
Treasury shares[3]	267,270,042	353,284,628	225,877,281	267,270,042	225,877,281
of which: related to the 2021 share repurchase program	*62,548,000*	*240,335,273*	*83,090,525*	*62,548,000*	*83,090,525*
of which: related to the 2022 share repurchase program	*92,749,500*			*92,749,500*	
Shares outstanding	3,257,365,680	3,349,138,367	3,476,545,714	3,257,365,680	3,476,545,714
Potentially dilutive instruments[4]	5,366,916	12,337,848	10,459,279	5,404,012	12,229,370
Other key figures					
Total book value per share (USD)	17.45	17.57	16.90	17.45	16.90
Tangible book value per share (USD)	15.51	15.67	15.05	15.51	15.05
Share price (USD)[5]	16.11	19.64	15.31	16.11	15.31
Market capitalization (USD m)	52,475	65,775	53,218	52,475	53,218

1 The weighted average shares outstanding for basic 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. 2 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. 3 Based on a settlement date view. 4 Reflects potential shares that could dilute basic earnings per share in the future, but were not dilutive for the periods presented. It mainly includes equity derivative contracts and equity-based awards subject to absolute and relative performance conditions. 5 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.

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 statements

Unaudited

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Income statement

		For the quarter ended			Year-to-date	
USD m	Note	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	2,380	2,144	2,106	4,525	4,203
Interest expense from financial instruments measured at amortized cost	3	(1,070)	(781)	(836)	(1,852)	(1,669)
Net interest income from financial instruments measured at fair value through profit or loss	3	355	408	357	763	706
Net interest income	3	1,665	1,771	1,628	3,436	3,241
Other net income from financial instruments measured at fair value through profit or loss		1,619	2,226	1,479	3,845	2,787
Fee and commission income	4	5,224	5,837	6,041	11,061	12,210
Fee and commission expense	4	(450)	(484)	(484)	(934)	(962)
Net fee and commission income	4	4,774	5,353	5,557	10,127	11,248
Other income		859	32	233	891	297
Total revenues		8,917	9,382	8,897	18,299	17,574
Credit loss expense / (release)	7	7	18	(80)	25	(108)
Personnel expenses	5	4,422	4,920	4,772	9,343	9,573
General and administrative expenses	6	1,370	1,208	1,103	2,578	2,192
Depreciation, amortization and impairment of non-financial assets		503	506	509	1,009	1,026
Operating expenses		6,295	6,634	6,384	12,929	12,790
Operating profit / (loss) before tax		2,615	2,729	2,593	5,344	4,891
Tax expense / (benefit)		497	585	581	1,082	1,053
Net profit / (loss)		2,118	2,144	2,012	4,262	3,838
Net profit / (loss) attributable to non-controlling interests		10	8	6	18	9
Net profit / (loss) attributable to shareholders		2,108	2,136	2,006	4,244	3,830
Earnings per share (USD)						
Basic		0.64	0.63	0.57	1.27	1.09
Diluted		0.61	0.61	0.55	1.22	1.04

Statement of comprehensive income

	For the quarter ended			Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Comprehensive income attributable to shareholders[1]					
Net profit / (loss)	2,108	2,136	2,006	4,244	3,830
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	(1,030)	(482)	463	(1,512)	(999)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	443	217	(202)	660	506
Foreign currency translation differences on foreign operations reclassified to the income statement	8	0	(10)	8	(9)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	(4)	0	8	(4)	8
Income tax relating to foreign currency translations, including the impact of net investment hedges	5	2	(4)	8	6
Subtotal foreign currency translation, net of tax	(577)	(263)	255	(840)	(489)
Financial assets measured at fair value through other comprehensive income					
Net unrealized gains / (losses), before tax	(3)	(439)	21	(442)	(110)
Net realized gains / (losses) reclassified to the income statement from equity	0	0	(3)	0	(9)
Reclassification of financial assets to Other financial assets measured at amortized cost[2]	449			449	
Income tax relating to net unrealized gains / (losses)	(116)	112	(4)	(3)	31
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	330	(327)	14	3	(88)
Cash flow hedges of interest rate risk					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(1,298)	(2,465)	542	(3,763)	(630)
Net (gains) / losses reclassified to the income statement from equity	(149)	(237)	(268)	(386)	(522)
Income tax relating to cash flow hedges	276	518	(51)	794	215
Subtotal cash flow hedges, net of tax	(1,171)	(2,184)	222	(3,355)	(937)
Cost of hedging					
Cost of hedging, before tax	21	77	(16)	98	(23)
Income tax relating to cost of hedging	0	0	0	0	0
Subtotal cost of hedging, net of tax	21	77	(16)	98	(23)
Total other comprehensive income that may be reclassified to the income statement, net of tax	(1,396)	(2,697)	475	(4,093)	(1,537)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	122	41	(21)	163	(157)
Income tax relating to defined benefit plans	(7)	(1)	4	(8)	27
Subtotal defined benefit plans, net of tax	115	40	(17)	155	(130)
Own credit on financial liabilities designated at fair value					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	296	423	118	719	89
Income tax relating to own credit on financial liabilities designated at fair value	(26)	0	0	(26)	0
Subtotal own credit on financial liabilities designated at fair value, net of tax	271	423	118	693	89
Total other comprehensive income that will not be reclassified to the income statement, net of tax	385	463	102	848	(40)
Total other comprehensive income	(1,011)	(2,234)	576	(3,245)	(1,577)
Total comprehensive income attributable to shareholders	1,097	(98)	2,582	999	2,252
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	10	8	6	18	9
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(28)	18	14	(10)	2
Total comprehensive income attributable to non-controlling interests	(17)	26	20	9	10
Total comprehensive income					
Net profit / (loss)	2,118	2,144	2,012	4,262	3,838
Other comprehensive income	(1,039)	(2,216)	591	(3,255)	(1,576)
of which: other comprehensive income that may be reclassified to the income statement	*(1,396)*	*(2,697)*	*475*	*(4,093)*	*(1,537)*
of which: other comprehensive income that will not be reclassified to the income statement	*357*	*481*	*116*	*839*	*(39)*
Total comprehensive income	1,079	(72)	2,602	1,008	2,263

1 Refer to the "Group performance" section of this report for more information. 2 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 1 for more information.

Balance sheet

USD m	Note	30.6.22	31.3.22	31.12.21
Assets				
Cash and balances at central banks		190,353	206,773	192,817
Loans and advances to banks		16,596	17,914	15,480
Receivables from securities financing transactions		63,291	69,452	75,012
Cash collateral receivables on derivative instruments	9	43,763	39,253	30,514
Loans and advances to customers	7	383,898	392,189	397,761
Other financial assets measured at amortized cost	10	37,528	28,697	26,209
Total financial assets measured at amortized cost		735,428	754,279	737,794
Financial assets at fair value held for trading	8	99,507	114,744	130,821
of which: assets pledged as collateral that may be sold or repledged by counterparties		*33,830*	*40,217*	*43,397*
Derivative financial instruments	8, 9	160,524	140,309	118,142
Brokerage receivables	8	19,289	20,762	21,839
Financial assets at fair value not held for trading	8	57,637	60,999	60,080
Total financial assets measured at fair value through profit or loss		336,957	336,814	330,882
Financial assets measured at fair value through other comprehensive income	8	2,251	9,093	8,844
Investments in associates		1,094	1,150	1,243
Property, equipment and software		12,049	12,491	12,888
Goodwill and intangible assets		6,312	6,383	6,378
Deferred tax assets		9,119	9,131	8,876
Other non-financial assets	10	9,984	10,581	10,277
Total assets		1,113,193	1,139,922	1,117,182
Liabilities				
Amounts due to banks		15,202	16,649	13,101
Payables from securities financing transactions		5,956	7,110	5,533
Cash collateral payables on derivative instruments	9	40,468	39,609	31,798
Customer deposits		512,216	541,470	542,007
Debt issued measured at amortized cost	12	121,896	131,492	139,155
Other financial liabilities measured at amortized cost	10	9,930	9,641	9,001
Total financial liabilities measured at amortized cost		705,669	745,971	740,595
Financial liabilities at fair value held for trading	8	30,450	34,687	31,688
Derivative financial instruments	8, 9	156,888	138,443	121,309
Brokerage payables designated at fair value	8	49,798	48,015	44,045
Debt issued designated at fair value	8, 11	72,264	71,470	73,799
Other financial liabilities designated at fair value	8, 10	28,566	30,325	30,074
Total financial liabilities measured at fair value through profit or loss		337,966	322,940	300,916
Provisions	14	3,465	3,478	3,518
Other non-financial liabilities	10	8,910	8,322	11,151
Total liabilities		1,056,010	1,080,711	1,056,180
Equity				
Share capital		304	322	322
Share premium		13,202	15,355	15,928
Treasury shares		(4,412)	(5,811)	(4,675)
Retained earnings		46,598	46,451	43,851
Other comprehensive income recognized directly in equity, net of tax		1,152	2,538	5,236
Equity attributable to shareholders		56,845	58,855	60,662
Equity attributable to non-controlling interests		339	356	340
Total equity		57,184	59,212	61,002
Total liabilities and equity		1,113,193	1,139,922	1,117,182

Statement of changes in equity

USD m	Share capital and share premium	Treasury shares	Retained earnings	OCI recognized directly in equity, net of tax[1]	*of which: foreign currency translation*	*of which: financial assets measured at fair value through OCI*	*of which: cash flow hedges*	Total equity attributable to shareholders
Balance as of 1 January 2022[2]	16,250	(4,675)	43,851	5,236	*4,653*	*(7)*	*628*	60,662
Acquisition of treasury shares		(3,684)[3]						(3,684)
Delivery of treasury shares under share-based compensation plans	(742)	815						74
Other disposal of treasury shares	(3)	111[3]						107
Cancellation of treasury shares related to the 2021 share repurchase program[4]	(1,520)	3,022	(1,502)					0
Share-based compensation expensed in the income statement	384							384
Tax (expense) / benefit	7							7
Dividends	(834)[5]		(834)[5]					(1,668)
Equity classified as obligation to purchase own shares	(40)							(40)
Translation effects recognized directly in retained earnings			(13)	13		*0*	*13*	0
Share of changes in retained earnings of associates and joint ventures			0					0
New consolidations / (deconsolidations) and other increases / (decreases)	4		3	(3)		*(3)*		4
Total comprehensive income for the period			5,092	(4,093)	*(840)*	*3*	*(3,355)*	999
of which: net profit / (loss)			*4,244*					*4,244*
of which: OCI, net of tax			*848*	*(4,093)*	*(840)*	*3*	*(3,355)*	*(3,245)*
Balance as of 30 June 2022[2]	13,506	(4,412)	46,598	1,152	*3,813*	*(7)*	*(2,713)*	56,845
Non-controlling interests as of 30 June 2022								339
Total equity as of 30 June 2022								57,184
Balance as of 1 January 2021[2]	17,091	(4,068)	38,776	7,647	*5,188*	*151*	*2,321*	59,445
Acquisition of treasury shares		(2,057)[3]						(2,057)
Delivery of treasury shares under share-based compensation plans	(654)	727						73
Other disposal of treasury shares	4	32[3]						36
Cancellation of treasury shares related to the 2018–2021 share repurchase program	(252)	2,044	(1,792)					0
Share-based compensation expensed in the income statement	346							346
Tax (expense) / benefit	8							8
Dividends	(651)[5]		(651)[5]					(1,301)
Translation effects recognized directly in retained earnings			19	(19)		*0*	*(19)*	0
Share of changes in retained earnings of associates and joint ventures			2					2
New consolidations / (deconsolidations) and other increases / (decreases)	(39)							(39)
Total comprehensive income for the period			3,789	(1,537)	*(489)*	*(88)*	*(937)*	2,252
of which: net profit / (loss)			*3,830*					*3,830*
of which: OCI, net of tax			*(40)*	*(1,537)*	*(489)*	*(88)*	*(937)*	*(1,577)*
Balance as of 30 June 2021[2]	15,853	(3,322)	40,143	6,091	*4,699*	*63*	*1,365*	58,765
Non-controlling interests as of 30 June 2021								284
Total equity as of 30 June 2021								59,050

1 Excludes other comprehensive income related to defined benefit plans and own credit that is recorded directly in Retained earnings. 2 Excludes non-controlling interests. 3 Includes treasury shares acquired and disposed of by the Investment Bank in its capacity as a market maker with regard to UBS shares and related derivatives, and to hedge certain issued structured debt instruments. These acquisitions and disposals are reported based on the sum of the net monthly movements. 4 Reflects the cancellation of 177,787,273 shares purchased under UBS's 2021 share repurchase program as approved by shareholders at the 2022 Annual General Meeting. Swiss tax law requires Switzerland-domiciled companies with shares listed on a Swiss stock exchange to reduce capital contribution reserves by at least 50% of the total capital reduction amount exceeding the nominal value upon cancellation of the shares. 5 Reflects the payment of an ordinary cash dividend of USD 0.50 per dividend-bearing share in April 2022 (2021: USD 0.37 per dividend-bearing share paid in April 2021). Swiss tax law requires Switzerland-domiciled companies with shares listed on a Swiss stock exchange to pay no more than 50% of dividends from capital contribution reserves, with the remainder required to be paid from retained earnings.

Statement of cash flows

	Year-to-date	
USD m	30.6.22	30.6.21
Cash flow from / (used in) operating activities		
Net profit / (loss)	4,262	3,838
Non-cash items included in net profit and other adjustments:		
Depreciation, amortization and impairment of non-financial assets	1,009	1,026
Credit loss expense / (release)	25	(108)
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	(12)	(74)
Deferred tax expense / (benefit)	350	285
Net loss / (gain) from investing activities	(732)	(239)
Net loss / (gain) from financing activities	(14,379)	2,070
Other net adjustments	9,399	4,747
Net change in operating assets and liabilities:		
Loans and advances to banks and amounts due to banks	3,000	3,872
Securities financing transactions	10,833	(10,249)
Cash collateral on derivative instruments	(4,699)	(2,179)
Loans and advances to customers and customer deposits	(13,203)	(20,180)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	13,104	(1,225)
Brokerage receivables and payables	8,239	2,047
Financial assets at fair value not held for trading and other financial assets and liabilities	1,706	14,533
Provisions and other non-financial assets and liabilities	125	87
Income taxes paid, net of refunds	(878)	(386)
Net cash flow from / (used in) operating activities	18,150	(2,136)
Cash flow from / (used in) investing activities		
Purchase of subsidiaries, associates and intangible assets	0	(1)
Disposal of subsidiaries, associates and intangible assets[1]	911	437
Purchase of property, equipment and software	(761)	(896)
Disposal of property, equipment and software	3	264
Purchase of financial assets measured at fair value through other comprehensive income	(2,821)	(1,950)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	2,291	2,324
Net (purchase) / redemption of debt securities measured at amortized cost	(4,254)	116
Net cash flow from / (used in) investing activities	(4,630)	295
Cash flow from / (used in) financing activities		
Net short-term debt issued / (repaid)	(10,440)	(3,877)
Net movements in treasury shares and own equity derivative activity	(3,521)	(1,967)
Distributions paid on UBS shares	(1,668)	(1,301)
Issuance of debt designated at fair value and long-term debt measured at amortized cost	48,460	63,501
Repayment of debt designated at fair value and long-term debt measured at amortized cost	(36,309)	(45,274)
Net cash flows from other financing activities	(352)	(288)
Net cash flow from / (used in) financing activities	(3,830)	10,795
Total cash flow		
Cash and cash equivalents at the beginning of the period	207,875	173,531
Net cash flow from / (used in) operating, investing and financing activities	9,690	8,954
Effects of exchange rate differences on cash and cash equivalents	(9,656)	(5,390)
Cash and cash equivalents at the end of the period[2]	207,909	177,095
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	6,088	5,469
Interest paid in cash	2,675	2,659
Dividends on equity investments, investment funds and associates received in cash	1,059	1,263

1 Includes cash proceeds from the sale of UBS's shareholding in its Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc. Refer to the "Recent developments" section of this report for more information.
2 Consists of balances with an original maturity of three months or less. USD 4,434m and USD 3,432m (mainly reflected in Loans and advances to banks) were restricted as of 30 June 2022 and 30 June 2021, respectively. Refer to "Note 23 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.

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

Note 1 Basis of accounting

Basis of preparation

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

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS Group AG consolidated annual financial statements for the period ended 31 December 2021, except for the changes described in this Note. These interim financial statements are unaudited and should be read in conjunction with UBS Group AG's audited consolidated financial statements in the Annual Report 2021 and the "Management report" sections of this report, including the disclosure regarding the sale of UBS's 49% shareholding in its Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc., in the "Recent developments" section of this report. In the opinion of management, all necessary adjustments have been made for a fair presentation of the Group's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2021.

Changes to the presentation of the financial statements

Effective from the second quarter of 2022, UBS has made several changes to simplify the presentation of the income statement alongside other primary financial statements and disclosure notes and to align them with management information. In particular, *Total operating income* has been renamed *Total revenues* and excludes *Credit loss (expense) / release*, which is now separately presented below *Total revenues*.

Reclassification of a portfolio from *Financial assets measured at fair value through other comprehensive* income to *Other financial assets measured at amortized cost*

Effective from 1 April 2022, UBS has reclassified a portfolio of financial assets from *Financial assets measured at fair value through other comprehensive income* (FVOCI) with a fair value of USD 6.9bn (the Portfolio) to *Other financial assets measured at amortized cost* in line with the principles in IFRS 9, *Financial Instruments*, which require a reclassification when an entity changes its business model for managing financial assets.

The Portfolio's cumulative fair value losses of USD 449m pre-tax and USD 333m post-tax, previously recognized in *Other comprehensive income*, have been removed from equity and adjusted against the value of the assets at the reclassification date, so that the Portfolio is measured as if the assets had always been classified at amortized cost, with a value as of 1 April 2022 of USD 7.4bn.

The reclassification had no effect on the income statement.

The reclassified Portfolio is made up of high-quality liquid assets, primarily US government treasuries and US government agency mortgage-backed securities, held and separately managed by UBS Bank USA (BUSA).

Note 1 Basis of accounting (continued)

The accounting reclassification has arisen as a direct result of the transformation of UBS's Global Wealth Management Americas business that has significantly impacted BUSA. This includes initiatives approved by the Group Executive Board to significantly grow and extend the business, as disclosed on 1 February 2022 during UBS's fourth quarter 2021 earnings presentation, along with UBS's decision to acquire Wealthfront, an industry-leading digital wealth management provider. BUSA's deposit base has grown by more than 100% in the last two years, generating substantial cash balances, with a number of new products being launched, including new deposit types that are longer in duration, additional lending and a broader range of customer segments targeted.

Following the commencement of these activities and the announcement made in the first quarter of 2022, the Portfolio is no longer held in a business model to collect the contractual cash flows and sell the assets, but is instead solely held to collect the contractual cash flows until the assets mature, requiring a reclassification of the Portfolio in line with IFRS 9 with effect from 1 April 2022.

The fair value of the Portfolio as of 30 June 2022 was USD 6.4bn. A pre-tax fair value loss of USD 264m would have been recognized in *Other comprehensive income* during the second quarter of 2022 if the Portfolio had not been reclassified.

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			Year-to-date	
	30.6.22	31.3.22	31.12.21	30.6.21	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
1 CHF	1.05	1.08	1.10	1.08	1.04	1.08	1.10	1.06	1.09
1 EUR	1.05	1.11	1.14	1.19	1.06	1.12	1.20	1.09	1.20
1 GBP	1.22	1.31	1.35	1.38	1.25	1.33	1.39	1.29	1.39
100 JPY	0.74	0.82	0.87	0.90	0.76	0.85	0.91	0.80	0.92

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

Note 2 Segment reporting

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS
For the six months ended 30 June 2022[1]						
Net interest income	2,409	1,057	(7)	104	(126)	3,436
Non-interest income	7,172	1,088	1,958	4,899	(253)	14,862
Total revenues	9,581	2,144	1,950	5,003	(379)	18,299
Credit loss expense / (release)	(10)	57	0	(24)	2	25
Operating expenses	7,124	1,246	817	3,688	54	12,929
Operating profit / (loss) before tax	**2,467**	**841**	**1,133**	**1,339**	**(436)**	**5,344**
Tax expense / (benefit)						1,082
Net profit / (loss)						**4,262**
As of 30 June 2022[1]						
Total assets[2]	**397,111**	**222,424**	**18,621**	**388,281**	**86,755**	**1,113,193**
For the six months ended 30 June 2021[1]						
Net interest income	2,023	1,039	(7)	244	(58)	3,241
Non-interest income	7,583	1,063	1,310	4,476	(99)	14,333
Total revenues	9,606	2,102	1,303	4,720	(158)	17,574
Credit loss expense / (release)	(16)	(69)	0	(23)	1	(108)
Operating expenses	6,918	1,284	820	3,663	105	12,790
Operating profit / (loss) before tax	**2,704**	**888**	**482**	**1,080**	**(263)**	**4,891**
Tax expense / (benefit)						1,053
Net profit / (loss)						**3,838**
As of 31 December 2021[1]						
Total assets	**395,235**	**225,370**	**25,639**	**346,431**	**124,507**	**1,117,182**

1 Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of the Annual Report 2021 for more information about the Group's reporting segments. 2 In the first quarter of 2022, UBS refined the methodology applied to allocate balance sheet resources from Group Functions to the business divisions, with prospective effect. If the new methodology had been applied as of 31 December 2021, balance sheet assets allocated to business divisions would have been USD 17bn higher, of which USD 14bn would have related to the Investment Bank.

Note 3 Net interest income

	For the quarter ended			Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Interest income from loans and deposits[1]	1,886	1,660	1,612	3,546	3,197
Interest income from securities financing transactions[2]	209	118	126	327	261
Interest income from other financial instruments measured at amortized cost	118	72	68	191	141
Interest income from debt instruments measured at fair value through other comprehensive income	6	41	16	47	51
Interest income from derivative instruments designated as cash flow hedges	160	253	284	413	553
Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	2,380	2,144	2,106	4,525	4,203
Interest expense on loans and deposits[3]	262	139	136	401	273
Interest expense on securities financing transactions[4]	288	224	293	512	551
Interest expense on debt issued	498	396	381	893	792
Interest expense on lease liabilities	22	23	26	45	53
Total interest expense from financial instruments measured at amortized cost	1,070	781	836	1,852	1,669
Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	1,310	1,363	1,270	2,673	2,535
Net interest income from financial instruments measured at fair value through profit or loss	355	408	357	763	706
Total net interest income	1,665	1,771	1,628	3,436	3,241

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

Note 4 Net fee and commission income

	For the quarter ended			Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Underwriting fees	111	172	387	283	780
M&A and corporate finance fees	220	237	330	456	568
Brokerage fees	869	1,077	1,037	1,946	2,395
Investment fund fees	1,233	1,388	1,405	2,620	2,842
Portfolio management and related services	2,298	2,463	2,426	4,761	4,710
Other	492	501	455	993	916
Total fee and commission income[1]	5,224	5,837	6,041	11,061	12,210
of which: recurring	*3,593*	*3,860*	*3,823*	*7,453*	*7,443*
of which: transaction-based	*1,621*	*1,958*	*2,176*	*3,579*	*4,631*
of which: performance-based	*10*	*19*	*42*	*29*	*136*
Fee and commission expense	450	484	484	934	962
Net fee and commission income	4,774	5,353	5,557	10,127	11,248

1 Reflects third-party fee and commission income for the second quarter of 2022 of USD 3,281m for Global Wealth Management (first quarter of 2022: USD 3,637m; second quarter of 2021: USD 3,585m), USD 421m for Personal & Corporate Banking (first quarter of 2022: USD 446m; second quarter of 2021: USD 399m), USD 720m for Asset Management (first quarter of 2022: USD 762m; second quarter of 2021: USD 805m), USD 801m for the Investment Bank (first quarter of 2022: USD 988m; second quarter of 2021: USD 1,243m) and USD 1m for Group Functions (first quarter of 2022: USD 4m; second quarter of 2021: USD 9m).

Note 5 Personnel expenses

	For the quarter ended			Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Salaries and variable compensation	2,664	2,948	2,945	5,612	5,816
Financial advisor compensation[1]	1,122	1,220	1,183	2,342	2,353
Contractors	80	83	98	163	196
Social security	218	285	241	503	508
Post-employment benefit plans	199	249	173	448	439
Other personnel expenses	139	135	132	274	260
Total personnel expenses	4,422	4,920	4,772	9,343	9,573

1 Financial advisor compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, new assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

Note 6 General and administrative expenses

	For the quarter ended			Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Outsourcing costs	227	227	206	454	407
IT expenses	286	289	256	576	522
Consulting, legal and audit fees	144	129	130	272	229
Real estate and logistics costs	152	147	151	298	302
Market data services	101	106	105	207	206
Marketing and communication	61	40	52	101	94
Travel and entertainment	46	20	13	67	21
Litigation, regulatory and similar matters[1]	221	57	63	278	72
Other	133	192	126	325	337
Total general and administrative expenses	1,370	1,208	1,103	2,578	2,192

1 Reflects the net increase in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to Note 14b for more information.

Note 7 Expected credit loss measurement

a) Credit loss expense / release

Total net credit loss expenses in the second quarter of 2022 were USD 7m, reflecting USD 16m net credit loss expenses related to stage 1 and 2 positions and USD 9m net credit loss releases related to stage 3 positions.

Stage 1 and 2 net expenses included: scenario-related net expenses of USD 10m related to Personal & Corporate Banking corporate lending; net releases of USD 9m from model changes, mainly in Global Wealth Management Americas; and additional net expenses of USD 14m from book quality and size changes, mainly across corporate and real estate lending portfolios of Personal & Corporate Banking.

Stage 3 net credit loss releases were USD 9m, driven by a release of USD 26m in the Investment Bank, including a reduction of the allowance for a single defaulted travel-industry-related counterparty (USD 28m), mainly due to improved cash flow assumptions. Personal & Corporate Banking, Global Wealth Management and Non-core legacy contributed net expenses of USD 8m, USD 6m and USD 2m, respectively.

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

Scenarios

The expected credit loss (ECL) scenarios, along with the related macroeconomic factors, were reviewed in light of the economic and political conditions prevailing in the second quarter of 2022 through a series of governance meetings, with input and feedback from UBS Risk and Finance experts across the business divisions and regions.

The baseline scenario assumptions on a calendar-year basis are included in the table below and outline a weaker economic forecast for 2022 compared with 2021.

As a response to inflationary developments and Russia's invasion of Ukraine, in the first quarter of 2022, UBS replaced the mild global interest rate steepening scenario applied at year-end 2021 with the severe global interest rate steepening scenario. The aim was to reflect the rising trend in inflation and ongoing tightening of monetary policy measures, which would lead to substantially lower GDP growth in key markets. For the second quarter of 2022, a new severe Russia–Ukraine conflict scenario was developed. It has similar dynamics to the severe global interest rate steepening scenario, but includes an escalating energy crisis and disruptions in the delivery of Russian energy. These factors result in surging commodity prices and accelerated inflation in major economies compared with the severe global interest rate steepening scenario. Eurozone economic activity in particular is impacted in this scenario, due to the region's reliance on its supply of energy from Russia.

The global crisis scenario and the asset price inflation scenario were updated with current macroeconomic factors, but remain materially unchanged.

Note 7 Expected credit loss measurement (continued)

Scenario weights

UBS kept scenario weights in line with those applied in the first quarter of 2022, with the 25% weight previously assigned to the severe global interest rate steepening scenario instead applied to the replacement severe Russia–Ukraine conflict scenario. Scenario weights applied in the second and first quarters of 2022 differ from those applied for annual reporting 2021, in order to account for the more adverse outlook.

Post-model adjustments

Total stage 1 and 2 allowances and provisions amounted to USD 517m as of 30 June 2022 and include post-model adjustments (PMA) of USD 155m (31 March 2022: USD 204m; 31 December 2021: USD 224m).

The PMA represent uncertainty and risk related to substantially heightened geopolitical tensions and the continued COVID-19 pandemic, which cannot be fully and reliably modeled due to a lack of sufficiently supportable data.

The PMA were reduced during the first and second quarters of 2022 as the application of different and more adverse scenarios and scenario assumptions in UBS's models addressed some of the uncertainties that had been reflected in the PMA in prior periods.

Comparison of shock factors

	Baseline		
Key parameters	2021	2022	2023
Real GDP growth (annual percentage change)			
US	5.5	2.9	2.4
Eurozone	5.1	2.9	2.2
Switzerland	3.1	2.5	1.5
Unemployment rate (%, annual average)			
US	5.4	3.5	3.2
Eurozone	7.7	6.8	6.8
Switzerland	3.0	2.1	1.9
Real estate (annual percentage change, Q4)			
US	16.1	2.0	1.7
Eurozone	7.9	5.0	1.7
Switzerland	6.0	4.0	0.0

Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	30.6.22	31.3.22	31.12.21
Upside	0.0	0.0	5.0
Baseline	55.0	55.0	55.0
Mild global interest rate steepening	-	-	10.0
Severe global interest rate steepening	-	25.0	-
Severe Russia–Ukraine conflict scenario	25.0	-	-
Global crisis	20.0	20.0	30.0

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

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

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

USD m	30.6.22							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Cash and balances at central banks	190,353	190,296	57	0	(13)	0	(13)	0
Loans and advances to banks	16,596	16,479	117	0	(8)	(7)	(1)	0
Receivables from securities financing transactions	63,291	63,291	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	43,763	43,763	0	0	0	0	0	0
Loans and advances to customers	383,898	366,452	15,759	1,686	(793)	(128)	(163)	(501)
of which: Private clients with mortgages	*150,884*	*142,050*	*8,064*	*770*	*(126)*	*(27)*	*(72)*	*(27)*
of which: Real estate financing	*43,291*	*39,358*	*3,925*	*7*	*(59)*	*(17)*	*(42)*	*0*
of which: Large corporate clients	*12,208*	*10,791*	*1,088*	*329*	*(141)*	*(27)*	*(17)*	*(98)*
of which: SME clients	*13,309*	*11,744*	*1,167*	*397*	*(249)*	*(22)*	*(22)*	*(205)*
of which: Lombard	*140,333*	*140,251*	*0*	*82*	*(37)*	*(7)*	*0*	*(29)*
of which: Credit cards	*1,760*	*1,384*	*349*	*27*	*(36)*	*(10)*	*(9)*	*(17)*
of which: Commodity trade finance	*3,699*	*3,686*	*0*	*12*	*(94)*	*(5)*	*0*	*(89)*
Other financial assets measured at amortized cost[2]	37,528	36,977	391	160	(99)	(18)	(7)	(74)
of which: Loans to financial advisors	*2,447*	*2,171*	*144*	*132*	*(78)*	*(11)*	*(2)*	*(64)*
Total financial assets measured at amortized cost	735,428	717,257	16,325	1,846	(915)	(155)	(184)	(575)
Financial assets measured at fair value through other comprehensive income[2]	2,251	2,251	0	0	0	0	0	0
Total on-balance sheet financial assets in scope of ECL requirements	737,679	719,508	16,325	1,846	(915)	(155)	(184)	(575)

	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Guarantees	22,556	21,381	1,028	146	(40)	(16)	(9)	(15)
of which: Large corporate clients	*3,539*	*2,710*	*734*	*95*	*(10)*	*(3)*	*(3)*	*(4)*
of which: SME clients	*1,213*	*1,034*	*128*	*51*	*(9)*	*(1)*	*(1)*	*(7)*
of which: Financial intermediaries and hedge funds	*12,113*	*12,021*	*92*	*0*	*(16)*	*(11)*	*(5)*	*0*
of which: Lombard	*2,332*	*2,332*	*0*	*0*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*2,388*	*2,387*	*0*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	37,703	35,308	2,359	37	(113)	(67)	(46)	0
of which: Large corporate clients	*22,649*	*21,001*	*1,642*	*6*	*(94)*	*(60)*	*(34)*	*0*
Forward starting reverse repurchase and securities borrowing agreements	3,985	3,985	0	0	0	0	0	0
Committed unconditionally revocable credit lines	39,756	37,407	2,306	42	(37)	(27)	(10)	0
of which: Real estate financing	*9,123*	*8,931*	*193*	*0*	*(5)*	*(5)*	*0*	*0*
of which: Large corporate clients	*4,354*	*3,662*	*687*	*5*	*(6)*	*(1)*	*(5)*	*0*
of which: SME clients	*4,660*	*4,240*	*392*	*29*	*(16)*	*(13)*	*(3)*	*0*
of which: Lombard	*7,697*	*7,693*	*0*	*4*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,162*	*8,725*	*433*	*3*	*(6)*	*(4)*	*(2)*	*0*
of which: Commodity trade finance	*172*	*172*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	5,156	5,136	18	2	(2)	(2)	0	0
Total off-balance sheet financial instruments and other credit lines	109,156	103,217	5,712	228	(192)	(112)	(66)	(15)
Total allowances and provisions					(1,107)	(267)	(250)	(590)

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

Note 7 Expected credit loss measurement (continued)

USD m	31.3.22							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Cash and balances at central banks	206,773	206,728	46	0	(6)	0	(6)	0
Loans and advances to banks	17,914	17,850	65	0	(9)	(8)	(1)	0
Receivables from securities financing transactions	69,452	69,452	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	39,253	39,253	0	0	0	0	0	0
Loans and advances to customers	392,189	375,198	15,513	1,478	(801)	(121)	(155)	(525)
of which: Private clients with mortgages	*153,645*	*145,272*	*7,702*	*671*	*(126)*	*(27)*	*(71)*	*(28)*
of which: Real estate financing	*43,920*	*40,006*	*3,907*	*7*	*(57)*	*(17)*	*(40)*	*0*
of which: Large corporate clients	*13,432*	*11,966*	*1,169*	*296*	*(143)*	*(21)*	*(14)*	*(108)*
of which: SME clients	*13,911*	*11,995*	*1,508*	*407*	*(260)*	*(22)*	*(20)*	*(218)*
of which: Lombard	*144,398*	*144,374*	*0*	*24*	*(34)*	*(7)*	*0*	*(27)*
of which: Credit cards	*1,709*	*1,341*	*341*	*28*	*(36)*	*(10)*	*(9)*	*(17)*
of which: Commodity trade finance	*4,441*	*4,425*	*7*	*9*	*(103)*	*(6)*	*0*	*(96)*
Other financial assets measured at amortized cost	28,697	28,228	302	168	(109)	(27)	(7)	(75)
of which: Loans to financial advisors	*2,388*	*2,164*	*86*	*138*	*(86)*	*(20)*	*(3)*	*(63)*
Total financial assets measured at amortized cost	**754,279**	**736,708**	**15,925**	**1,646**	**(927)**	**(158)**	**(170)**	**(600)**
Financial assets measured at fair value through other comprehensive income	**9,093**	**9,093**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements	**763,371**	**745,800**	**15,925**	**1,646**	**(927)**	**(158)**	**(170)**	**(600)**

	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Guarantees	22,496	21,264	1,072	159	(66)	(17)	(10)	(39)
of which: Large corporate clients	*3,459*	*2,621*	*736*	*102*	*(32)*	*(3)*	*(4)*	*(26)*
of which: SME clients	*1,318*	*1,154*	*107*	*57*	*(11)*	*(1)*	*(1)*	*(9)*
of which: Financial intermediaries and hedge funds	*11,428*	*11,307*	*121*	*0*	*(16)*	*(12)*	*(5)*	*0*
of which: Lombard	*2,545*	*2,545*	*0*	*0*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*2,680*	*2,680*	*0*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	38,039	35,827	2,123	89	(112)	(68)	(44)	0
of which: Large corporate clients	*23,698*	*21,723*	*1,916*	*58*	*(98)*	*(63)*	*(35)*	*0*
Forward starting reverse repurchase and securities borrowing agreements	6,432	6,432	0	0	0	0	0	0
Committed unconditionally revocable credit lines	41,396	38,616	2,715	65	(40)	(30)	(10)	0
of which: Real estate financing	*9,621*	*9,343*	*278*	*0*	*(7)*	*(5)*	*(2)*	*0*
of which: Large corporate clients	*4,618*	*3,862*	*733*	*23*	*(5)*	*(2)*	*(3)*	*0*
of which: SME clients	*4,793*	*4,254*	*503*	*37*	*(15)*	*(12)*	*(3)*	*0*
of which: Lombard	*8,216*	*8,216*	*0*	*0*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,398*	*8,941*	*453*	*4*	*(6)*	*(5)*	*(2)*	*0*
of which: Commodity trade finance	*280*	*280*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	5,355	5,342	12	2	(2)	(2)	0	0
Total off-balance sheet financial instruments and other credit lines	**113,718**	**107,482**	**5,922**	**314**	**(221)**	**(117)**	**(64)**	**(39)**
Total allowances and provisions					**(1,148)**	**(275)**	**(234)**	**(639)**

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

Note 7 Expected credit loss measurement (continued)

USD m	31.12.21							
	Carrying amount[1]				ECL allowances			
Financial instruments measured at amortized cost	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Cash and balances at central banks	192,817	192,817	0	0	0	0	0	0
Loans and advances to banks	15,480	15,453	26	1	(8)	(7)	(1)	0
Receivables from securities financing transactions	75,012	75,012	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	30,514	30,514	0	0	0	0	0	0
Loans and advances to customers	397,761	380,564	15,620	1,577	(850)	(126)	(152)	(572)
of which: Private clients with mortgages	*152,479*	*143,505*	*8,262*	*711*	*(132)*	*(28)*	*(71)*	*(33)*
of which: Real estate financing	*43,945*	*40,463*	*3,472*	*9*	*(60)*	*(19)*	*(40)*	*0*
of which: Large corporate clients	*13,990*	*12,643*	*1,037*	*310*	*(170)*	*(22)*	*(16)*	*(133)*
of which: SME clients	*14,004*	*12,076*	*1,492*	*436*	*(259)*	*(19)*	*(15)*	*(225)*
of which: Lombard	*149,283*	*149,255*	*0*	*27*	*(33)*	*(6)*	*0*	*(28)*
of which: Credit cards	*1,716*	*1,345*	*342*	*29*	*(36)*	*(10)*	*(9)*	*(17)*
of which: Commodity trade finance	*3,813*	*3,799*	*7*	*7*	*(114)*	*(6)*	*0*	*(108)*
Other financial assets measured at amortized cost	26,209	25,718	302	189	(109)	(27)	(7)	(76)
of which: Loans to financial advisors	*2,453*	*2,184*	*106*	*163*	*(86)*	*(19)*	*(3)*	*(63)*
Total financial assets measured at amortized cost	**737,794**	**720,079**	**15,948**	**1,767**	**(969)**	**(161)**	**(160)**	**(647)**
Financial assets measured at fair value through other comprehensive income	**8,844**	**8,844**	**0**	**0**	**0**	**0**	**0**	**0**
Total on-balance sheet financial assets in scope of ECL requirements	**746,638**	**728,923**	**15,948**	**1,767**	**(969)**	**(161)**	**(160)**	**(647)**

	Total exposure				ECL provisions			
Off-balance sheet (in scope of ECL)	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Guarantees	20,972	19,695	1,127	150	(41)	(18)	(8)	(15)
of which: Large corporate clients	*3,464*	*2,567*	*793*	*104*	*(6)*	*(3)*	*(3)*	*0*
of which: SME clients	*1,353*	*1,143*	*164*	*46*	*(8)*	*(1)*	*(1)*	*(7)*
of which: Financial intermediaries and hedge funds	*9,575*	*9,491*	*84*	*0*	*(17)*	*(13)*	*(4)*	*0*
of which: Lombard	*2,454*	*2,454*	*0*	*0*	*(1)*	*0*	*0*	*(1)*
of which: Commodity trade finance	*3,137*	*3,137*	*0*	*0*	*(1)*	*(1)*	*0*	*0*
Irrevocable loan commitments	39,478	37,097	2,335	46	(114)	(72)	(42)	0
of which: Large corporate clients	*23,922*	*21,811*	*2,102*	*9*	*(100)*	*(66)*	*(34)*	*0*
Forward starting reverse repurchase and securities borrowing agreements	1,444	1,444	0	0	0	0	0	0
Committed unconditionally revocable credit lines	40,778	38,207	2,508	63	(38)	(28)	(10)	0
of which: Real estate financing	*7,328*	*7,046*	*281*	*0*	*(5)*	*(4)*	*(1)*	*0*
of which: Large corporate clients	*5,358*	*4,599*	*736*	*23*	*(7)*	*(4)*	*(3)*	*0*
of which: SME clients	*5,160*	*4,736*	*389*	*35*	*(15)*	*(11)*	*(3)*	*0*
of which: Lombard	*8,670*	*8,670*	*0*	*0*	*0*	*0*	*0*	*0*
of which: Credit cards	*9,466*	*9,000*	*462*	*4*	*(6)*	*(5)*	*(2)*	*0*
of which: Commodity trade finance	*117*	*117*	*0*	*0*	*0*	*0*	*0*	*0*
Irrevocable committed prolongation of existing loans	5,611	5,527	36	48	(3)	(3)	0	0
Total off-balance sheet financial instruments and other credit lines	**108,284**	**101,971**	**6,006**	**307**	**(196)**	**(121)**	**(60)**	**(15)**
Total allowances and provisions					**(1,165)**	**(282)**	**(220)**	**(662)**

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

Note 7 Expected credit loss measurement (continued)

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

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

Coverage ratios for core loan portfolio 30.6.22

	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	151,010	142,077	8,136	798	8	2	88	7	342
Real estate financing	43,350	39,375	3,967	8	14	4	106	14	505
Total real estate lending	194,360	181,452	12,103	805	10	2	94	8	344
Large corporate clients	12,349	10,818	1,105	427	114	25	153	37	2,286
SME clients	13,558	11,766	1,190	602	184	19	187	34	3,400
Total corporate lending	25,907	22,584	2,294	1,029	151	22	170	35	2,938
Lombard	140,370	140,259	0	111	3	1	0	1	2,641
Credit cards	1,796	1,394	359	43	201	72	263	111	3,805
Commodity trade finance	3,793	3,692	0	101	248	15	0	15	8,768
Other loans and advances to customers	18,466	17,201	1,167	98	28	8	7	8	3,796
Loans to financial advisors	2,525	2,182	147	196	307	50	163	57	3,278
Total other lending	166,949	164,728	1,672	549	18	3	76	4	4,293
Total[1]	387,216	368,763	16,069	2,383	22	4	103	8	2,373

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	6,860	6,658	199	3	4	3	9	3	786
Real estate financing	10,336	10,126	210	0	11	6	232	11	0
Total real estate lending	17,196	16,784	409	3	8	5	123	8	786
Large corporate clients	30,750	27,581	3,062	107	36	23	136	35	368
SME clients	7,301	6,603	589	109	45	23	178	36	649
Total corporate lending	38,051	34,184	3,651	216	37	23	143	35	510
Lombard	12,931	12,927	0	4	1	0	0	0	0
Credit cards	9,162	8,725	433	3	7	5	36	7	0
Commodity trade finance	2,615	2,615	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	16,668	16,151	517	0	11	7	129	11	0
Other off-balance sheet commitments	8,548	7,845	701	2	11	8	5	8	0
Total other lending	49,924	48,264	1,651	9	7	5	52	7	0
Total[2]	105,171	99,232	5,712	228	18	11	115	17	644

1 Includes Loans and advances to customers of USD 384,691m and Loans to financial advisors of USD 2,525m, which are presented on the balance sheet line Other assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements.

Note 7 Expected credit loss measurement (continued)

Coverage ratios for core loan portfolio — 31.3.22

	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	153,771	145,299	7,773	699	8	2	91	6	403
Real estate financing	43,977	40,023	3,947	7	13	4	102	13	455
Total real estate lending	197,748	185,321	11,720	707	9	2	95	8	404
Large corporate clients	13,574	11,987	1,184	404	105	17	122	27	2,666
SME clients	14,170	12,017	1,528	626	183	18	130	31	3,489
Total corporate lending	27,745	24,004	2,712	1,029	145	18	127	29	3,166
Lombard	144,432	144,381	0	51	2	0	0	0	5,326
Credit cards	1,745	1,351	350	44	204	72	256	110	3,803
Commodity trade finance	4,544	4,432	7	105	226	14	2	14	9,157
Other loans and advances to customers	16,776	15,831	879	66	25	8	9	8	4,517
Loans to financial advisors	2,473	2,184	88	201	347	92	322	101	3,132
Total other lending	169,970	168,178	1,325	468	18	3	95	4	4,986
Total[1]	**395,463**	**377,503**	**15,757**	**2,204**	**22**	**4**	**100**	**8**	**2,667**

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	7,972	7,733	236	3	3	3	7	3	241
Real estate financing	10,787	10,499	287	0	9	6	118	9	0
Total real estate lending	18,759	18,232	523	3	7	5	68	7	241
Large corporate clients	31,774	28,206	3,384	183	43	24	124	35	1,410
SME clients	7,512	6,693	700	119	48	23	159	36	791
Total corporate lending	39,286	34,899	4,084	303	44	24	130	35	1,166
Lombard	13,761	13,761	0	0	1	0	0	0	0
Credit cards	9,398	8,941	453	4	7	5	34	7	0
Commodity trade finance	2,960	2,960	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	10,739	10,141	598	0	16	12	83	16	0
Other off-balance sheet commitments	12,384	12,115	265	4	9	5	40	6	0
Total other lending	49,241	47,918	1,315	8	8	5	58	7	0
Total[2]	**107,286**	**101,049**	**5,922**	**314**	**21**	**12**	**108**	**17**	**1,255**

1 Includes Loans and advances to customers of USD 392,990m and Loans to financial advisors of USD 2,473m, which are presented on the balance sheet line Other assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements.

Coverage ratios for core loan portfolio — 31.12.21

	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	152,610	143,533	8,333	744	9	2	85	6	446
Real estate financing	44,004	40,483	3,512	10	14	5	114	14	231
Total real estate lending	196,615	184,016	11,845	754	10	3	94	8	443
Large corporate clients	14,161	12,665	1,053	443	120	18	148	28	2,997
SME clients	14,263	12,095	1,507	661	182	16	103	25	3,402
Total corporate lending	28,424	24,760	2,560	1,104	151	17	121	26	3,240
Lombard	149,316	149,261	0	55	2	0	0	0	5,026
Credit cards	1,752	1,355	351	46	204	72	255	109	3,735
Commodity trade finance	3,927	3,805	7	115	290	15	3	15	9,388
Other loans and advances to customers	18,578	17,493	1,010	75	25	9	15	10	3,730
Loans to financial advisors	2,539	2,203	109	226	338	88	303	99	2,791
Total other lending	176,111	174,117	1,477	517	18	3	93	4	4,718
Total[1]	**401,150**	**382,893**	**15,882**	**2,374**	**23**	**4**	**98**	**8**	**2,673**

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	9,123	8,798	276	49	3	3	9	3	15
Real estate financing	8,766	8,481	285	0	9	7	88	9	0
Total real estate lending	17,889	17,278	562	49	6	5	49	6	15
Large corporate clients	32,748	28,981	3,630	136	34	25	110	35	1
SME clients	8,077	7,276	688	114	38	19	151	30	585
Total corporate lending	40,826	36,258	4,318	250	35	24	117	34	266
Lombard	14,438	14,438	0	0	1	0	0	0	0
Credit cards	9,466	9,000	462	4	7	5	34	7	0
Commodity trade finance	3,262	3,262	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	12,153	11,784	369	0	15	12	120	15	0
Other off-balance sheet commitments	8,806	8,507	296	4	15	6	30	7	0
Total other lending	48,126	46,991	1,127	8	9	5	61	7	0
Total[2]	**106,840**	**100,527**	**6,006**	**307**	**18**	**12**	**100**	**17**	**486**

1 Includes Loans and advances to customers of USD 398,611m and Loans to financial advisors of USD 2,539m, which are presented on the balance sheet line Other assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements.

Note 8 Fair value measurement

a) Fair value hierarchy

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

During the first six months of 2022, assets and liabilities transferred from Level 2 to Level 1, or from Level 1 to Level 2, that were held for the entire reporting period, were not material.

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

	30.6.22				31.3.22				31.12.21			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis												
Financial assets at fair value held for trading	85,270	12,314	1,923	99,507	97,078	15,044	2,623	114,744	113,697	14,825	2,299	130,821
of which: Equity instruments	*70,284*	*982*	*85*	*71,351*	*82,256*	*512*	*278*	*83,047*	*97,958*	*1,090*	*149*	*99,197*
of which: Government bills / bonds	*8,633*	*1,409*	*9*	*10,052*	*7,579*	*1,491*	*10*	*9,080*	*7,135*	*1,351*	*10*	*8,496*
of which: Investment fund units	*5,728*	*1,040*	*18*	*6,786*	*6,495*	*2,030*	*16*	*8,541*	*7,843*	*1,364*	*21*	*9,229*
of which: Corporate and municipal bonds	*619*	*7,056*	*673*	*8,349*	*741*	*8,949*	*611*	*10,301*	*708*	*7,604*	*556*	*8,868*
of which: Loans	*0*	*1,553*	*1,010*	*2,563*	*0*	*1,726*	*1,577*	*3,303*	*0*	*3,099*	*1,443*	*4,542*
of which: Asset-backed securities	*5*	*274*	*128*	*407*	*6*	*336*	*131*	*473*	*53*	*317*	*120*	*489*
Derivative financial instruments	1,185	157,586	1,753	160,524	1,511	137,115	1,683	140,309	522	116,479	1,140	118,142
of which: Foreign exchange	*527*	*82,845*	*3*	*83,375*	*749*	*66,803*	*6*	*67,558*	*255*	*53,043*	*7*	*53,305*
of which: Interest rate	*0*	*37,930*	*351*	*38,281*	*0*	*36,372*	*772*	*37,144*	*0*	*32,747*	*494*	*33,241*
of which: Equity / index	*0*	*33,266*	*680*	*33,946*	*0*	*29,477*	*450*	*29,927*	*0*	*27,861*	*384*	*28,245*
of which: Credit derivatives	*0*	*1,446*	*640*	*2,087*	*0*	*1,392*	*338*	*1,730*	*0*	*1,179*	*236*	*1,414*
of which: Commodities	*0*	*1,936*	*76*	*2,013*	*0*	*2,886*	*58*	*2,944*	*0*	*1,590*	*16*	*1,606*
Brokerage receivables	0	19,289	0	19,289	0	20,762	0	20,762	0	21,839	0	21,839
Financial assets at fair value not held for trading	20,844	32,623	4,171	57,637	25,704	31,262	4,033	60,999	27,278	28,622	4,180	60,080
of which: Financial assets for unit-linked investment contracts	*14,341*	*0*	*8*	*14,348*	*18,475*	*0*	*1*	*18,476*	*21,110*	*187*	*6*	*21,303*
of which: Corporate and municipal bonds	*131*	*14,361*	*249*	*14,741*	*137*	*12,665*	*288*	*13,090*	*123*	*13,937*	*306*	*14,366*
of which: Government bills / bonds	*5,954*	*4,607*	*0*	*10,561*	*6,713*	*4,561*	*0*	*11,274*	*5,624*	*3,236*	*0*	*8,860*
of which: Loans	*0*	*3,301*	*976*	*4,277*	*0*	*3,815*	*869*	*4,684*	*0*	*4,982*	*892*	*5,874*
of which: Securities financing transactions	*0*	*9,881*	*108*	*9,989*	*0*	*9,677*	*100*	*9,776*	*0*	*5,704*	*100*	*5,804*
of which: Auction rate securities	*0*	*0*	*1,644*	*1,644*	*0*	*0*	*1,635*	*1,635*	*0*	*0*	*1,585*	*1,585*
of which: Investment fund units	*317*	*471*	*112*	*901*	*291*	*544*	*112*	*947*	*338*	*574*	*117*	*1,028*
of which: Equity instruments	*101*	*0*	*721*	*822*	*89*	*0*	*699*	*788*	*83*	*2*	*681*	*765*
Financial assets measured at fair value through other comprehensive income on a recurring basis												
Financial assets measured at fair value through other comprehensive income	55	2,196	0	2,251	2,341	6,751	0	9,093	2,704	6,140	0	8,844
of which: Asset-backed securities[2]	*0*	*0*	*0*	*0*	*0*	*4,639*	*0*	*4,639*	*0*	*4,849*	*0*	*4,849*
of which: Government bills / bonds[2]	*0*	*18*	*0*	*18*	*2,293*	*19*	*0*	*2,312*	*2,658*	*27*	*0*	*2,686*
of which: Corporate and municipal bonds	*55*	*2,178*	*0*	*2,233*	*48*	*2,093*	*0*	*2,141*	*45*	*1,265*	*0*	*1,310*
Non-financial assets measured at fair value on a recurring basis												
Precious metals and other physical commodities	4,377	0	0	4,377	4,626	0	0	4,626	5,258	0	0	5,258
Non-financial assets measured at fair value on a non-recurring basis												
Other non-financial assets[3]	0	0	105	105	0	0	24	24	0	0	26	26
Total assets measured at fair value	111,730	224,008	7,951	343,689	131,261	210,934	8,363	350,557	149,459	187,905	7,645	345,010

Note 8 Fair value measurement (continued)

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

	30.6.22				31.3.22				31.12.21			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value on a recurring basis												
Financial liabilities at fair value held for trading	24,393	5,932	125	30,450	26,770	7,841	76	34,687	25,413	6,170	105	31,688
of which: Equity instruments	*16,323*	*440*	*89*	*16,852*	*19,390*	*328*	*61*	*19,778*	*18,328*	*513*	*83*	*18,924*
of which: Corporate and municipal bonds	*39*	*4,159*	*33*	*4,231*	*32*	*5,728*	*15*	*5,775*	*30*	*4,219*	*17*	*4,266*
of which: Government bills / bonds	*6,979*	*1,049*	*0*	*8,028*	*6,857*	*1,047*	*0*	*7,905*	*5,883*	*826*	*0*	*6,709*
of which: Investment fund units	*1,051*	*261*	*2*	*1,314*	*491*	*695*	*1*	*1,187*	*1,172*	*555*	*6*	*1,733*
Derivative financial instruments	1,293	153,884	1,711	156,888	1,505	135,069	1,869	138,443	509	118,558	2,242	121,309
of which: Foreign exchange	*486*	*81,982*	*26*	*82,494*	*737*	*65,303*	*33*	*66,073*	*258*	*53,800*	*21*	*54,078*
of which: Interest rate	*0*	*34,585*	*96*	*34,681*	*0*	*33,518*	*221*	*33,739*	*0*	*28,398*	*278*	*28,675*
of which: Equity / index	*0*	*33,561*	*1,076*	*34,638*	*0*	*32,182*	*1,142*	*33,324*	*0*	*33,438*	*1,511*	*34,949*
of which: Credit derivatives	*0*	*1,448*	*373*	*1,820*	*0*	*1,421*	*370*	*1,791*	*0*	*1,412*	*341*	*1,753*
of which: Commodities	*0*	*2,107*	*76*	*2,183*	*0*	*2,530*	*74*	*2,604*	*0*	*1,503*	*63*	*1,566*
Financial liabilities designated at fair value on a recurring basis												
Brokerage payables designated at fair value	0	49,798	0	49,798	0	48,015	0	48,015	0	44,045	0	44,045
Debt issued designated at fair value	0	60,270	11,994	72,264	0	58,798	12,672	71,470	0	59,606	14,194	73,799
Other financial liabilities designated at fair value	0	27,684	881	28,566	0	29,346	979	30,325	0	29,258	816	30,074
of which: Financial liabilities related to unit-linked investment contracts	*0*	*14,503*	*0*	*14,503*	*0*	*18,661*	*0*	*18,661*	*0*	*21,466*	*0*	*21,466*
of which: Securities financing transactions	*0*	*12,024*	*2*	*12,026*	*0*	*9,386*	*2*	*9,388*	*0*	*6,375*	*2*	*6,377*
of which: Over-the-counter debt instruments	*0*	*1,157*	*879*	*2,036*	*0*	*1,299*	*970*	*2,269*	*0*	*1,334*	*794*	*2,128*
Total liabilities measured at fair value	25,686	297,569	14,711	337,966	28,275	279,069	15,596	322,940	25,922	257,637	17,357	300,916

1 Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are not included in this table. The fair value of these derivatives was not material for the periods presented. 2 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 1 for more information. 3 Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

b) Valuation adjustments

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

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

Deferred day-1 profit or loss reserves

	For the quarter ended			Year-to-date	
USD m	30.6.22	31.3.22	30.6.21	30.6.22	30.6.21
Reserve balance at the beginning of the period	425	418	387	418	269
Profit / (loss) deferred on new transactions	86	75	97	161	278
(Profit) / loss recognized in the income statement	(58)	(69)	(79)	(127)	(142)
Foreign currency translation	(1)	0	0	(1)	(1)
Reserve balance at the end of the period	451	425	405	451	405

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

Other valuation adjustment reserves on the balance sheet

	As of		
Life-to-date gain / (loss), USD m	30.6.22	31.3.22	31.12.21
Own credit adjustments on financial liabilities designated at fair value	406	114	(315)
of which: debt issued designated at fair value	*308*	*29*	*(347)*
of which: other financial liabilities designated at fair value	*98*	*85*	*32*
Credit valuation adjustments[1]	(36)	(45)	(44)
Funding valuation adjustments	(8)	(41)	(49)
Debit valuation adjustments	5	4	2
Other valuation adjustments	(869)	(887)	(913)
of which: liquidity	*(326)*	*(343)*	*(341)*
of which: model uncertainty	*(543)*	*(544)*	*(571)*

1 Amount does not include reserves against defaulted counterparties.

c) Level 3 instruments: valuation techniques and inputs

The table below presents material Level 3 assets and liabilities, together with the valuation techniques used to measure fair value, as well as the inputs used in a given valuation technique that are considered significant as of 30 June 2022 and unobservable, and a range of values for those unobservable inputs.

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

The significant unobservable inputs disclosed in the table below are consistent with those included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

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

	Fair value						Range of inputs						
	Assets		Liabilities				30.6.22			31.12.21			
USD bn	30.6.22	31.12.21	30.6.22	31.12.21	Valuation technique(s)	Significant unobservable input(s)[1]	low	high	weighted average[2]	low	high	weighted average[2]	unit[1]
Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading													
Corporate and municipal bonds	*0.9*	*0.9*	*0.0*	*0.0*	Relative value to market comparable	Bond price equivalent	14	103	88	16	143	98	points
					Discounted expected cash flows	Discount margin	447	447		434	434		basis points
Traded loans, loans measured at fair value, loan commitments and guarantees	*2.3*	*2.8*	*0.0*	*0.0*	Relative value to market comparable	Loan price equivalent	20	100	98	0	101	99	points
					Discounted expected cash flows	Credit spread	200	800	374	175	800	436	basis points
					Market comparable and securitization model	Credit spread	125	1,423	329	28	1,544	241	basis points
Auction rate securities	*1.6*	*1.6*			Discounted expected cash flows	Credit spread	115	197	154	115	197	153	basis points
Investment fund units[3]	*0.1*	*0.1*	*0.0*	*0.0*	Relative value to market comparable	Net asset value							
Equity instruments[3]	*0.8*	*0.8*	*0.1*	*0.1*	Relative value to market comparable	Price							
Debt issued designated at fair value[4]			12.0	14.2									
Other financial liabilities designated at fair value			0.9	0.8	Discounted expected cash flows	Funding spread	25	175		24	175		basis points
Derivative financial instruments													
Interest rate	*0.4*	*0.5*	*0.1*	*0.3*	Option model	Volatility of interest rates	67	155		65	81		basis points
Credit derivatives	*0.6*	*0.2*	*0.4*	*0.3*	Discounted expected cash flows	Credit spreads	6	416		1	583		basis points
						Bond price equivalent	3	185		2	136		points
Equity / index	*0.7*	*0.4*	*1.1*	*1.5*	Option model	Equity dividend yields	0	12		0	11		%
						Volatility of equity stocks, equity and other indices	3	145		4	98		%
						Equity-to-FX correlation	(29)	84		(29)	76		%
						Equity-to-equity correlation	(25)	100		(25)	100		%

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

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

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

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

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

	30.6.22		31.3.22		31.12.21	
USD m	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Traded loans, loans designated at fair value, loan commitments and guarantees	25	(32)	15	(20)	19	(13)
Securities financing transactions	53	(55)	47	(52)	41	(53)
Auction rate securities	79	(79)	79	(79)	66	(66)
Asset-backed securities	25	(19)	25	(18)	20	(20)
Equity instruments	177	(152)	170	(144)	173	(146)
Interest rate derivatives, net	41	(54)	69	(62)	29	(19)
Credit derivatives, net	7	(6)	8	(7)	5	(8)
Foreign exchange derivatives, net	11	(7)	16	(9)	19	(11)
Equity / index derivatives, net	382	(374)	410	(367)	368	(335)
Other	71	(98)	53	(81)	50	(73)
Total	869	(877)	892	(839)	790	(744)

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

e) Level 3 instruments: movements during the period

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

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

Movements of Level 3 instruments

USD bn	Balance at the beginning of the period	Net gains / losses included in comprehensive income[1]	*of which: related to instruments held at the end of the period*	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance at the end of the period
For the six months ended 30 June 2022[2]											
Financial assets at fair value held for trading	2.3	(0.1)	*(0.2)*	0.3	(1.3)	1.0	0.0	0.1	(0.3)	(0.0)	1.9
of which: Investment fund units	*0.0*	*(0.0)*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.0*
of which: Corporate and municipal bonds	*0.6*	*(0.0)*	*(0.0)*	*0.2*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.7*
of which: Loans	*1.4*	*(0.1)*	*(0.1)*	*0.0*	*(1.2)*	*1.0*	*0.0*	*0.0*	*(0.2)*	*(0.0)*	*1.0*
Derivative financial instruments – assets	1.1	0.5	*0.6*	0.0	0.0	0.5	(0.4)	0.2	(0.2)	(0.0)	1.8
of which: Interest rate	*0.5*	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.1*	*(0.1)*	*(0.0)*	*0.4*
of which: Equity / index	*0.4*	*0.3*	*0.3*	*0.0*	*0.0*	*0.2*	*(0.2)*	*0.0*	*(0.0)*	*(0.0)*	*0.7*
of which: Credit derivatives	*0.2*	*0.1*	*0.1*	*0.0*	*0.0*	*0.2*	*(0.0)*	*0.1*	*0.0*	*0.0*	*0.6*
Financial assets at fair value not held for trading	4.2	0.1	*0.1*	0.6	(0.6)	0.0	(0.0)	0.0	(0.1)	(0.1)	4.2
of which: Loans	*0.9*	*(0.0)*	*(0.0)*	*0.5*	*(0.2)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*(0.0)*	*1.0*
of which: Auction rate securities	*1.6*	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*
of which: Equity instruments	*0.7*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.7*
Derivative financial instruments – liabilities	2.2	(0.6)	*(0.6)*	0.0	0.0	0.9	(0.8)	0.1	(0.1)	(0.1)	1.7
of which: Interest rate	*0.3*	*(0.2)*	*(0.2)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*0.0*	*(0.0)*	*0.1*
of which: Equity / index	*1.5*	*(0.3)*	*(0.3)*	*0.0*	*0.0*	*0.6*	*(0.7)*	*0.0*	*(0.1)*	*(0.0)*	*1.1*
of which: Credit derivatives	*0.3*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*0.0*	*0.1*	*(0.0)*	*(0.0)*	*0.4*
Debt issued designated at fair value	14.2	(2.5)	*(2.3)*	0.0	0.0	4.2	(2.7)	0.7	(1.5)	(0.4)	12.0
Other financial liabilities designated at fair value	0.8	(0.0)	*(0.0)*	0.0	0.0	0.2	(0.1)	0.0	(0.0)	(0.0)	0.9
For the six months ended 30 June 2021											
Financial assets at fair value held for trading	2.3	(0.0)	*(0.0)*	0.3	(0.8)	0.4	0.0	0.2	(0.2)	(0.0)	2.1
of which: Investment fund units	*0.0*	*(0.0)*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.0*
of which: Corporate and municipal bonds	*0.8*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*(0.0)*	*0.8*
of which: Loans	*1.1*	*0.0*	*0.0*	*0.1*	*(0.5)*	*0.4*	*0.0*	*0.0*	*(0.2)*	*0.0*	*1.0*
Derivative financial instruments – assets	1.8	(0.2)	*(0.1)*	0.0	0.0	0.5	(0.4)	(0.0)	(0.1)	(0.0)	1.5
of which: Interest rate	*0.5*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*0.0*	*(0.0)*	*0.3*
of which: Equity / index	*0.9*	*0.1*	*0.1*	*0.0*	*0.0*	*0.3*	*(0.4)*	*(0.0)*	*(0.1)*	*(0.0)*	*0.8*
of which: Credit derivatives	*0.3*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.3*
Financial assets at fair value not held for trading	3.9	0.1	*0.1*	0.7	(0.3)	0.0	0.0	0.1	(0.0)	(0.0)	4.5
of which: Loans	*0.9*	*(0.0)*	*0.0*	*0.4*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*1.1*
of which: Auction rate securities	*1.5*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*
of which: Equity instruments	*0.5*	*0.1*	*0.1*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.6*
Derivative financial instruments – liabilities	3.5	0.2	*(0.0)*	0.0	0.0	0.7	(1.2)	0.0	(0.2)	(0.0)	2.9
of which: Interest rate	*0.5*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*(0.0)*	*(0.0)*	*0.5*
of which: Equity / index	*2.3*	*0.4*	*0.2*	*0.0*	*0.0*	*0.5*	*(1.1)*	*0.0*	*(0.2)*	*(0.0)*	*1.9*
of which: Credit derivatives	*0.5*	*(0.2)*	*(0.2)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*(0.0)*	*(0.0)*	*0.4*
Debt issued designated at fair value	11.0	0.3	*0.2*	0.0	0.0	7.2	(2.9)	0.2	(0.8)	(0.2)	14.7
Other financial liabilities designated at fair value	0.7	(0.0)	*(0.0)*	0.0	0.0	0.1	(0.2)	0.0	(0.0)	(0.0)	0.6

1 Net gains / losses included in comprehensive income are recognized in Net interest income and Other net income from financial instruments measured at fair value through profit or loss in the Income statement, and also in Gains / (losses) from own credit on financial liabilities designated at fair value, before tax in the Statement of comprehensive income. 2 Total Level 3 assets as of 30 June 2022 were USD 8.0bn (31 December 2021: USD 7.6bn). Total Level 3 liabilities as of 30 June 2022 were USD 14.7bn (31 December 2021: USD 17.4bn).

Note 8 Fair value measurement (continued)

f) Financial instruments not measured at fair value

The table below reflects the estimated fair values of financial instruments not measured at fair value. Valuation principles applied when determining fair value estimates for financial instruments not measured at fair value are consistent with those described in "Note 21 Fair Value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

Financial instruments not measured at fair value

	30.6.22		31.3.22		31.12.21	
USD bn	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Cash and balances at central banks	190.4	190.4	206.8	206.8	192.8	192.8
Loans and advances to banks	16.6	16.6	17.9	17.9	15.5	15.5
Receivables from securities financing transactions	63.3	63.3	69.5	69.5	75.0	75.0
Cash collateral receivables on derivative instruments	43.8	43.8	39.3	39.3	30.5	30.5
Loans and advances to customers	383.9	373.6	392.2	386.2	397.8	396.9
Other financial assets measured at amortized cost[1]	37.5	36.0	28.7	28.2	26.2	26.5
Liabilities						
Amounts due to banks	15.2	15.2	16.6	16.6	13.1	13.1
Payables from securities financing transactions	6.0	6.0	7.1	7.1	5.5	5.5
Cash collateral payables on derivative instruments	40.5	40.5	39.6	39.6	31.8	31.8
Customer deposits	512.2	512.1	541.5	541.4	542.0	542.0
Debt issued measured at amortized cost	121.9	120.0	131.5	132.2	139.2	141.1
Other financial liabilities measured at amortized cost[2]	6.7	6.7	6.2	6.2	5.4	5.4

1 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 1 for more information. 2 Excludes lease liabilities.

Note 9 Derivative instruments

a) Derivative instruments

As of 30.6.22, USD bn	Derivative financial assets	Notional values related to derivative financial assets[1]	Derivative financial liabilities	Notional values related to derivative financial liabilities[1]	Other notional values[2]
Derivative financial instruments					
Interest rate	38.3	1,083	34.7	1,049	9,799
Credit derivatives	2.1	48	1.8	47	0
Foreign exchange	83.4	3,252	82.5	3,092	33
Equity / index	33.9	388	34.6	457	69
Commodities	2.0	78	2.2	70	16
Loan commitments measured at FVTPL	0.0	1	0.0	7	
Unsettled purchases of non-derivative financial instruments[3]	0.3	29	0.5	22	
Unsettled sales of non-derivative financial instruments[3]	0.5	30	0.5	24	
Total derivative financial instruments, based on IFRS netting[4]	160.5	4,910	156.9	4,769	9,916
Further netting potential not recognized on the balance sheet[5]	(146.5)		(141.0)		
of which: netting of recognized financial liabilities / assets	*(116.0)*		*(116.0)*		
of which: netting with collateral received / pledged	*(30.5)*		*(24.9)*		
Total derivative financial instruments, after consideration of further netting potential	14.0		15.9		
As of 31.3.22, USD bn					
Derivative financial instruments					
Interest rate	37.1	1,080	33.7	1,055	9,569
Credit derivatives	1.7	50	1.8	48	0
Foreign exchange	67.6	3,315	66.1	3,183	20
Equity / index	29.9	477	33.3	566	80
Commodities	2.9	82	2.6	65	17
Loan commitments measured at FVTPL	0.0	1	0.0	5	
Unsettled purchases of non-derivative financial instruments[3]	0.3	26	0.5	30	
Unsettled sales of non-derivative financial instruments[3]	0.7	45	0.4	18	
Total derivative financial instruments, based on IFRS netting[4]	140.3	5,075	138.4	4,971	9,686
Further netting potential not recognized on the balance sheet[5]	(126.6)		(121.4)		
of which: netting of recognized financial liabilities / assets	*(101.7)*		*(101.7)*		
of which: netting with collateral received / pledged	*(25.0)*		*(19.7)*		
Total derivative financial instruments, after consideration of further netting potential	13.7		17.0		
As of 31.12.21, USD bn					
Derivative financial instruments					
Interest rate	33.2	991	28.7	943	8,675
Credit derivatives	1.4	45	1.8	46	0
Foreign exchange	53.3	3,031	54.1	2,939	1
Equity / index	28.2	457	34.9	604	80
Commodities	1.6	58	1.6	56	15
Loan commitments measured at FVTPL	0.0	1	0.0	8	
Unsettled purchases of non-derivative financial instruments[3]	0.1	13	0.2	11	
Unsettled sales of non-derivative financial instruments[3]	0.2	18	0.1	9	
Total derivative financial instruments, based on IFRS netting[4]	118.1	4,614	121.3	4,617	8,771
Further netting potential not recognized on the balance sheet[5]	(107.4)		(107.0)		
of which: netting of recognized financial liabilities / assets	*(88.9)*		*(88.9)*		
of which: netting with collateral received / pledged	*(18.5)*		*(18.1)*		
Total derivative financial instruments, after consideration of further netting potential	10.7		14.3		

1 In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional values of the netted derivative financial instruments are still presented on a gross basis. Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. 2 Other notional values relate to derivatives that are cleared through either a central counterparty or an exchange. The fair value of these derivatives is presented on the balance sheet net of the corresponding cash margin under Cash collateral receivables on derivative instruments and Cash collateral payables on derivative instruments and was not material for all periods presented. 3 Changes in the fair value of purchased and sold non-derivative financial instruments between trade date and settlement date are recognized as derivative financial instruments. 4 Financial assets and liabilities are presented net on the balance sheet if UBS has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 5 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.

Note 9 Derivative instruments (continued)

b) Cash collateral on derivative instruments

USD bn	Receivables 30.6.22	Payables 30.6.22	Receivables 31.3.22	Payables 31.3.22	Receivables 31.12.21	Payables 31.12.21
Cash collateral on derivative instruments, based on IFRS netting[1]	43.8	40.5	39.3	39.6	30.5	31.8
Further netting potential not recognized on the balance sheet[2]	(23.2)	(22.6)	(19.0)	(21.4)	(18.4)	(16.4)
of which: netting of recognized financial liabilities / assets	*(20.4)*	*(19.9)*	*(15.8)*	*(18.2)*	*(15.2)*	*(13.1)*
of which: netting with collateral received / pledged	*(2.8)*	*(2.8)*	*(3.2)*	*(3.2)*	*(3.3)*	*(3.3)*
Cash collateral on derivative instruments, after consideration of further netting potential	20.6	17.9	20.3	18.2	12.1	15.4

1 Financial assets and liabilities are presented net on the balance sheet if UBS has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 2 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.

Note 10 Other assets and liabilities

a) Other financial assets measured at amortized cost

USD m	30.6.22	31.3.22	31.12.21
Debt securities[1]	29,812	21,192	18,858
Loans to financial advisors	2,447	2,388	2,453
Fee- and commission-related receivables	1,970	1,953	1,972
Finance lease receivables	1,283	1,325	1,356
Settlement and clearing accounts	501	492	455
Accrued interest income	681	547	520
Other	833	801	594
Total other financial assets measured at amortized cost	37,528	28,697	26,209

1 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 1 for more information.

b) Other non-financial assets

USD m	30.6.22	31.3.22	31.12.21
Precious metals and other physical commodities	4,377	4,626	5,258
Deposits and collateral provided in connection with litigation, regulatory and similar matters[1]	2,150	2,280	1,526
Prepaid expenses	1,037	1,143	1,108
VAT and other tax receivables	440	469	638
Properties and other non-current assets held for sale	340	313	32
Assets of disposal groups held for sale	823	1,018	1,093
Other	817	731	621
Total other non-financial assets	9,984	10,581	10,277

1 Refer to Note 14 for more information.

c) Other financial liabilities measured at amortized cost

USD m	30.6.22	31.3.22	31.12.21
Other accrued expenses	1,711	1,780	1,876
Accrued interest expenses	1,195	822	1,094
Settlement and clearing accounts	1,882	1,691	1,304
Lease liabilities	3,252	3,422	3,558
Other	1,891	1,925	1,167
Total other financial liabilities measured at amortized cost	9,930	9,641	9,001

d) Other financial liabilities designated at fair value

USD m	30.6.22	31.3.22	31.12.21
Financial liabilities related to unit-linked investment contracts	14,503	18,661	21,466
Securities financing transactions	12,026	9,388	6,377
Over-the-counter debt instruments	2,036	2,269	2,128
Other	0	8	103
Total other financial liabilities designated at fair value	28,566	30,325	30,074

Note 10 Other assets and liabilities (continued)

e) Other non-financial liabilities

USD m	30.6.22	31.3.22	31.12.21
Compensation-related liabilities	5,421	4,818	7,257
of which: net defined benefit liability	*480*	*576*	*633*
Deferred tax liabilities	207	174	300
Current tax liabilities	973	947	1,398
VAT and other tax payables	643	772	590
Deferred income	245	260	240
Liabilities of disposal groups held for sale	1,351	1,289	1,298
Other	70	61	68
Total other non-financial liabilities	8,910	8,322	11,151

Note 11 Debt issued designated at fair value

USD m	30.6.22	31.3.22	31.12.21
Issued debt instruments			
Equity-linked[1]	39,629	44,252	47,059
Rates-linked	16,916	14,933	16,369
Credit-linked	2,147	1,951	1,723
Fixed-rate	5,411	3,727	2,868
Commodity-linked	4,640	3,995	2,911
Other	3,523	2,612	2,868
of which: debt that contributes to total loss-absorbing capacity	*1,864*	*1,990*	*2,136*
Total debt issued designated at fair value	72,264	71,470	73,799
of which: issued by UBS AG with original maturity greater than one year[2]	*56,308*	*55,739*	*57,967*

1 Includes investment fund unit-linked instruments issued. 2 Based on original contractual maturity without considering any early redemption features. As of 30 June 2022, 100% of the balance was unsecured (31 March 2022: 100%; 31 December 2021: 100%).

Note 12 Debt issued measured at amortized cost

USD m	30.6.22	31.3.22	31.12.21
Short-term debt[1]	31,525	37,539	43,098
Senior unsecured debt that contributes to total loss-absorbing capacity (TLAC)	41,469	41,479	38,984
Senior unsecured debt other than TLAC	21,421	23,024	27,590
of which: issued by UBS AG with original maturity greater than one year[2]	*20,099*	*21,619*	*23,307*
Covered bonds		1,351	1,389
Subordinated debt	18,304	18,664	18,640
of which: high-trigger loss-absorbing additional tier 1 capital instruments	*12,076*	*12,372*	*11,052*
of which: low-trigger loss-absorbing additional tier 1 capital instruments	*1,219*	*1,236*	*2,425*
of which: low-trigger loss-absorbing tier 2 capital instruments	*2,471*	*2,507*	*2,596*
of which: non-Basel III-compliant tier 2 capital instruments	*538*	*543*	*547*
Debt issued through the Swiss central mortgage institutions	9,177	9,435	9,454
Long-term debt[3]	90,371	93,953	96,057
Total debt issued measured at amortized cost[4]	121,896	131,492	139,155

1 Debt with an original contractual maturity of less than one year, mainly consisting of certificates of deposit and commercial paper. 2 Based on original contractual maturity without considering any early redemption features. As of 30 June 2022, 100% of the balance was unsecured (31 March 2022: 100%; 31 December 2021: 100%). 3 Debt with an original contractual maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. 4 Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented.

Note 13 Interest rate benchmark reform

During 2022, UBS has continued to manage the transition to alternative reference rates (ARRs) under the oversight of the dedicated Group-wide forum, with an increased focus on the US region. The transition of non-USD interbank offered rates (IBORs) is largely complete, with efforts now focused on managing the transition of remaining USD LIBOR exposures.

On 15 March 2022, the US enacted federal legislation, the "Adjustable Interest Rate (LIBOR) Act," which is substantially based on, and supersedes, the New York State London Interbank Offered Rate (LIBOR) legislation. The Adjustable Interest Rate (LIBOR) Act provides a legislative solution for USD LIBOR legacy products governed by any US state law should such products fail to transition prior to the USD LIBOR cessation date of 30 June 2023.

Note 13 Interest rate benchmark reform (continued)

Non-derivative instruments

Most of the USD 21bn mortgages linked to CHF LIBOR that were outstanding as of 31 December 2021 were automatically transitioned to Swiss Average Rate Overnight (SARON) during the first quarter of 2022. A small number of transitions took place in the second quarter of 2022, with the remaining due to transition later in 2022, on their next roll date. Substantially all of the US securities-based lending outstanding as of 31 December 2021 was transitioned to Secured Overnight Financing Rate (SOFR) during the first quarter of 2022. In January 2022, UBS completed the transition of USD LIBOR-linked non-derivative balances related to brokerage accounts to SOFR. No other material transitions of USD LIBOR-linked contracts occurred in the first half of 2022.

Derivative instruments

UBS successfully transitioned the remaining non-USD IBOR derivatives not transacted through clearing houses or exchanges during the first quarter of 2022, which ensured an orderly transition when converting high volumes of transactions at the time of rate cessation. No material USD LIBOR-linked derivatives have transitioned in 2022.

Note 14 Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

USD m	30.6.22	31.3.22	31.12.21
Provisions other than provisions for expected credit losses	3,272	3,257	3,322
Provisions for expected credit losses[1]	192	221	196
Total provisions	3,465	3,478	3,518

1 Refer to Note 7c for more information.

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

USD m	Litigation, regulatory and similar matters[1]	Restructuring[2]	Other[3]	Total
Balance as of 31 December 2021	2,798	172	352	3,322
Balance as of 31 March 2022	2,758	159	340	3,257
Increase in provisions recognized in the income statement	235	67	15	318
Release of provisions recognized in the income statement	(14)	(7)	(5)	(27)
Provisions used in conformity with designated purpose	(101)	(72)	(6)	(178)
Foreign currency translation / unwind of discount	(80)	(5)	(13)	(98)
Balance as of 30 June 2022	2,799	142	331	3,272

1 Consists of provisions for losses resulting from legal, liability and compliance risks. 2 Primarily consists of personnel-related restructuring provisions of USD 102m as of 30 June 2022 (31 March 2022: USD 114m; 31 December 2021: USD 125m) and provisions for onerous contracts of USD 40m as of 30 June 2022 (31 March 2022: USD 45m; 31 December 2021: USD 47m). 3 Mainly includes provisions related to real estate, employee benefits and operational risks.

Restructuring provisions primarily relate to personnel-related provisions and onerous contracts. Personnel-related restructuring provisions are generally used within a short period of time. The level of personnel-related provisions can change when natural staff attrition reduces the number of people affected by a restructuring event, and therefore results in lower estimated costs. Onerous contracts for property are recognized when UBS is committed to pay for non-lease components, such as utilities, service charges, taxes and maintenance, when a property is vacated or not fully recovered from sub-tenants.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 14b. 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 due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 14a above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

Note 14 Provisions and contingent liabilities (continued)

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

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

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

USD m	Global Wealth Manage-ment	Personal & Corporate Banking	Asset Manage-ment	Investment Bank	Group Functions	Total
Balance as of 31 December 2021	1,338	181	8	310	962	2,798
Balance as of 31 March 2022	1,309	176	8	307	958	2,758
Increase in provisions recognized in the income statement	129	0	0	101	6	235
Release of provisions recognized in the income statement	(7)	0	0	(6)	(1)	(14)
Provisions used in conformity with designated purpose	(80)	0	0	(5)	(15)	(101)
Foreign currency translation / unwind of discount	(60)	(9)	0	(10)	(1)	(80)
Balance as of 30 June 2022	1,289	168	8	387	946	2,799

1 Provisions, if any, for the matters described in items 3 and 4 of this Note are recorded in Global Wealth Management, and provisions, if any, for the matters described in item 2 are recorded in Group Functions. Provisions, if any, for the matters described in items 1 and 6 of this Note are allocated between Global Wealth Management and Personal & Corporate Banking, provisions, if any, for the matters described in item 5 are allocated between the Investment Bank and Group Functions, and provisions, if any, for the matters described in item 7 are allocated between Global Wealth Management and Investment Bank.

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. It is possible that the implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future. UBS has received disclosure orders from the Swiss Federal Tax Administration (FTA) to transfer information based on requests for international administrative assistance in tax matters. The requests concern a number of UBS account numbers pertaining to current and former clients and are based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceedings and their procedural rights, including the right to appeal. The requests are based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests.

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.

On 20 February 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7bn on UBS AG and UBS (France) S.A. and awarded EUR 800m of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. On 13 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. The court also found UBS (France) SA guilty of the aiding and abetting of unlawful solicitation and ordered it to pay a fine of EUR 1.875m. UBS AG has filed an appeal with the French Supreme Court to preserve its rights. The notice of appeal enables UBS AG to thoroughly assess the verdict of the Court of Appeal and to determine next steps in the best interest of its stakeholders. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The civil damages award has been paid to the French state (EUR 99m of which was deducted from the bail), subject to the result of UBS's appeal.

Our balance sheet at 30 June 2022 reflected provisions with respect to this matter in an amount of EUR 1.1bn (USD 1.15bn). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

Our balance sheet at 30 June 2022 reflected provisions with respect to matters described in this item 1 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. Claims related to sales of residential mortgage-backed securities and mortgages

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

In November 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint on 6 February 2019. On 10 December 2019, the district court denied UBS's motion to dismiss.

Our balance sheet at 30 June 2022 reflected a provision with respect to matters described in this item 2 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 this matter 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.

3. Madoff

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

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

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

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

4. Puerto Rico

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds (funds) that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico (UBS PR) led to multiple regulatory inquiries, which in 2014 and 2015, led to settlements with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico, the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority.

Since then, UBS clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and/or who used their UBS account assets as collateral for UBS non-purpose loans filed customer complaints and arbitration demands seeking aggregate damages of USD 3.4bn, of which USD 3.2bn have been resolved through settlements, arbitration or withdrawal of claims. Allegations include fraud, misrepresentation and unsuitability of the funds and of the loans.

A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2021, the parties reached an agreement to settle this matter for USD 15m, subject to court approval.

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico (System) against over 40 defendants, including UBS PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of USD 3bn of bonds by the System in 2008 and sought damages of over USD 800m. In 2016, the court granted the System's request to join the action as a plaintiff. In 2017, the court denied defendants' motion to dismiss the complaint. In 2020, the court denied plaintiffs' motion for summary judgment.

Beginning in 2015, certain agencies and public corporations of the Commonwealth of Puerto Rico (Commonwealth) defaulted on certain interest payments on Puerto Rico bonds. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of certain creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge.

In May 2019, the oversight board filed complaints in Puerto Rico federal district court bringing claims against financial, legal and accounting firms that had participated in Puerto Rico municipal bond offerings, including UBS, seeking a return of underwriting and swap fees paid in connection with those offerings. UBS estimates that it received approximately USD 125m in fees in the relevant offerings.

In August 2019, and February and November 2020, four US insurance companies that insured issues of Puerto Rico municipal bonds sued UBS and several other underwriters of Puerto Rico municipal bonds in three separate cases. The actions collectively seek recovery of an aggregate of USD 955m in damages from the defendants. The plaintiffs in these cases claim that defendants failed to reasonably investigate financial statements in the offering materials for the insured Puerto Rico bonds issued between 2002 and 2007, which plaintiffs argue they relied upon in agreeing to insure the bonds notwithstanding that they had no contractual relationship with the underwriters. Defendants' motions to dismiss have been granted in all three cases; those decisions are being appealed by the plaintiffs.

Our balance sheet at 30 June 2022 reflected provisions with respect to matters described in this item 4 in amounts 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 provisions that we have recognized.

5. 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.

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 March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint. In March 2022, the court denied plaintiffs' motion for class certification.

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, SGD SIBOR and SOR and Australian BBSW, 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, CEA claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In December 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 based on allegations that at least one alleged co-conspirator undertook an overt act in the United States. 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. In July 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and in November 2018 denied the petition of the USD exchange class. In January 2019, a putative class action was filed in the District Court for the Southern District of New York against UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint in August 2019. In March 2020 the court granted defendants' motion to dismiss the complaint in its entirety. Plaintiffs have appealed the dismissal. In March 2022, the Second Circuit dismissed the appeal because appellants, who had been substituted in to replace the original plaintiffs who had withdrawn, lacked standing to pursue the appeal. In August 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. Defendants moved to dismiss the complaint in September 2021.

Other benchmark class actions in the US:
Yen LIBOR / Euroyen TIBOR – In 2014, 2015 and 2017, the court in one of the Yen LIBOR / Euroyen TIBOR lawsuits dismissed certain of the plaintiffs' claims, including the plaintiffs' federal antitrust and racketeering claims. In August 2020, the court granted defendants' motion for judgment on the pleadings and dismissed the lone remaining claim in the action as impermissibly extraterritorial. Plaintiffs have appealed. In 2017, the court dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In April 2020, the appeals court reversed the dismissal and in August 2020 plaintiffs in that action filed an amended complaint focused on Yen LIBOR. The court granted in part and denied in part defendants' motion to dismiss the amended complaint in September 2021 and plaintiffs and the remaining defendants have moved for reconsideration.

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 September 2019. Plaintiffs appealed. In September 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings.

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.

SIBOR / SOR – In October 2018, the court in the SIBOR / SOR action dismissed all but one of plaintiffs' claims against UBS. Plaintiffs filed an amended complaint, and the court granted a renewed motion to dismiss in July 2019. Plaintiffs appealed. In March 2021, the Second Circuit reversed the dismissal. Plaintiffs filed an amended complaint in October 2021, which defendants have moved to dismiss. In March 2022, plaintiffs reached a settlement in principle with the remaining defendants, including UBS. The court granted preliminary approval of the settlement in June 2022.

BBSW – In November 2018, the court dismissed the BBSW lawsuit as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs filed an amended complaint in April 2019, which UBS and other defendants moved to dismiss. In February 2020, the court granted in part and denied in part defendants' motions to dismiss the amended complaint. In August 2020, UBS and other BBSW defendants joined a motion for judgment on the pleadings, which the court denied in May 2021. In February 2022, plaintiffs reached a settlement in principle with the remaining defendants, including UBS. The court granted preliminary approval of the settlement in May 2022.

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

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

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

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 30 June 2022 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.

6. Swiss retrocessions

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

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

Our balance sheet at 30 June 2022 reflected a provision with respect to matters described in this item 6 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.

7. Communications recordkeeping

The SEC and CFTC are conducting investigations of UBS and other financial institutions regarding compliance with records preservation requirements relating to business communications sent over unapproved electronic messaging channels. UBS is cooperating with the investigations.

UBS AG interim consolidated financial information (unaudited)

This section contains a comparison of selected financial and capital information between UBS Group AG consolidated and UBS AG consolidated. Refer to the UBS AG second quarter 2022 report, which will be available as of 29 July 2022 under "Quarterly reporting" at *ubs.com/investors*, for *the interim consolidated financial statements of UBS AG.*

Comparison between UBS Group AG consolidated and UBS AG consolidated

The accounting policies applied under International Financial Reporting Standards (IFRS) to both the UBS Group AG and the UBS AG consolidated financial statements are identical. However, there are certain scope and presentation differences as noted below.

Assets, liabilities, revenues, operating expenses and tax expenses / (benefits) relating to UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG, are reflected in the consolidated financial statements of UBS Group AG but not of UBS AG. UBS AG's assets, liabilities, revenues and operating expenses related to transactions with UBS Group AG and its directly held subsidiaries, including UBS Business Solutions AG and other shared services subsidiaries, are not subject to elimination in the UBS AG consolidated financial statements, but are eliminated in the UBS Group AG consolidated financial statements.

Differences in net profit between UBS Group AG consolidated and UBS AG consolidated mainly arise as UBS Business Solutions AG and other shared services subsidiaries of UBS Group AG charge other legal entities within the UBS AG consolidation scope for services provided, including a markup on costs incurred. In addition, and to a lesser extent, differences arise as a result of certain compensation-related matters, including pensions.

The equity of UBS Group AG consolidated was USD 2.1bn higher than the equity of UBS AG consolidated as of 30 June 2022. This difference was mainly driven by higher dividends paid by UBS AG to UBS Group AG compared with the dividend distributions of UBS Group AG, as well as higher retained earnings in the UBS Group AG consolidated financial statements, largely related to the aforementioned markup charged by shared services subsidiaries of UBS Group AG to other legal entities in the UBS AG scope of consolidation. In addition, UBS Group AG is the grantor of the majority of the compensation plans of the Group and recognizes share premium for equity-settled awards granted. These effects were partly offset by treasury shares acquired as part of our share repurchase programs and those held to hedge share delivery obligations associated with Group compensation plans, as well as additional share premium recognized at the UBS AG consolidated level related to the establishment of UBS Group AG and UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG.

The going concern capital of UBS Group AG consolidated was USD 3.5bn higher than the going concern capital of UBS AG consolidated as of 30 June 2022, reflecting higher common equity tier 1 (CET1) capital of USD 2.5bn and going concern loss-absorbing additional tier 1 (AT1) capital of USD 1.1bn.

The CET1 capital of UBS Group AG consolidated was USD 2.5bn higher than that of UBS AG consolidated as of 30 June 2022. The higher CET1 capital of UBS Group AG consolidated was primarily due to lower UBS Group AG accruals for dividends to shareholders and higher UBS Group AG consolidated IFRS equity of USD 2.1bn. The aforementioned factors were partly offset by compensation-related regulatory capital accruals at the UBS Group AG level.

The going concern loss-absorbing AT1 capital of UBS Group AG consolidated was USD 1.1bn higher than that of UBS AG consolidated as of 30 June 2022, mainly reflecting deferred contingent capital plan awards granted at the Group level to eligible employees for the performance years 2017 to 2021, partly offset by four loss-absorbing AT1 capital instruments on-lent by UBS Group AG to UBS AG.

Comparison between UBS Group AG consolidated and UBS AG consolidated

USD m, except where indicated	As of or for the quarter ended 30.6.22 UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
Income statement			
Total revenues	8,917	9,036	(119)
Credit loss expense / (release)	7	7	0
Operating expenses	6,295	6,577	(282)
Operating profit / (loss) before tax	2,615	2,452	163
of which: Global Wealth Management	*1,157*	*1,130*	*27*
of which: Personal & Corporate Banking	*413*	*409*	*4*
of which: Asset Management	*959*	*959*	*0*
of which: Investment Bank	*410*	*388*	*22*
of which: Group Functions	*(324)*	*(433)*	*110*
Net profit / (loss)	2,118	1,974	144
of which: net profit / (loss) attributable to shareholders	*2,108*	*1,964*	*144*
of which: net profit / (loss) attributable to non-controlling interests	*10*	*10*	*0*
Statement of comprehensive income			
Other comprehensive income	(1,039)	(1,009)	(30)
of which: attributable to shareholders	*(1,011)*	*(981)*	*(30)*
of which: attributable to non-controlling interests	*(28)*	*(28)*	*0*
Total comprehensive income	1,079	965	114
of which: attributable to shareholders	*1,097*	*982*	*114*
of which: attributable to non-controlling interests	*(17)*	*(17)*	*0*
Balance sheet			
Total assets	1,113,193	1,112,474	719
Total liabilities	1,056,010	1,057,390	(1,380)
Total equity	57,184	55,085	2,099
of which: equity attributable to shareholders	*56,845*	*54,746*	*2,099*
of which: equity attributable to non-controlling interests	*339*	*339*	*0*
Capital information			
Common equity tier 1 capital	44,798	42,317	2,481
Going concern capital	59,907	56,359	3,548
Risk-weighted assets	315,685	313,448	2,238
Common equity tier 1 capital ratio (%)	14.2	13.5	0.7
Going concern capital ratio (%)	19.0	18.0	1.0
Total loss-absorbing capacity ratio (%)	33.7	32.8	0.9
Leverage ratio denominator	1,025,422	1,024,811	612
Common equity tier 1 leverage ratio (%)	4.37	4.13	0.24

As of or for the quarter ended 31.3.22			As of or for the quarter ended 31.12.21		
UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)	UBS Group AG consolidated	UBS AG consolidated	Difference (absolute)
9,382	9,494	(112)	8,705	8,819	(114)
18	18	0	(27)	(27)	0
6,634	6,916	(282)	7,003	7,227	(224)
2,729	2,559	170	1,729	1,619	109
1,310	*1,283*	*27*	*563*	*541*	*22*
428	*420*	*8*	*365*	*362*	*3*
174	*176*	*(2)*	*334*	*328*	*6*
929	*908*	*21*	*713*	*710*	*3*
(112)	*(227)*	*115*	*(246)*	*(321)*	*75*
2,144	2,012	132	1,359	1,266	93
2,136	*2,004*	*132*	*1,348*	*1,255*	*93*
8	*8*	*0*	*11*	*11*	*0*
(2,216)	(2,134)	(82)	(181)	(197)	16
(2,234)	*(2,152)*	*(82)*	*(177)*	*(194)*	*16*
18	*18*	*0*	*(4)*	*(4)*	*0*
(72)	(121)	50	1,178	1,069	109
(98)	*(148)*	*50*	*1,171*	*1,062*	*109*
26	*26*	*0*	*7*	*7*	*0*
1,139,922	1,139,876	46	1,117,182	1,116,145	1,037
1,080,711	1,081,558	(847)	1,056,180	1,057,702	(1,522)
59,212	58,319	893	61,002	58,442	2,559
58,855	*57,962*	*893*	*60,662*	*58,102*	*2,559*
356	*356*	*0*	*340*	*340*	*0*
44,593	41,577	3,016	45,281	41,594	3,687
60,053	55,956	4,097	60,488	55,434	5,054
312,037	309,374	2,664	302,209	299,005	3,204
14.3	13.4	0.9	15.0	13.9	1.1
19.2	18.1	1.2	20.0	18.5	1.5
34.2	33.1	1.0	34.7	33.3	1.3
1,072,953	1,072,766	186	1,068,862	1,067,679	1,183
4.16	3.88	0.28	4.24	3.90	0.34

Significant regulated subsidiary and sub-group information

Unaudited

Financial and regulatory key figures for our significant regulated subsidiaries and sub-groups

	UBS AG (standalone)		UBS Switzerland AG (standalone)		UBS Europe SE (consolidated)		UBS Americas Holding LLC (consolidated)	
All values in million, except where indicated	*USD*		*CHF*		*EUR*		*USD*	
Financial and regulatory requirements	Swiss GAAP Swiss SRB rules		Swiss GAAP Swiss SRB rules		IFRS EU regulatory rules		US GAAP US Basel III rules	
As of or for the quarter ended	30.6.22	31.3.22	30.6.22	31.3.22	30.6.22	31.3.22[1]	30.6.22	31.3.22
Financial information[2]								
Income statement								
Total operating income[3]	6,056	3,476	2,194	2,209	230	241	3,264	3,632
Total operating expenses	2,608	2,247	1,364	1,447	201	217	3,270	3,199
Operating profit / (loss) before tax	3,448	1,229	831	763	29	24	(6)	433
Net profit / (loss)	3,361	1,182	677	621	28	18	(139)	225
Balance sheet								
Total assets	498,351	516,195	323,248	327,902	49,496	52,231	212,582	211,142
Total liabilities	443,604	460,608	309,164	312,545	46,045	48,495	186,829	184,712
Total equity	54,747	55,587	14,084	15,357	3,452	3,736	25,753	26,430
Capital[4]								
Common equity tier 1 capital	54,146	52,218	12,718	12,786	2,426	2,766	12,454	12,926
Additional tier 1 capital	14,042	14,379	5,406	5,393	600	290	4,055	4,049
Total going concern capital / Tier 1 capital	68,188	66,597	18,124	18,178	3,026	3,056	16,509	16,975
Tier 2 capital	2,997	3,036					152	133
Total capital					3,026	3,056	16,661	17,108
Total gone concern loss-absorbing capacity	46,330	46,505	11,301	10,866	2,146[5]	2,421[5]	7,400[6]	7,400[6]
Total loss-absorbing capacity	114,518	113,102	29,425	29,045	5,172	5,477	23,908	24,375
Risk-weighted assets and leverage ratio denominator[4]								
Risk-weighted assets	327,846	330,401	107,344	108,071	11,473	12,276	74,651	72,646
Leverage ratio denominator	569,794	594,893	340,969	346,097	47,358	52,250	198,332	197,541
Supplementary leverage ratio denominator							224,259	223,482
Capital and leverage ratios (%)[4]								
Common equity tier 1 capital ratio	16.5	15.8	11.8	11.8	21.2	22.5	16.7	17.8
Going concern capital ratio / Tier 1 capital ratio	20.8	20.2	16.9	16.8	26.4	24.9	22.1	23.4
Total capital ratio					26.4	24.9	22.3	23.6
Total loss-absorbing capacity ratio			27.4	26.9	45.1	44.6	32.0	33.6
Tier 1 leverage ratio					6.4	5.8	8.3	8.6
Supplementary tier 1 leverage ratio							7.4	7.6
Going concern leverage ratio	12.0	11.2	5.3	5.3				
Total loss-absorbing capacity leverage ratio			8.6	8.4	10.9	10.5	12.1	12.3
Gone concern capital coverage ratio	115.2	112.0						
Liquidity coverage ratio[4]								
High-quality liquid assets (bn)	105	103	94	95	19	18	34	34
Net cash outflows (bn)	55	55	66	67	12	11	24	25
Liquidity coverage ratio (%)[7,8]	189.3	188.3	141.4	141.7	165.8	167.9	144.4	138.6
Net stable funding ratio[4,9]								
Total available stable funding (bn)	245	250	225	229	14	15		
Total required stable funding (bn)	266	275	156	160	9	9		
Net stable funding ratio (%)	92.2[10]	90.7	144.1[10]	143.1	148.3	170.4		
Other								
Joint and several liability between UBS AG and UBS Switzerland AG (bn)[11]			4	5				

1 Comparative figures have been restated to align with the regulatory reports as submitted to the European Central Bank (the ECB). 2 The financial information disclosed does not represent financial statements under the respective GAAP / IFRS. 3 The total operating income includes credit loss expense / release. 4 Refer to the 30 June 2022 Pillar 3 Report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at ubs.com/investors, for more information. 5 Consists of positions that meet the conditions laid down in Art. 72a–b of the Capital Requirements Regulation (CRR) II with regard to contractual, structural or legal subordination. 6 Consists of eligible long-term debt that meets the conditions specified in 12 CFR 252.162 of the final TLAC rules. Total loss-absorbing capacity is the sum of tier 1 capital (excluding minority interest) and eligible long-term debt. 7 In the second quarter of 2022, the liquidity coverage ratio (the LCR) of UBS AG was 189.3%, remaining above the prudential requirements communicated by FINMA. 8 In the second quarter of 2022, the LCR of UBS Switzerland AG, which is a Swiss SRB, was 141.4%, remaining above the prudential requirement communicated by FINMA in connection with the Swiss Emergency Plan. 9 For UBS Americas Holding LLC consolidated, the NSFR requirement became effective as of 1 July 2021 and related disclosures will come into effect in the second quarter of 2023. 10 In accordance with Art. 17h para. 3 and 4 of the Liquidity Ordinance, UBS AG standalone is required to maintain a minimum NSFR of at least 80% without taking into account excess funding of UBS Switzerland AG and 100% after taking into account such excess funding. 11 Refer to the "Capital, liquidity and funding, and balance sheet" section of our Annual Report 2021 for more information about the joint and several liability. Under certain circumstances, the Swiss Banking Act and FINMA's Banking Insolvency Ordinance authorize FINMA to modify, extinguish or convert to common equity liabilities of a bank in connection with a resolution or insolvency of such bank.

UBS Group AG is a holding company and conducts substantially all of its operations through UBS AG and subsidiaries thereof. UBS Group AG and UBS 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. The tables in this section summarize the regulatory capital components and capital ratios of our significant regulated subsidiaries and sub-groups determined under the regulatory framework of each subsidiary's or sub-group's home jurisdiction.

Supervisory authorities generally have discretion to impose higher requirements or to otherwise limit the activities of subsidiaries. Supervisory authorities also may require entities to measure capital and leverage ratios on a stressed basis and may limit the ability of an entity to engage in new activities or take capital actions based on the results of those tests.

In June 2022, the Federal Reserve Board (the FRB) released the results of its 2022 Dodd–Frank Act Stress Test (DFAST). UBS's US intermediate holding company, UBS Americas Holding LLC, exceeded the minimum capital requirements under the severely adverse scenario.

Standalone regulatory information for UBS AG and UBS Switzerland AG, as well as consolidated regulatory information for UBS Europe SE and UBS Americas Holding LLC, is provided in the 30 June 2022 Pillar 3 report, which will be available as of 19 August 2022 under "Pillar 3 disclosures" at *ubs.com/investors*.

Selected financial and regulatory information for UBS AG consolidated is included in the key figures table below. Refer also to the UBS AG second quarter 2022 report, which will be available as of 29 July 2022 under "Quarterly reporting" at *ubs.com/investors*.

UBS AG consolidated key figures

	As of or for the quarter ended				As of or year-to-date	
USD m, except where indicated	30.6.22	31.3.22	31.12.21	30.6.21	30.6.22	30.6.21
Results						
Total revenues	9,036	9,494	8,819	8,991	18,529	17,798
Credit loss expense / (release)	7	18	(27)	(80)	25	(108)
Operating expenses	6,577	6,916	7,227	6,589	13,492	13,274
Operating profit / (loss) before tax	2,452	2,559	1,619	2,481	5,012	4,632
Net profit / (loss) attributable to shareholders	1,964	2,004	1,255	1,913	3,968	3,623
Profitability and growth						
Return on equity (%)	13.9	13.8	8.7	13.6	13.9	12.7
Return on tangible equity (%)	15.7	15.5	9.8	15.3	15.6	14.3
Return on common equity tier 1 capital (%)	18.7	19.3	12.1	19.4	19.0	18.6
Return on leverage ratio denominator, gross (%)	3.4	3.5	3.3	3.5	3.5	3.4
Cost / income ratio (%)	72.8	72.8	81.9	73.3	72.8	74.6
Net profit growth (%)	2.6	17.2	(19.7)	60.3	9.5	38.5
Resources						
Total assets	1,112,474	1,139,876	1,116,145	1,085,861	1,112,474	1,085,861
Equity attributable to shareholders	54,746	57,962	58,102	55,361	54,746	55,361
Common equity tier 1 capital[1]	42,317	41,577	41,594	40,190	42,317	40,190
Risk-weighted assets[1]	313,448	309,374	299,005	290,470	313,448	290,470
Common equity tier 1 capital ratio (%)[1]	13.5	13.4	13.9	13.8	13.5	13.8
Going concern capital ratio (%)[1]	18.0	18.1	18.5	19.1	18.0	19.1
Total loss-absorbing capacity ratio (%)[1]	32.8	33.1	33.3	34.6	32.8	34.6
Leverage ratio denominator[1]	1,024,811	1,072,766	1,067,679	1,039,375	1,024,811	1,039,375
Common equity tier 1 leverage ratio (%)[1]	4.13	3.88	3.90	3.87	4.13	3.87
Other						
Invested assets (USD bn)[2]	3,912	4,380	4,596	4,485	3,912	4,485
Personnel (full-time equivalents)	46,807	47,139	47,067	47,227	46,807	47,227

1 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. 2 Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Refer to "Note 32 Invested assets and net new money" in the "Consolidated financial statements" section of our Annual Report 2021 for more information.

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. We report a number of APMs in the discussion of the financial and operating performance of the Group, our business divisions and our Group Functions. 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 in alphabetical order in the table below. Our 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 (%) – P&C	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 (%) – P&C	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 (%) – P&C	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) – P&C	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) – GWM	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-generating asset margin (bps) – GWM	Calculated as revenues from fee-generating assets (a portion of which is included in recurring fee income and a portion of which is included in transaction-based income, annualized as applicable) divided by average fee-generating assets for the relevant mandate fee billing period. For the US, fees have been billed on daily balances since the fourth quarter of 2020 and average fee-generating assets are calculated as the average of the monthly average balances. Prior to the fourth quarter of 2020, billing was based on prior quarter-end balances, and the average fee-generating assets were thus the prior quarter-end balance. For balances outside of the US, billing is based on prior month-end balances and average fee-generating assets are thus the average of the prior month-end balances.	This measure provides information about the revenues from fee-generating assets in relation to their average volume during the relevant mandate fee billing period.
Gross margin on invested assets (bps) – AM	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 (%) – GWM, P&C	Calculated as impaired loan portfolio divided by total gross loan portfolio.	This measure provides information about the proportion of impaired loan portfolio in the total gross loan portfolio.
Invested assets (USD and CHF) – GWM, P&C, AM	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) – P&C	Calculated as the sum of investment funds (including UBS Vitainvest third-pillar pension 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), mandates and third-party life insurance operated in Personal Banking.
Net interest margin (bps) – P&C	Calculated as net interest income (annualized as applicable) divided by average loans.	This measure provides information about the profitability of the business by calculating the difference between the price charged for lending and the cost of funding, relative to loan value.
Net new fee-generating assets (USD) – GWM	Calculated as the sum of the net amount of fee-generating asset inflows and outflows, including dividend and interest inflows into mandates and outflows from mandate fees paid by clients during a specific period. Excluded from the calculation are the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.	This measure provides information about the development of fee-generating assets during a specific period as a result of net flows, excluding movements due to market performance and foreign exchange translation, as well as the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.
Net new fee-generating asset growth rate (%) – GWM	Calculated as the sum of the net amount of fee-generating asset inflows and outflows recorded during a specific period (annualized as applicable) divided by total fee-generating assets at the beginning of the period.	This measure provides information about the growth of fee-generating assets during a specific period as a result of net new fee-generating asset flows.
Net new investment products for Personal Banking (USD and CHF) – P&C	Calculated as the sum of the net amount of inflows and outflows of investment products during a specific period.	This measure provides information about the development of investment products during a specific period as a result of net new investment product flows.

APM label	Calculation	Information content
Net new money (USD) – GWM, AM	Calculated as the sum of 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 the effects on invested assets of strategic decisions by UBS to exit markets or services. Net new money for Global Wealth Management is disclosed on an annual basis. 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 and excludes 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 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.
Pre-tax profit growth (%)	Calculated as the change in net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by net profit before tax attributable to shareholders from continuing operations of the comparison period.	This measure provides information about pre-tax profit growth since the comparison period.
Recurring net fee income (USD and CHF) – GWM, P&C	Calculated as the total of fees for services provided on an ongoing basis, such as portfolio management fees, asset-based investment fund fees and custody fees, which are generated on client assets, and administrative fees for accounts.	This measure provides information about the amount of recurring net fee income.
Return on attributed equity (%)	Calculated as annualized business division operating profit before tax divided by average attributed equity.	This measure provides information about the profitability of the business divisions in relation to attributed equity.
Return on common equity tier 1 capital (%)	Calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital.	This measure provides information about the profitability of the business in relation to common equity tier 1 capital.
Return on equity (%)	Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders.	This measure provides information about the profitability of the business in relation to equity.
Return on leverage ratio denominator, gross (%)	Calculated as annualized total revenues divided by average leverage ratio denominator.	This measure provides information about the revenues of the business in relation to the leverage ratio denominator.
Return on tangible equity (%)	Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders less average goodwill and intangible assets.	This measure provides information about the profitability of the business in relation to tangible equity.
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.
Transaction-based income (USD and CHF) – GWM, P&C	Calculated as the total of the non-recurring portion of net fee and commission income, mainly composed of brokerage and transaction-based investment fund fees, and credit card fees, as well as fees for payment and foreign exchange transactions, together with other net income from financial instruments measured at fair value through profit or loss.	This measure provides information about the amount of the non-recurring portion of net fee and commission income, together with other net income from financial instruments measured at fair value through profit or loss.

Abbreviations frequently used in our financial reports

A	
ABS	asset-backed securities
AGM	Annual General Meeting of shareholders
A-IRB	advanced internal ratings-based
AIV	alternative investment vehicle
ALCO	Asset and Liability Committee
AMA	advanced measurement approach
AML	anti-money laundering
AoA	Articles of Association
APM	alternative performance measure
ARR	alternative reference rate
ARS	auction rate securities
ASF	available stable funding
AT1	additional tier 1
AuM	assets under management
B	
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BoD	Board of Directors
C	
CAO	Capital Adequacy Ordinance
CCAR	Comprehensive Capital Analysis and Review
CCF	credit conversion factor
CCP	central counterparty
CCR	counterparty credit risk
CCRC	Corporate Culture and Responsibility Committee
CDS	credit default swap
CEA	Commodity Exchange Act
CEO	Chief Executive Officer
CET1	common equity tier 1
CFO	Chief Financial Officer
CFTC	US Commodity Futures Trading Commission
CGU	cash-generating unit
CHF	Swiss franc
CIO	Chief Investment Office
CLS	Continuous Linked Settlement
C&ORC	Compliance & Operational Risk Control
CRD IV	EU Capital Requirements Directive of 2013
CRM	credit risk mitigation (credit risk) or comprehensive risk measure (market risk)
CST	combined stress test
CUSIP	Committee on Uniform Security Identification Procedures
CVA	credit valuation adjustment
D	
DBO	defined benefit obligation
DCCP	Deferred Contingent Capital Plan
DM	discount margin
DOJ	US Department of Justice
DTA	deferred tax asset
DVA	debit valuation adjustment
E	
EAD	exposure at default
EB	Executive Board
EC	European Commission
ECB	European Central Bank
ECL	expected credit loss
EGM	Extraordinary General Meeting of shareholders
EIR	effective interest rate
EL	expected loss
EMEA	Europe, Middle East and Africa
EOP	Equity Ownership Plan
EPS	earnings per share
ESG	environmental, social and governance
ETD	exchange-traded derivatives
ETF	exchange-traded fund
EU	European Union
EUR	euro
EURIBOR	Euro Interbank Offered Rate
ESR	environmental and social risk
EVE	economic value of equity
EY	Ernst & Young Ltd
F	
FA	financial advisor
FCA	UK Financial Conduct Authority
FCT	foreign currency translation
FINMA	Swiss Financial Market Supervisory Authority
FMIA	Swiss Financial Market Infrastructure Act
FSB	Financial Stability Board
FTA	Swiss Federal Tax Administration
FVA	funding valuation adjustment
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
FX	foreign exchange
G	
GAAP	generally accepted accounting principles
GBP	pound sterling
GCRG	Group Compliance, Regulatory & Governance
GDP	gross domestic product
GEB	Group Executive Board
GHG	greenhouse gas
GIA	Group Internal Audit
GMD	Group Managing Director
GRI	Global Reporting Initiative
G-SIB	global systemically important bank
H	
Hong Kong SAR	Hong Kong Special Administrative Region of the People's Republic of China
HQLA	high-quality liquid assets
I	
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	interbank offered rate
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IRB	internal ratings-based
IRRBB	interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number

Abbreviations frequently used in our financial reports (continued)

K	
KRT	Key Risk Taker
L	
LAS	liquidity-adjusted stress
LCR	liquidity coverage ratio
LGD	loss given default
LIBOR	London Interbank Offered Rate
LLC	limited liability company
LoD	lines of defense
LRD	leverage ratio denominator
LTIP	Long-Term Incentive Plan
LTV	loan-to-value
M	
M&A	mergers and acquisitions
MiFID II	Markets in Financial Instruments Directive II
MRT	Material Risk Taker
N	
NAV	net asset value
NII	net interest income
NSFR	net stable funding ratio
NYSE	New York Stock Exchange
O	
OCA	own credit adjustment
OCI	other comprehensive income
ORF	operational risk framework
OTC	over-the-counter
P	
PD	probability of default
PIT	point in time
P&L	profit or loss
POCI	purchased or originated credit-impaired
PRA	UK Prudential Regulation Authority
PRV	positive replacement value
R	
RBA	role-based allowance
RBC	risk-based capital
RbM	risk-based monitoring
REIT	real estate investment trust
RMBS	residential mortgage-backed securities
RniV	risks not in VaR
RoCET1	return on CET1 capital
RoTE	return on tangible equity
RoU	right-of-use
rTSR	relative total shareholder return
RWA	risk-weighted assets
S	
SA	standardized approach
SA-CCR	standardized approach for counterparty credit risk
SAR	Special Administrative Region
SBC	Swiss Bank Corporation
SDG	Sustainable Development Goal
SE	structured entity
SEC	US Securities and Exchange Commission
SEEOP	Senior Executive Equity Ownership Plan
SFT	securities financing transaction
SI	sustainable investing or sustainable investments
SIBOR	Singapore Interbank Offered Rate
SICR	significant increase in credit risk
SIX	SIX Swiss Exchange
SME	small and medium-sized entities
SMF	Senior Management Function
SNB	Swiss National Bank
SOR	Singapore Swap Offer Rate
SPPI	solely payments of principal and interest
SRB	systemically relevant bank
SRM	specific risk measure
SVaR	stressed value-at-risk
T	
TBTF	too big to fail
TCFD	Task Force on Climate-related Financial Disclosures
TIBOR	Tokyo Interbank Offered Rate
TLAC	total loss-absorbing capacity
U	
UoM	units of measure
USD	US dollar
V	
VaR	value-at-risk
VAT	value added tax

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

Information sources

Reporting publications

Annual publications

Annual Report (SAP No. 80531): Published in English, this single-volume report provides descriptions of: our Group strategy and performance; the strategy and performance of the business divisions and Group Functions; risk, treasury and capital management; corporate governance, corporate responsibility and our compensation framework, including information about compensation for the Board of Directors and the Group Executive Board members; and financial information, including the financial statements.

Geschäftsbericht (SAP No. 80531): This publication provides a German translation of selected sections of our Annual Report.

Annual Review (SAP No. 80530): This booklet contains key information about our strategy and performance, with a focus on corporate responsibility at UBS. It is published in English, German, French and Italian.

Compensation Report (SAP No. 82307): This report discusses our 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.

Quarterly publications

The quarterly financial report provides an update on our strategy and performance for the respective quarter. It is available in English.

How to order publications

The annual and quarterly publications are available in a fully digital and .pdf format at *ubs.com/investors*, under "Financial information." Printed copies of our Annual Report (in English) and our Compensation Report (in English and German), as well as a German translation of selected sections of our Annual Report, can be requested from UBS free of charge. For annual publications, refer to the "Investor services" section at *ubs.com/investors.* Alternatively, they can be ordered by quoting the SAP number and the language preference, where applicable, from UBS AG, F4UK–AUL, P.O. Box, CH-8098 Zurich, Switzerland.

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; our 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

Our 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

We file periodic reports and submit other information about UBS 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 we file 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. Russia's invasion of Ukraine has led to heightened volatility across global markets, to the coordinated implementation of sanctions on Russia and Belarus, Russian and Belarusian entities and nationals, and to heightened political tensions across the globe. In addition, the war has caused significant population displacement, and if the conflict continues, the scale of disruption will increase and may come to include wide-scale shortages of vital commodities, including causing food insecurity. The speed of implementation and extent of sanctions, as well as the uncertainty as to how the situation will develop, may have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. 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 ongoing 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; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) increased 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, and currency exchange rates, and the effects of economic conditions, including increasing inflationary pressures, market developments, and increasing geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS's clients and counterparties, as well as on client sentiment and levels of activity, including the COVID-19 pandemic and the measures taken to manage it, which have had and may also continue to have a significant adverse effect on global and regional economic activity, including disruptions to global supply chains and labor market displacements; (v) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (vi) changes in central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS's business activities; (vii) UBS's ability to successfully implement resolvability and related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, or other external 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, as well as the amount of capital available for return to shareholders; (xiii) the effects on UBS's cross-border banking business of sanctions, tax or regulatory developments and of possible changes in UBS's policies and practices relating to this business; (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 nation states and while COVID-19 control measures require large portions of the staff of both UBS and its service providers to work remotely; (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 to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and governmental standards and regulations; and (xxii) the effect that these or other factors or unanticipated events 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 UBS's Annual Report on Form 20-F for the year ended 31 December 2021. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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

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

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