

## **Issuer Filing Information**

**UBS Group AG**

## ISSUER FILING INFORMATION

|                                                                 |                                                                                                                                                                         |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type of Information:                                            | Issuer Filing Information                                                                                                                                               |
| Date of Announcement (DD/MM/YY)                                 | 18 March 2025                                                                                                                                                           |
| Issuer Name:                                                    | UBS Group AG                                                                                                                                                            |
| Name and Title of Representative:                               | Antonio Boné, Authorized Signatory                                                                                                                                      |
| Address of Head Office:                                         | Bahnhofstrasse 45, 8001 Zürich, Switzerland                                                                                                                             |
| Telephone:                                                      | +41 44 239 26 55                                                                                                                                                        |
| Contact Person:                                                 | Antonio Boné; telephone +41 44 239 26 55<br>OL-GT-IFS@ubs.com                                                                                                           |
| Matters related to Financial Instruments Exchange Market, etc.: | Not Applicable                                                                                                                                                          |
| Address of Website for Announcement:                            | <a href="https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html">https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html</a> |

### Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Toushika tou*) as defined in Article 2, Paragraph 3, Item 2(b)(2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA"). Notes listed on the market ("**Listed Notes**") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Notes on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions only after having carefully considered the contents of this Issuer Filing Information.
2. Where this Issuer Filing Information contains (a) any false statement on important matters, or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content, a person who, at the time of announcement of this Issuer Filing Information, is an officer (meaning an officer stipulated in Article 21, Paragraph 1 of the FIEA (a director of the board (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these) of the issuer that announced this Issuer Filing Information shall be liable to compensate persons who acquired or disposed of the securities for any damage or loss arising from the false statement or lack of information in accordance with Article 22 of the FIEA applied mutatis mutandis in Article 27-34 of the FIEA). However, this shall not apply to cases where the person who acquired or disposed of, as applicable, the securities was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition or disposal of the securities. Additionally, the officer shall not be required to assume the liability prescribed above, where he/she proves that he/she was not aware of, and was unable to obtain knowledge of, even with reasonable care, the existence of the false statement or the lack of information.
3. The regulatory framework for TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the Tokyo Stock Exchange website.
4. Tokyo Stock Exchange does not express opinions or issue guarantees, etc. regarding the content of the Issuer Filing Information (including, but not limited to, whether the Issuer Filing Information contains (a) a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss including that described above.
5. All prospective investors who consider purchasing the notes of UBS Group AG (the "**Issuer**") issued or to be issued under the Program Information dated 19 April 2024 (as amended and/or supplemented, the "**Program Information**") (the "**Notes**") should read the Program Information and relevant Specified Securities Information before making an investment decision. Among other things, all prospective investors should be aware that the Notes are subject to certain selling restriction as set forth in the Program Information and the relevant Specified

Securities Information.

6. This Issuer Filing Information shall constitute and form the Issuer Filing Information (as defined in Article 27-32, Paragraph 1 of the FIEA) that consists of information prescribed in Article 7, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc.
7. The Issuer Filing Information consists of the attached documents as set out below:
  - (a) UBS Group AG's annual report for the year ended 31 December 2024 filed on Form 20-F with the United States Securities and Exchange Commission (the "SEC") on 17 March 2025.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 20-F**

(Mark One)

- ☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**  
OR
- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2024  
OR
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
OR
- ☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**UBS Group AG**

**Commission file number: 1-36764**  
(Exact name of registrant as specified in its charter)  
**Switzerland**  
(Jurisdiction of incorporation or organization)  
**Bahnhofstrasse 45, CH-8001 Zurich, Switzerland**  
(Address of principal executive office)

**Patrick T. Shilling, Esq.**  
**11 Madison Ave.**  
**New York, New York 10010**  
**Telephone: 212-713-3685**  
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

| Title of each class                          | Trading symbol(s) | Name of each exchange on which registered |
|----------------------------------------------|-------------------|-------------------------------------------|
| Ordinary Shares (par value of USD 0.10 each) | UBS               | New York Stock Exchange                   |

**Securities registered or to be registered pursuant to Section 12(g) of the Act:**

None.

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of 31 December 2024:

**UBS Group AG**  
Ordinary shares, par value USD 0.10 per share:  
3,462,087,722 ordinary shares  
(including 287,262,471 treasury shares)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐

No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐

No ☒

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒

No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐  
Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  
☐

International Financial Reporting Standards as issued by the International Accounting  
Standards Board ☒

Other  
☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐

Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes ☐

No ☒

**Cautionary Statement:** Refer to the *Cautionary statement regarding forward-looking statements* section in the Annual Report 2024 (page 387).

## Cross-reference table

Set forth below are the respective items of SEC Form 20-F, and the locations in this document where the corresponding information can be found.

- **Annual Report** refers to the Annual Report 2024 of UBS Group AG annexed hereto, which forms an integral part hereof.
- **Supplement** refers to certain supplemental information contained in this forepart of the Form 20-F, starting on page 11 following the cross-reference table.
- **Financial Statements** refers to the consolidated financial statements of UBS Group AG, contained in the Annual Report.

In the cross-reference table below, page numbers refer either to the Annual Report or the Supplement, as noted.

Please see page 9 of the Annual Report for definitions of terms used in this Form 20-F relating to UBS.

| Form 20-F item                                                        | Response or location in this filing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Item 1.</b> Identity of Directors, Senior Management and Advisors. | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Item 2.</b> Offer Statistics and Expected Timetable.               | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Item 3.</b> Key Information                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| B – Capitalization and Indebtedness.                                  | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| C – Reasons for the Offer and Use of Proceeds.                        | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| D – Risk Factors.                                                     | Annual Report, <i>Risk factors</i> (50-63).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Item 4.</b> Information on the Company.                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| A – History and Development of the Company                            | 1-3: Annual Report, <i>Corporate information</i> and <i>Contacts</i> (6). The registrants' agent is Patrick T. Shilling, 11 Madison Avenue, New York, New York 10010.<br>4: Annual Report, <i>Our evolution</i> (14); <i>Integration of Credit Suisse</i> (15-16); <i>Our strategy</i> (17-18); <i>Our businesses</i> (20-29); Note 29 to the Financial Statements ( <i>Changes in organization and acquisitions and disposals of subsidiaries and businesses</i> ) (362-363).<br>5-6: Annual Report, <i>Our businesses</i> (20-29), as applicable, Note 2 to the Financial Statements ( <i>Accounting for the acquisition of the Credit Suisse Group</i> ) (280-284), Note 12 to the Financial Statements ( <i>Property, equipment and software</i> ) (300), and Note 29 to the Financial Statements ( <i>Changes in organization and acquisitions and disposals of subsidiaries and businesses</i> ) (362-363).<br>7: Annual Report, <i>Integration of Credit Suisse</i> (15-16). Below item 10.C.<br>8: Annual Report, <i>Information sources</i> (386). |
| B – Business Overview.                                                | 1, 2 and 5: Annual Report, <i>Our strategy, business model and environment</i> (15-63), and Note 3a to the Financial Statements ( <i>Segment reporting</i> ) (284-286) and Note 3b to the Financial Statements ( <i>Segment reporting by geographic location</i> ) (287). See also Supplement (11).<br>3: Annual Report, <i>Seasonal characteristics</i> (71).<br>4: Not applicable.<br>6: None.<br>7: Information as to the basis for these statements normally accompanies the statements, except where marked in the report as a statement based upon publicly available information or internal estimates, as applicable. Annual Report, <i>Our businesses</i> (20-29), as applicable.<br>8: Annual Report, <i>Regulation and supervision</i> (41-46) and <i>Regulatory and legal developments</i> (46-49).<br>Supplement (12).                                                                                                                                                                                                                         |
| C – Organizational Structure.                                         | Annual Report, <i>Our evolution</i> (14) and Note 28 to the Financial Statements ( <i>Interests in subsidiaries and other entities</i> ) (359-362).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D – Property, Plant and Equipment.                           | Annual Report, <i>Property, plant and equipment</i> (373), Note 1a, 8) to the Financial Statements ( <i>Summary of material accounting policies: Property, equipment and software</i> ) (277), Note 12 to the Financial Statements ( <i>Property, equipment and software</i> ) (300).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Information required by SEC Regulation S-K Part 1400         | Annual Report, <i>Information required by Subpart 1400 of Regulation S-K</i> (374-379), <i>Loss history statistics</i> (111-112), and Note 10 to the Financial Statements ( <i>Financial assets at amortized cost and other positions in scope of expected credit loss measurement</i> ) (294-298).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Item 4A.</b> Unresolved Staff Comments.                   | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Item 5.</b> Operating and Financial Review and Prospects. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| A – Operating Results.                                       | <p>1: Annual Report, <i>Our key figures</i> (8), <i>Targets, capital guidance and ambitions</i> (19), <i>Our businesses</i> (20-29), <i>Financial and operating performance</i> (64-86), <i>Income statement</i> (254), Note 1b to the Financial Statements (<i>Changes in accounting policies, comparability and other adjustments</i>) (279), Note 3a to the Financial Statements (<i>Segment reporting</i>) (284-286), and <i>Selected financial data</i> (272-273). The supporting disclosure notes to the Financial Statements provide further details around the components of revenue and expenses.</p> <p>2: Not applicable</p> <p>3: Annual Report, <i>Risk factors</i> (50-63), <i>Capital management</i> (137-146), <i>Currency Management</i> (157) and Note 25 to the Financial Statements (<i>Hedge Accounting</i>) (347-349).</p> <p>4: Annual Report, <i>Our environment</i> (29-33), <i>Regulation and supervision</i> (41-46) and <i>Regulatory and legal developments</i> (46-49), <i>Accounting and financial reporting</i> (64), Note 1b to the Financial Statements (<i>Changes in accounting policies, comparability and other adjustments</i>) (279).</p> <p>A discussion on the results for the year 2023 compared with 2022 can be found on UBS annual report 2023 filed with the SEC in Form 20-F on March 28, 2024, under <i>Financial and operating performance</i> and under <i>Financial statements</i> of UBS Group AG.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| B – Liquidity and Capital Resources.                         | <p>1: Annual Report, <i>Risk factors</i> (50-63), <i>Financial and operating performance</i> (64-86), <i>Seasonal characteristics</i> (71), <i>Interest rate risk in the banking book</i> (117-119), <i>Capital, liquidity and funding, and balance sheet</i> (136-159), <i>Asset encumbrance</i> (152), Note 23 to the Financial Statements (<i>Restricted and transferred financial assets</i>) (341-344), Note 24 to the Financial Statements (<i>Maturity analysis of assets and liabilities</i>) (344-346) and Note 28 to the Financial Statements (<i>Interests in subsidiaries and other entities</i>) (359-362).</p> <p>Liquidity and capital management is undertaken at UBS as an integrated asset and liability management function. While we believe our 'working capital' is sufficient for the company's present requirements, it is our opinion that, as a bank, our liquidity coverage ratio (LCR) is the more relevant measure. For more information see, Annual Report, <i>Liquidity coverage ratio</i> (150).</p> <p>2: Annual Report, <i>Capital, liquidity and funding, and balance sheet</i> (136-159), <i>Currency Management</i> (157), Note 11 to the Financial Statements (<i>Derivative instruments</i>) (298-300), Note 16 to the Financial Statements (<i>Debt issued designated at fair value</i>) (303), Note 17 to the Financial Statements (<i>Debt issued measured at amortized cost</i>) (304), Note 19 to the Financial Statements (<i>Other liabilities</i>) (313), and Note 25 to the Financial Statements (<i>Hedge Accounting</i>) (347-349).</p> <p>3: Annual Report, <i>Material cash requirements</i> (156), <i>Liquidity and funding management</i> (148-151), Note 24 to the Financial Statements (<i>Maturity analysis of assets and liabilities</i>) (344-346), and Note 12 to the Financial Statements (<i>Property, equipment and software</i>) (300).</p> |
| C—Research and Development, Patents and Licenses, etc.       | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| D—Trend Information.                                         | Annual Report, <i>Our businesses</i> (20-29), <i>Our environment</i> (29-33), <i>Regulatory and legal developments</i> (46-49), <i>Risk factors</i> (50-63), <i>Financial and operating performance</i> (64-86), <i>Top and emerging risks</i> (89-90) and Note 2 to the Financial Statements ( <i>Accounting for the acquisition of the Credit Suisse Group</i> ) (280-284).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| E—Critical Accounting Estimates                              | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |



| <b>Item 6. Directors, Senior Management and Employees.</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |                 |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
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| A – Directors and Senior Management.                                               | 1, 2 and 3: Annual Report, <i>Board of Directors</i> (170-185) and <i>Group Executive Board</i> (186-194).<br>4, 5: None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |                 |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| B – Compensation.                                                                  | 1: Annual Report, <i>Compensation</i> (199-242), Note 1a, 4) to the Financial Statements ( <i>Share-based and other deferred compensation plans</i> ) (275-276), Note 27 to the Financial Statements ( <i>Employee benefits: variable compensation</i> ) (355-358) and Note 30 to the Financial Statements ( <i>Related parties</i> ) (363-364).<br>2: Annual Report, <i>Compensation</i> (199-242), Note 26 to the Financial Statements ( <i>Post-employment benefit plans</i> ) (349-354).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 |                 |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| C – Board practices.                                                               | 1: Annual Report, <i>Board of Directors</i> (170-185). The term of office for members of the Board of Directors and its Chairman expires after completion of the next Annual General Meeting. The next UBS Group AG Annual General Meeting is scheduled on 10 April 2025.<br>2: Annual Report, <i>Board of Directors</i> (170-185), <i>Compensation</i> (199-242), <i>Clauses on change of control</i> (195), and Note 30 to the Financial Statements ( <i>Related parties</i> ) (363-364).<br>3: Annual Report, <i>Audit Committee</i> (179), <i>Compensation Committee</i> (180) and <i>Auditors</i> (195-197).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                 |                 |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| D—Employees.                                                                       | <p>Annual Report, <i>Employees</i> (36-38).</p> <p>In addition to seeking out employee feedback, we maintain an open dialogue with our formal employee representation groups. Our Human Rights Statement and our Code of Conduct and Ethics (the Code) outline our responsibility to respect the rights of our workers. The UBS European Employee Forum and the European Works Council, Credit Suisse Group AG include representatives from all European Union Member States where the UBS Group has a presence. They consider topics related to our performance and operations. Local works councils consider benefits, workplace conditions and redundancies, among other topics. Collectively, these groups represent approximately 52.0% (2023: 51.5%) of our global workforce.</p> <p>Where applicable, our operations are subject to collective bargaining agreements. Benefits are aligned with local markets and often go beyond legal requirements or market practice.</p> <p>UBS Group AG (consolidated) personnel by business division and Group functions:</p> <table border="1"> <thead> <tr> <th rowspan="2"><i>Full-time equivalents</i></th><th colspan="3"><b>As of</b></th></tr> <tr> <th><b>31.12.24</b></th><th><b>31.12.23</b></th><th><b>31.12.22</b></th></tr> </thead> <tbody> <tr> <td>Personnel (full-time equivalents)</td><td>108,648</td><td>112,842</td><td>72,597</td></tr> <tr> <td><i>Global Wealth Management</i></td><td>30,093</td><td>31,367</td><td>24,351</td></tr> <tr> <td><i>Personal &amp; Corporate Banking</i></td><td>10,709</td><td>10,385</td><td>5,725</td></tr> <tr> <td><i>Asset Management</i></td><td>3,412</td><td>3,753</td><td>2,848</td></tr> <tr> <td><i>Investment Bank</i></td><td>11,235</td><td>11,305</td><td>9,177</td></tr> <tr> <td><i>Non-Core and Legacy</i></td><td>2,470</td><td>3,684</td><td>-</td></tr> <tr> <td><i>Group functions</i></td><td>50,728</td><td>52,348</td><td>30,497</td></tr> </tbody> </table> <p>Business divisions and Group functions information as of 31.12.23 has been restated to reflect changes in business division perimeters undertaken in the first quarter 2024.</p> <p>Non-core and Legacy includes positions and businesses not aligned with our long-term strategy and risk appetite. It consists of selected assets and liabilities from the former Credit Suisse business divisions, as well as residual assets and liabilities from UBS's former Non-core and Legacy Portfolio that preceded the acquisition of the Credit Suisse Group and smaller amounts of assets and liabilities of UBS's business divisions that have been assessed as not strategic in light of the acquisition.</p> |                 |                 | <i>Full-time equivalents</i> | <b>As of</b> |  |  | <b>31.12.24</b> | <b>31.12.23</b> | <b>31.12.22</b> | Personnel (full-time equivalents) | 108,648 | 112,842 | 72,597 | <i>Global Wealth Management</i> | 30,093 | 31,367 | 24,351 | <i>Personal &amp; Corporate Banking</i> | 10,709 | 10,385 | 5,725 | <i>Asset Management</i> | 3,412 | 3,753 | 2,848 | <i>Investment Bank</i> | 11,235 | 11,305 | 9,177 | <i>Non-Core and Legacy</i> | 2,470 | 3,684 | - | <i>Group functions</i> | 50,728 | 52,348 | 30,497 |
| <i>Full-time equivalents</i>                                                       | <b>As of</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 |                 |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
|                                                                                    | <b>31.12.24</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>31.12.23</b> | <b>31.12.22</b> |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| Personnel (full-time equivalents)                                                  | 108,648                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 112,842         | 72,597          |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| <i>Global Wealth Management</i>                                                    | 30,093                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 31,367          | 24,351          |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| <i>Personal &amp; Corporate Banking</i>                                            | 10,709                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 10,385          | 5,725           |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| <i>Asset Management</i>                                                            | 3,412                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3,753           | 2,848           |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| <i>Investment Bank</i>                                                             | 11,235                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 11,305          | 9,177           |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| <i>Non-Core and Legacy</i>                                                         | 2,470                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3,684           | -               |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| <i>Group functions</i>                                                             | 50,728                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 52,348          | 30,497          |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| E—Share Ownership.                                                                 | 1 and 2: Annual Report, <i>Compensation</i> (199-242), Note 27 to the Financial Statements ( <i>Employee benefits: variable compensation</i> ) (355-358) and Note 30b to the Financial Statements ( <i>Equity holdings of key management personnel</i> ) (364).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |                 |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |
| F—Disclosure of a registrant's action to recover erroneously awarded compensation. | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |                 |                              |              |  |  |                 |                 |                 |                                   |         |         |        |                                 |        |        |        |                                         |        |        |       |                         |       |       |       |                        |        |        |       |                            |       |       |   |                        |        |        |        |

|                                                                   |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--|----------------------------------------|---------------------------------------------------------------------------------------------|--|--|----------------------------------------|-------------|------|-------------------|-----------------------------------------------|-------------|------|--------------------------|------|------|------|
| <b>Item 7. Major Shareholders and Related Party Transactions.</b> |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| A—Major Shareholders.                                             |                                                                                             | Annual Report, <i>Group structure and shareholders</i> (163), <i>Share capital structure</i> (164-168) and <i>Voting rights, restrictions and representation</i> (168).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
|                                                                   |                                                                                             | According to the mandatory FMIA disclosure notifications filed with UBS Group AG and SIX, the following entities held more than 3% of the total voting rights of UBS Group AG, with the following number of shares:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
|                                                                   |                                                                                             | <table><tr><td>Shareholder, date of last notification</td><td colspan="3">Number of shares disclosed</td></tr><tr><td>Norges Bank, Oslo, on 12 December 2025</td><td colspan="3">169,620,293</td></tr><tr><td>BlackRock Inc., New York, on 30 November 2023</td><td colspan="3">173,509,685</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |  | Shareholder, date of last notification | Number of shares disclosed                                                                  |  |  | Norges Bank, Oslo, on 12 December 2025 | 169,620,293 |      |                   | BlackRock Inc., New York, on 30 November 2023 | 173,509,685 |      |                          |      |      |      |
| Shareholder, date of last notification                            | Number of shares disclosed                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| Norges Bank, Oslo, on 12 December 2025                            | 169,620,293                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| BlackRock Inc., New York, on 30 November 2023                     | 173,509,685                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
|                                                                   |                                                                                             | <table><tr><td rowspan="2">Shareholder</td><td colspan="3">Percentage of shares held (according to last notification received up to end of given year)</td></tr><tr><td>2024</td><td>2023</td><td>2022</td></tr><tr><td>Norges Bank, Oslo</td><td>5.00</td><td>4.79</td><td>3.01</td></tr><tr><td>BlackRock Inc., New York</td><td>5.01</td><td>5.01</td><td>5.23</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |      |  | Shareholder                            | Percentage of shares held (according to last notification received up to end of given year) |  |  | 2024                                   | 2023        | 2022 | Norges Bank, Oslo | 5.00                                          | 4.79        | 3.01 | BlackRock Inc., New York | 5.01 | 5.01 | 5.23 |
| Shareholder                                                       | Percentage of shares held (according to last notification received up to end of given year) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
|                                                                   | 2024                                                                                        | 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 2022 |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| Norges Bank, Oslo                                                 | 5.00                                                                                        | 4.79                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3.01 |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| BlackRock Inc., New York                                          | 5.01                                                                                        | 5.01                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 5.23 |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| B—Related Party Transactions.                                     |                                                                                             | Annual Report, <i>Loans granted to GEB members</i> (237), <i>Loans granted to BoD members</i> (238) and Note 30 to the Financial Statements ( <i>Related parties</i> ) (363-364).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| C—Interests of Experts and Counsel.                               |                                                                                             | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| <b>Item 8. Financial Information.</b>                             |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| A—Consolidated Statements and Other Financial Information.        |                                                                                             | 1, 2, 3, 4: Please see Item 18 of this Form 20-F.<br>5: Not applicable.<br>6: Annual Report, <i>Our businesses</i> (20-29), <i>Financial and operating performance</i> (64-86) and Note 3b to the Financial Statements ( <i>Segment reporting by geographic location</i> ) (287)<br>7: Information on material legal and regulatory proceedings is in Note 18 to the Financial Statements ( <i>Provisions and contingent liabilities</i> ) (304-312).<br>For developments during the year, please see also the note <i>Provisions and contingent liabilities</i> in the Consolidated Financial Statements section in our respective quarterly reports for the First, Second and Third Quarters 2024, filed on Forms 6-K dated May 7, 2024 , August 14, 2024 and October 30, 2024 (, respectively; as well as the <i>Provisions and contingent liabilities</i> section in the Fourth Quarter 2024 Report, filed on Form 6-K dated February 4, 2025. The disclosures in each such Quarterly Report speak only as of their respective dates.<br>8: Annual Report, <i>Investors</i> (35-36), <i>Dividend distribution</i> (157), <i>Distributions to shareholders</i> (167). |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| B—Significant Changes.                                            |                                                                                             | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| <b>Item 9. The Offer and Listing.</b>                             |                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| A – Offer and Listing Details.                                    |                                                                                             | 1, 2, 3, 5, 6, 7: Not applicable.<br>4: Annual Report, <i>Listing of UBS Group AG shares</i> (159).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| B—Plan of Distribution.                                           |                                                                                             | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| C—Markets.                                                        |                                                                                             | Cover page (3).<br>Annual Report, <i>Listing of UBS Group AG shares</i> (159)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| D—Selling Shareholders.                                           |                                                                                             | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| E—Dilution.                                                       |                                                                                             | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |
| F—Expenses of the Issue.                                          |                                                                                             | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |  |                                        |                                                                                             |  |  |                                        |             |      |                   |                                               |             |      |                          |      |      |      |

| <b>Item 10. Additional Information.</b>   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A—Share Capital.                          | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| B—Memorandum and Articles of Association. | <p>1: Supplement (13-16).</p> <p>2: Annual Report, <i>Compensation governance</i> (208-209), <i>Compensation for the Board of Directors</i> (227-229). Supplement (13-17).</p> <p>3: Annual Report, <i>Share capital structure</i> (164-168), <i>Shareholders' participation rights</i> (168-169), <i>Elections and terms of office</i> (201), <i>Change of control and defense measures</i> (195). Supplement (13-16).</p> <p>4: Supplement (13-16).</p> <p>5: Annual Report, <i>Shareholders' participation rights</i> (168-169). Supplement (13-16).</p> <p>6: Annual Report, <i>Transferability, voting rights and nominee registration</i> (167), <i>Shareholders' participation rights</i> (168-169). Supplement (13-16).</p> <p>7: Annual Report, <i>Change of control and defense measures</i> (195).</p> <p>8: Annual Report, <i>Significant Shareholders</i> (163).</p> <p>9: Supplement (13-16) and Annual Report, <i>Differences from corporate governance standards relevant to US-listed companies</i> (162), <i>Compensation governance</i> (208-209), <i>Compensation for the Board of Directors</i> (227-229), <i>Share capital structure</i> (164-168), <i>Shareholders' participation rights</i> (168-169), <i>Elections and terms of office</i> (201), <i>Transferability, voting rights and nominee registration</i> (167), <i>Change of control and defense measures</i> (195), <i>Significant Shareholders</i> (163).</p> <p>10: Supplement (13-16).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| C—Material Contracts.                     | <p>The Terms &amp; Conditions of the several series of capital instruments issued to date, and to be issued pursuant to Deferred Capital Contingent Plans, are exhibits 4.1 through 4.23 to this Form 20-F. These notes are described under <i>Swiss SRB total loss-absorbing capacity framework</i> on pages 138-140 of the Annual Report and <i>Our deferred compensation plans</i> on pages 220-221 of the Annual Report.</p> <p>The Asset Transfer Agreement by which certain assets and liabilities of UBS AG were transferred to UBS Switzerland AG is filed as Exhibit 4.24, and is described under <i>Joint liability of UBS AG and UBS Switzerland AG</i> on page 143 of the Annual Report.</p> <p>On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. The acquisition followed a request from the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA) to both firms to duly consider this transaction in order to restore necessary confidence in the stability of the Swiss economy and banking system and to serve the best interests of the shareholders and stakeholders of UBS and Credit Suisse. As a result of further negotiations and supported by distinct government guarantees and measures, the firms subsequently entered into a merger agreement on 19 March 2023. Upon the completion of the acquisition, each outstanding registered Credit Suisse Group AG share converted to the right to receive, subject to the payment of certain fees to the Credit Suisse Depositary in the case of Credit Suisse American depositary shares (ADS), a merger consideration consisting of 1/22.48 UBS Group AG shares. In aggregate, Credit Suisse Group AG shareholders received 5.1% of the outstanding UBS Group AG shares on the acquisition date, with a purchase price of USD 3.7bn.</p> <p>UBS AG entered into a definitive merger agreement with Credit Suisse AG on 7 December 2023, which was filed as Exhibit 4.22 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023. Also, UBS Switzerland AG and Credit Suisse (Schweiz) AG entered into a merger agreement on 9 February 2024, which was filed as Exhibit 4.23 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023. The mergers described in these agreements were carried out with some procedural simplifications and without any consideration given that both companies were, at the time of merger, wholly-owned by the same parent entity. Upon completion on 31 May 2024 for UBS AG and on 1 July 2024 for UBS Switzerland AG, all assets and liabilities of Credit Suisse AG and Credit Suisse (Schweiz) AG, respectively, were transferred automatically to UBS AG and UBS Switzerland AG, respectively.</p> |

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| D—Exchange Controls.                                                                          | Other than in relation to economic sanctions, there are no restrictions under the Articles of Association of UBS Group AG, nor under Swiss law, as presently in force, that limit the right of non-resident or foreign owners to hold UBS's securities freely. There are currently no Swiss foreign exchange controls or other Swiss laws restricting the import or export of capital by UBS or its subsidiaries, nor restrictions affecting the remittance of dividends, interest or other payments to non-resident holders of UBS securities. The Swiss federal government may impose sanctions on particular countries, regimes, organizations or persons which may create restrictions on exchange of control. A current list, in German, French and Italian, of such sanctions can be found at <a href="http://www.seco-admin.ch">www.seco-admin.ch</a> . UBS may also be subject to sanctions regulations from other jurisdictions where it operates imposing further restrictions. |
| E—Taxation.                                                                                   | Supplement (17-19).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| F—Dividends and Paying Agents.                                                                | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| G—Statement by Experts.                                                                       | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| H—Documents on Display.                                                                       | UBS files periodic reports and other information with the Securities and Exchange Commission. You may read and copy any document that we file with the SEC on the SEC's website, <a href="http://www.sec.gov">www.sec.gov</a> . Much of this information may also be found on the UBS website at <a href="http://www.ubs.com/investors">www.ubs.com/investors</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| I—Subsidiary Information.                                                                     | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| J—Annual Report to Security Holders                                                           | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Item 11.</b> Quantitative and Qualitative Disclosures About Market Risk.                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (a) Quantitative Information About Market Risk.                                               | Annual Report, <i>Market risk</i> (112-121), <i>Total loss-absorbing capacity</i> (140-143), and <i>Currency management</i> (157).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (b) Qualitative Information About Market Risk.                                                | Annual Report, <i>Market risk</i> (112-121), <i>Total loss-absorbing capacity</i> (140-143), and <i>Currency management</i> (157).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (c) Interim Periods.                                                                          | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Item 12.</b> Description of Securities Other than Equity Securities.                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| A – Debt Securities                                                                           | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| B – Warrants and Rights                                                                       | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| C – Other Securities                                                                          | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| D – American Depositary Shares                                                                | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Item 13.</b> Defaults, Dividend Arrearages and Delinquencies.                              | There has been no material default in respect of any indebtedness of UBS or any of its significant subsidiaries or any arrearages of dividends or any other material delinquency not cured within 30 days relating to any preferred stock of UBS Group AG or any of its significant subsidiaries.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Item 14.</b> Material Modifications to the Rights of Security Holders and Use of Proceeds. | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Item 15.</b> Controls and Procedures.                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (a) Disclosure Controls and Procedures                                                        | Annual Report, <i>US disclosure requirements</i> (198), and Exhibit 12 to this Form 20-F.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (b) Management's Annual Report on Internal Control over Financial Reporting                   | Annual Report, <i>Management's report on internal control over financial reporting</i> (244).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (c) Attestation Report of the Registered Public Accounting Firm                               | Annual Report, <i>Reports of Independent Registered Public Accounting Firm</i> (245-253).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (d) Changes in Internal Control over Financial Reporting                                      | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Item 16A.</b> Audit Committee Financial Expert.                                            | Annual Report, <i>Audit Committee</i> (179) and <i>Differences from corporate governance standards relevant to US-listed companies</i> (162).<br><br>All Audit Committee members have accounting or related financial management expertise and, in compliance with the rules established pursuant to the US Sarbanes-Oxley Act of 2002, at least one member, the Chairperson Jeremy Anderson, qualifies as a financial expert.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Item 16B.</b> Code of Ethics.                                                              | Annual Report, <i>Our Code of Conduct and Ethics</i> (41) UBS's Code of Conduct and Ethics (the Code) is published on our website under <a href="https://www.ubs.com/code">https://www.ubs.com/code</a> . The Code does not include a waiver option, and no waiver from any provision of the Code was granted to any employee in 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| <b>Item 16C.</b> Principal Accountant Fees and Services.                                 | Annual Report, <i>Auditors</i> (195-197).<br>None of the non-audit services so disclosed were approved by the Audit Committee pursuant to paragraph (c) (7)(i)(C) of Rule 2-01 of Regulation S-X.                                                                                                                                                                                                                                                                                                                                                               |
| <b>Item 16D.</b> Exemptions from the Listing Standards for Audit Committees.             | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Item 16E.</b> Purchases of Equity Securities by the Issuer and Affiliated Purchasers. | Annual Report, <i>Holding of UBS Group AG shares</i> (158-159), <i>Letter to Shareholders</i> (2-5).                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Item 16F.</b> Changes in Registrant's Certifying Accountant.                          | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Item 16G.</b> Corporate Governance.                                                   | Annual Report, <i>Differences from corporate governance standards relevant to US-listed companies</i> (162), <i>Governance and Nominating Committee</i> (181).                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Item 16H.</b> Mine Safety Disclosure.                                                 | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Item 16I.</b> Disclosure Regarding Foreign Jurisdictions that Prevent Inspections     | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Item 16J.</b> Insider trading policies.                                               | UBS has adopted the following policies governing the purchase, sale and other dispositions of its securities by its employees and senior management, implementing procedures designed to promote compliance with relevant insider trading rules and regulations: <i>UBS Group Global Policy on Personal Investment</i> , <i>UBS Group Pre-Clearance and Disclosure Requirements for Group Senior Management</i> , and <i>UBS Group Dealing in UBS Shares and UBS Long Term Debt Securities by UBS</i> . These are filed as Exhibits 11.1, 11.2 and 11.3 hereto. |
| <b>Item 16K.</b> Cybersecurity.                                                          | Annual Report, <i>Operational risks affect our business</i> (53-54), <i>Risk management and control</i> (89-135), <i>Board of Directors</i> (170-185), <i>Cybersecurity governance</i> (183), and <i>Group Executive Board</i> (186-194).                                                                                                                                                                                                                                                                                                                       |
| <b>Item 17.</b> Financial Statements.                                                    | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Item 18.</b> Financial Statements.                                                    | Annual Report, <i>Financial statements</i> (243-368), <i>Significant regulated subsidiary and sub-group information</i> (369-370) and <i>Additional regulatory information</i> (371-379).                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Item 19.</b> Exhibits                                                                 | Supplement (20-21).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## Supplemental information

### Item 4. Information on the Company B – Business Overview

#### Item 4.B.2. Geographic breakdown of total revenues of UBS Group AG consolidated

UBS Group AG's Financial Statements are prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board and are stated in USD. The operating regions shown in the table below correspond to the regional management structure of UBS. The allocation of total revenues to these regions reflects, and is consistent with, the basis on which the business is managed and its performance is evaluated. These allocations involve assumptions and judgments that management considers to be reasonable and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the given client, and trading and portfolio management revenues are attributed to the country where the risk is managed. This revenue attribution is consistent with the mandate of the regional Presidents. Certain revenues, such as those related to Non-core and Legacy and Group Items, are included in the *Global* column.

For 2023, the allocation of total revenues by geographical region for Credit Suisse is not available on the same allocation basis as for the UBS Group and the cost to develop this information would have been excessive. Therefore, as permitted under IFRS 8, the respective information is not disclosed. UBS AG and Credit Suisse AG disclosed total revenues by geographical region in their 2023 annual reports according to their respective allocation methodologies.

USD billion

| Business Division            | FY                | Americas <sup>1</sup> | Asia Pacific | EMEA | Switzerland | Global <sup>2</sup> | Total |
|------------------------------|-------------------|-----------------------|--------------|------|-------------|---------------------|-------|
| Global Wealth Management     | 2024              | 11.3                  | 3.6          | 4.7  | 4.1         | 0.9                 | 24.5  |
|                              | 2023 <sup>3</sup> | n.a.                  | n.a.         | n.a. | n.a.        | n.a.                | n.a.  |
|                              | 2022              | 10.6                  | 2.6          | 3.9  | 1.9         | 0.0                 | 19.0  |
| Personal & Corporate Banking | 2024              | 0.0                   | 0.0          | 0.0  | 9.3         | 0.0                 | 9.3   |
|                              | 2023 <sup>3</sup> | n.a.                  | n.a.         | n.a. | n.a.        | n.a.                | n.a.  |
|                              | 2022              | 0.0                   | 0.0          | 0.0  | 4.3         | 0.0                 | 4.3   |
| Asset Management             | 2024              | 0.8                   | 0.4          | 0.4  | 0.9         | 0.7                 | 3.2   |
|                              | 2023 <sup>3</sup> | n.a.                  | n.a.         | n.a. | n.a.        | n.a.                | n.a.  |
|                              | 2022              | 0.5                   | 0.4          | 0.4  | 0.7         | 0.8                 | 3.0   |
| Investment Bank              | 2024              | 4.8                   | 2.9          | 2.6  | 0.7         | 0.0                 | 10.9  |
|                              | 2023 <sup>3</sup> | n.a.                  | n.a.         | n.a. | n.a.        | n.a.                | n.a.  |
|                              | 2022              | 2.7                   | 2.7          | 2.6  | 0.7         | 0.0                 | 8.7   |
| Non-core and Legacy          | 2024              | 0.0                   | 0.0          | 0.0  | 0.0         | 1.6                 | 1.6   |
|                              | 2023 <sup>3</sup> | n.a.                  | n.a.         | n.a. | n.a.        | n.a.                | n.a.  |
|                              | 2022              | 0.0                   | 0.0          | 0.0  | 0.0         | 0.2                 | 0.2   |
| Group Items                  | 2024              | 0.0                   | 0.0          | 0.0  | 0.0         | (1.0)               | (1.0) |
|                              | 2023 <sup>3</sup> | n.a.                  | n.a.         | n.a. | n.a.        | n.a.                | n.a.  |
|                              | 2022              | 0.0                   | 0.0          | 0.0  | 0.0         | (0.6)               | (0.6) |
| Group                        | 2024              | 16.8                  | 6.8          | 7.7  | 15.1        | 2.2                 | 48.6  |
|                              | 2023 <sup>3</sup> | n.a.                  | n.a.         | n.a. | n.a.        | n.a.                | n.a.  |
|                              | 2022              | 13.8                  | 5.6          | 7.0  | 7.7         | 0.5                 | 34.6  |

<sup>1</sup> Predominantly related to the US. <sup>2</sup> Includes certain revenues in Asset Management and Global Wealth Management, that were not allocated to geographical regions. <sup>3</sup> For 2023, the allocation of total revenues by geographical region for Credit Suisse is not available on the same allocation basis as for the UBS Group and the cost to develop this information would have been excessive. Therefore, as permitted under IFRS 8, the respective information is not disclosed.

## Disclosure Pursuant To Section 219 of the Iran Threat Reduction And Syrian Human Rights Act

Section 219 of the US Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA") added Section 13(r) to the US Securities Exchange Act of 1934, as amended (the "Exchange Act") requiring each SEC reporting issuer to disclose in its annual and, if applicable, quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran or with the Government of Iran or certain designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by the report. The required disclosure may include reporting of activities not prohibited by US or other law, even if conducted outside the US by non-US affiliates in compliance with local law. Pursuant to Section 13(r) of the Exchange Act, we note the following for the period covered by this annual report:

UBS has a Group Sanctions Policy that prohibits transactions involving sanctioned countries, including Iran, and sanctioned individuals and entities. However, UBS Switzerland AG maintains one account involving the Iranian government under the auspices of the United Nations in Geneva after agreeing with the Swiss government that it would do so only under certain conditions. These conditions include that payments involving the account must: (1) be made within Switzerland; (2) be consistent with paying rent, salaries, telephone and other expenses necessary for its operations in Geneva; and (3) not involve any Specially Designated Nationals (SDNs) blocked or otherwise restricted under US or Swiss law. The corrected gross revenues for this UN-related account in 2023 were approximately USD 79,646 (CHF 67,022) and in 2022 approximately USD 24,540 (CHF 22,702). In 2024, the gross revenues for this UN-related account were approximately USD 87,553 (CHF 79,481). We do not allocate expenses to specific client accounts in a way that enables us to calculate net profits with respect to any individual account. UBS AG intends to continue maintaining this account pursuant to the conditions it has established with the Swiss Government and consistent with its Group Sanctions Policy.

As previously reported, UBS had certain outstanding legacy trade finance arrangements issued on behalf of Swiss client exporters in favor of their Iranian counterparties. In February 2012 UBS ceased accepting payments on these outstanding export trade finance arrangements and worked with the Swiss government who insured these contracts (Swiss Export Risk Insurance "SERV"). On December 21, 2012, UBS and the SERV entered into certain Transfer and Assignment Agreements under which SERV purchased all of UBS's remaining receivables under or in connection with Iran-related export finance transactions. Hence, the SERV is the sole beneficiary of said receivables. There was no financial activity involving Iran in connection with these trade finance arrangements in 2024, and no gross revenue or net profit.

In connection with these trade finance arrangements, UBS Switzerland AG has maintained one existing account relationship with an Iranian bank. This account was established prior to the US designation of this bank and maintained due to the existing trade finance arrangements. In 2007, following the designation of the bank pursuant to sanctions issued by the US, UN and Switzerland, the account was blocked under Swiss law and remained subject to blocking requirements until January 2016. Client assets as of 31 December 2024 were CHF 3,097.40. Gross revenues were USD 15 equivalent (CHF 14).

In addition to the above, during 2024, up until the merger with UBS AG, Credit Suisse AG processed a small number of de minimis payments related to the operation of Iranian diplomatic missions in Switzerland and related to fees for ministerial government functions such as issuing passports and visas. After the merger, UBS continued to process these payments originally associated with Credit Suisse. Processing these payments is permitted under Swiss law. Revenues and profits from these activities are not calculated but would be negligible.

## Item 10. Additional Information.

### B—Memorandum and Articles of Association.

Please see the Articles of Association of UBS Group AG (Exhibit 1.1 to this Form 20-F) and the Organization Regulations of UBS Group AG (Exhibit 1.2 to this Form 20-F).

Set forth below is a summary of the material provisions of the Articles of Association of UBS Group AG (the “Articles”), Organization Regulations of UBS Group AG (the “Organization Regulations”) and relevant Swiss laws, in particular the Swiss Code of Obligations, relating to the ordinary shares of UBS Group AG (the “shares”). This description does not purport to be complete and is qualified in its entirety by references to Swiss law, including Swiss company law, and to the Articles and Organization Regulations.

The principal legislation under which UBS Group AG operates, and under which the shares are issued, is the Swiss Code of Obligations.

#### **Shares and Shareholders**

##### ***Shares***

The shares are registered shares (*Namenaktien*) with a nominal value of USD 0.10 per share and are issued as uncertificated securities (*einfache Wertrechte*) (in the sense of the Swiss Code of Obligations). The shares are fully paid up, and there is no liability of shareholders to further capital calls by UBS Group AG. The shares rank *pari passu* in all respects with each other, including voting rights, entitlement to dividends, share of the liquidation proceeds in case of the liquidation of UBS Group AG, preemptive rights in the event of a share issue (*Bezugsrechte*) and advance subscription rights in the event of the issuance of equity-linked securities (*Vorwegzeichnungsrechte*).

The Articles provide that we may elect to print and deliver certificates for shares at any time. However, shareholders have no right to request the printing and delivery of certificates for shares or the conversion of the shares into another form.

##### ***Share Register***

Swiss law distinguishes between registration with and without voting rights. Shareholders must be registered in our share register as shareholders with voting rights in order to vote (and assert or exercise other rights relating to voting rights) and participate in shareholders’ meetings.

Swiss law and the Articles require UBS Group AG to keep a share register in which the name, address and nationality (or registered office in the case of legal entities) of the owners of the shares are recorded. The main function of the share register is to register shareholders entitled to vote (and assert or exercise other rights relating to voting rights) and participate in shareholders’ meetings.

A shareholder will be registered in our share register with voting rights upon disclosure of its name, address and nationality (or registered office in the case of legal entities). However, we may decline a registration with voting rights if the shareholder does not declare that it has acquired the shares in its own name and for its own account. If the shareholder refuses to make such declaration, it will be registered in our share register as a shareholder without voting rights.

In order to register shares in our share register, a shareholder must file a share registration form with the share register. Failing such registration, a shareholder may not vote at or participate in shareholders’ meetings, but will be entitled to receive dividends and other rights with financial value, such as preemptive rights in the event of a share issue (*Bezugsrechte*) and advance subscription rights in the event of the issuance of equity-linked securities (*Vorwegzeichnungsrechte*), and its share of liquidation proceeds. Shareholders registered in our share register may at any time request from us a confirmation of the shares that they hold according to our share register.

UBS Group AG’s share register is kept by UBS Shareholder Services, P.O. Box, 8098 Zurich, Switzerland. UBS Shareholder Services is responsible for the registration of the shares. The share register is split into two parts – a Swiss register, which is maintained by UBS Group AG, acting as Swiss share registrar, and a US register, which is maintained by Computershare Trust Company NA, c/o Computershare Investor Services, P.O. Box 505000, Louisville, KY 40233-5000, United States, acting as US transfer agent.

##### ***Transfer of Shares***

The transfer of shares constituting intermediated securities (*Bucheffekten*) (within the meaning of the Swiss Federal Intermediated Securities Act) is effected by entries in securities accounts in accordance with applicable law. The transfer of shares that do not constitute intermediated securities is effected by way of a written declaration of assignment and may require notice to UBS Group AG.



## **Shareholders' Meetings**

A shareholders' meeting is convened by the Board of Directors (the "BoD") or, if necessary, by the company's statutory auditors upon notification of the shareholders at least 20 days prior to such meeting. An invitation to any shareholders' meeting will be published in the Swiss Official Gazette of Commerce. The Articles do not require a minimum number of shareholders to be present in order to hold a shareholders' meeting.

Unless otherwise provided by Swiss law or the Articles (as indicated below), resolutions require the approval of a majority of the votes represented, excluding blank and invalid ballots, at a shareholders' meeting in order to be passed.

Under Swiss corporate law (or Swiss banking law, as the case may be), a resolution passed at a shareholders' meeting with the approval of at least two-thirds of the votes, and a majority of the aggregate nominal value of shares, in each case represented at such meeting is required in order to approve:

- A change in the corporation's stated purpose in its articles of association;
- The consolidation of shares, unless the consent of all the shareholders concerned is required;
- The restriction or exclusion of preemptive rights in the event of a share issue (*Bezugsrechte*);
- The conversion of participation certificates into shares;
- The introduction of shares with preferential voting rights;
- Any restriction on the transferability of registered shares;
- Any change in the currency of the share capital;
- The introduction of a casting vote for the person chairing the shareholders' meeting;
- A provision of the articles of association on holding the shareholders' meeting abroad;
- The delisting of the equity securities of the corporation;
- The creation of conditional capital, the introduction of a capital band or, in accordance with Swiss banking law, the introduction of reserve capital;
- An increase in share capital in consideration of contributions in kind, or by off-set of a claim, or involving the granting of special privileges, or from the transformation of reserves into share capital;
- A change of domicile of the corporation;
- The introduction of an arbitration clause in the articles of association;
- Dissolution of the corporation.

Under the Articles, a resolution passed at a shareholders' meeting with the approval of at least two-thirds of the votes represented at such meeting is required in order to approve:

- A change to the provisions in the Articles regarding the number of members of the BoD;
- Removal of one-quarter or more of the members of the BoD; or
- The deletion or modification of the provision of the Articles establishing these supermajority requirements.

At shareholders' meetings, a shareholder can be represented by a legal representative or under a written power of attorney by a proxy who does not need to be a shareholder or, under a written or electronic power of attorney, by the independent proxy. Votes and elections are generally conducted electronically to ascertain the exact number of votes cast. Voting by a show of hands is possible if a clear majority is predictable. Shareholders representing at least 3% of the votes represented may always request that a vote or election take place electronically or by a written ballot.

## **Net Profits and Dividends**

Swiss law requires that at least 5% of the annual net profits of a corporation must be retained and booked as statutory retained earnings until these retained earnings equal, together with the corporation's statutory capital reserve, no less than 50% of the corporation's share capital registered in the commercial register. Holding companies, such as UBS Group AG, must increase their statutory retained earnings until these equal, together with their statutory capital reserve, no less than 20% of the holding company's share capital registered in the commercial register. Any remaining net profit of the corporation may be allocated, subject to the provisions of the Swiss Code of Obligations and of the Swiss Banking Act, by the shareholders represented at the applicable shareholders' meeting.

Under Swiss law, dividends may be paid by a corporation only if, based on its audited standalone statements prepared in accordance with Swiss law, the corporation has sufficient distributable profits from the previous financial years or if the reserves of the corporation are sufficient to allow distribution of a dividend. In either event, dividends may be paid by the corporation only after approval by the shareholders' meeting. The BoD may propose to the shareholders that a dividend be paid, but cannot itself set the dividend. The corporation's statutory auditors must confirm that any dividend proposal of the BoD is in accordance with Swiss law and the corporation's articles of association.

Dividends are usually due and payable after the shareholders' resolution relating to the allocation of profits has been passed. Under Swiss law, the statute of limitations in respect of dividend payments is five years.

## ***Preemptive and Advance Subscription Rights***

Under Swiss law, any share issue, whether for cash or non-cash consideration or for no consideration, is subject to the prior approval of the shareholders' meeting. Existing shareholders of a Swiss corporation have certain preemptive rights in the event of a share issue (*Bezugsrechte*) and advance subscription rights in the event of the issuance of equity-linked securities (*Vorwegzeichnungsrechte*) to subscribe for the new shares or equity-linked securities, as the case may be, in proportion to the nominal amount of shares held. However, the articles of association of the corporation or a resolution approved at a shareholders' meeting by at least two-thirds of the votes and a majority of the aggregate nominal value of the shares, in each case represented at the meeting, may limit or exclude such preemptive or advance subscription rights in certain limited circumstances.

## ***Notices***

Notices to shareholders are made by publication in the Swiss Official Gazette of Commerce. The BoD may designate further means of communication for publishing notices to shareholders.

## ***Mandatory Tender Offer***

Under the applicable provisions of the Swiss Financial Market Infrastructure Act, anyone who directly or indirectly or acting in concert with third parties acquires more than 33 1/3% of the voting rights (whether exercisable or not) of a Swiss-listed company will have to submit a takeover bid to acquire all other listed equity securities of such company. A waiver from the mandatory bid rule may be granted by the Swiss Takeover Board or the Swiss Financial Market Supervisory Authority FINMA. If no waiver is granted, the mandatory takeover bid must be made pursuant to the procedural rules set forth in the Swiss Financial Market Infrastructure Act and its implementing ordinances.

## **Board of Directors** **Borrowing Power**

Neither Swiss law nor the Articles restrict in any way our power to borrow and raise funds, provided that any such borrowing is entered into on arms' length terms.

UBS Group AG, as a listed company, may grant loans to members of its BoD based on the Articles. The Articles restrict UBS Group AG's ability to grant loans to BoD members as follows: First, loans to the independent members of the BoD shall be made in accordance with the customary business and market conditions. Second, loans to the non-independent members of the BoD shall be made in the ordinary course of business on substantially the same terms as those granted to UBS employees. Third, the total amount of such loans shall not exceed CHF 20m per member.

## ***Conflicts of Interests***

Swiss law requires directors and members of senior management to inform the BoD immediately and comprehensively of any conflicts of interest affecting them. The BoD then has to take the measures required to safeguard the interests of the corporation. Directors and officers are personally liable to the corporation for any breach of these provisions. In addition, Swiss law contains a provision under which payments made to a shareholder, a director, a person involved in the corporation's management activities and a member of the advisory board or any person associated therewith, other than at arm's length, must be repaid to the corporation if they were unduly taken.

In addition, the Organization Regulations provide that the member of the BoD or senior management with a conflict of interest shall participate in discussions and a double vote (meaning a vote with and a vote without the conflicted individual) shall take place. A binding decision on the matter requires the same outcome in both votes. This is subject to exceptional circumstances in which the best interests of UBS dictate that the member of the BoD or senior management with a conflict of interest shall not participate in the discussions and decision-making involving the interest at stake.

## ***Retirement of Board Members***

There is no age-limit requirement for retirement of the members of the BoD. The term of office for each BoD member is until the next annual general meeting of shareholders, and no BoD member may serve for more than 10 consecutive terms of office. In exceptional circumstances the BoD can extend this limit.

## **The Company**

### ***Repurchase of Shares***

Swiss law limits a corporation's ability to hold or repurchase its own shares. We and our subsidiaries may repurchase shares only if and to the extent that (i) we have freely distributable reserves in the amount of the purchase price and (ii) the aggregate nominal value of all shares held by us and our subsidiaries does not exceed 10% of our nominal share capital (or 20% of our nominal share capital in specific circumstances). Repurchases for cancellation purposes approved by the shareholders' meeting are not subject to the 10% threshold for own shares within the meaning of article 659 paragraph 2 of the Swiss Code of Obligations. We must create a special reserve in our standalone financial statements prepared in accordance with Swiss law in the amount of the purchase price of any repurchased shares. Furthermore, in our consolidated financial statements, own shares are recorded at cost and reported as treasury shares, resulting in a reduction in total shareholders' equity. Shares held by us or any of our subsidiaries do not carry any rights to vote at shareholders' meetings.

### ***Sinking Fund Provisions***

There are no provisions in Swiss law or in the Articles requiring us to put resources aside for the exclusive purpose of redeeming bonds or repurchasing shares.

### ***Registration and Business Purpose***

UBS Group AG was incorporated and registered as a corporation limited by shares (*Aktiengesellschaft*) under the laws of Switzerland. UBS Group AG was entered into the commercial register of Canton Zurich on June 10, 2014 under the registration number CHE-395.345.924 and has its registered domicile in Zurich, Switzerland. The business purpose of UBS Group AG, as set forth in article 2 of the Articles, is the acquisition, holding, management and sale of direct and indirect participations in enterprises of any kind, in particular in the area of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS Group AG may establish enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS Group AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS Group AG may provide loans, guarantees and other types of financing and security for group companies and borrow and invest capital on the money and capital markets.

### ***Duration and Liquidation***

UBS Group AG has an unlimited duration.

Under Swiss law, we may be dissolved at any time by way of liquidation or in the case of a merger in accordance with the Swiss Federal Act on Merger, Demerger, Transformation of Assets of October 3, 2003, as amended, based on a resolution passed at a shareholders' meeting with the approval of at least two-thirds of the votes, and a majority of the aggregate nominal value of shares, in each case represented at such meeting. As UBS Group AG is the Swiss parent of a financial group, the Swiss Financial Market Supervisory Authority FINMA is the only competent authority to open restructuring or liquidation (bankruptcy) proceedings with respect to UBS Group AG.

Under Swiss law, any surplus arising out of a liquidation (after the settlement of all claims of all creditors) must be used first to repay the nominal share capital of UBS Group AG. Thereafter, any balance must be distributed to shareholders in proportion to the paid-up nominal value of shares held.

### ***Other***

Ernst & Young Ltd, Aeschengraben 27, 4051 Basel, Switzerland, PCAOB number 1460, have been appointed as statutory auditors and as auditors of the consolidated accounts of UBS Group AG. The auditors are subject to election each year by the shareholders at the annual general meeting.

## **E—Taxation.**

This section outlines the material Swiss tax and US federal income tax consequences of the ownership of UBS Group AG's ordinary shares (defined as "UBS ordinary shares " in this section) by a US holder (as defined below) who holds UBS ordinary shares as capital assets. This discussion addresses only US federal income taxation and Swiss income and capital taxation and does not discuss all of the tax consequences that may be relevant to holders in light of their individual circumstances, including other foreign tax consequences, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. It is designed to explain the major interactions between Swiss and US taxation for US persons who hold UBS ordinary shares.

The discussion does not address the tax consequences to persons who hold UBS ordinary shares in particular circumstances, such as tax-exempt entities, banks, financial institutions, life insurance companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, holders that actually or constructively own 10% or more of the total combined voting power of the voting stock of UBS Group AG or of the total value of stock of UBS Group AG, holders that hold UBS ordinary shares as part of a straddle or a hedging or conversion transaction, holders that purchase or sell UBS ordinary shares as part of a wash sale for tax purposes or holders whose functional currency for US tax purposes is not the US dollar. This discussion also does not apply to holders who acquired their UBS ordinary shares through a tax-qualified retirement plan, nor generally to unvested UBS ordinary shares held under deferred compensation arrangements.

If a partnership (or other entity treated as a partnership for US federal income tax purposes) holds UBS ordinary shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the UBS ordinary shares should consult its tax advisor with regard to the US federal income tax treatment of an investment in the ordinary shares.

The discussion is based on the tax laws of Switzerland and the United States, including the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, as in effect on the date of this document, as well as the Convention between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income (the "Treaty"), all of which may be subject to change or change in interpretation, possibly with retroactive effect.

For purposes of this discussion, a "US holder" is any beneficial owner of UBS ordinary shares that is for US federal income tax purposes:

- A citizen or resident of the United States;
- A domestic corporation or other entity taxable as a corporation;
- An estate, the income of which is subject to US federal income tax without regard to its source; or
- A trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

Holders of UBS ordinary shares are urged to consult their tax advisors regarding the US federal, state and local and the Swiss and other tax consequences of owning and disposing of these shares in their particular circumstances.

### **(a) Ownership of UBS Ordinary Shares - Swiss Taxation**

#### *Dividends and Distributions*

Dividends paid by UBS Group AG to a holder of UBS ordinary shares (including dividends on liquidation proceeds and stock dividends) are in principle subject to a Swiss federal withholding tax at a rate of 35%.

Under the Capital Contribution Principle, the repayment of capital contributions, including share premiums made by the shareholders after December 31, 1996 is in principle not subject to Swiss withholding tax if certain requirements regarding the booking of these capital contributions are met.

Swiss companies listed on a Swiss stock exchange such as UBS Group AG can repay reserves from capital contributions to their shareholders without deduction of Swiss withholding tax only if they distribute at least the same amount of taxable dividends. For this reason UBS Group AG pays half of the dividend from capital contribution reserves and half of the dividend from taxable dividends which is subject to 35% Swiss withholding tax.

A US holder resident in the US that qualifies for Treaty benefits may apply for a refund of the withholding tax withheld in excess of the 15% Treaty rate (or for a full refund in case of qualifying retirement arrangements). The claim for refund must be filed with the Swiss Federal Tax Administration, Eigerstrasse 65, CH-3003 Berne, Switzerland no later than December 31 of the third year following the end of the calendar year in which the income subject to withholding was due. The form used for obtaining a refund is one of the Swiss Tax Forms 82 (82 C for US companies; 82 E for other US entities; 82 I for individuals; 82 R for regulated investment companies), which may be obtained from the Swiss Federal Tax Administration at the address above or downloaded from the web page of the Swiss Federal tax Administration. The form must be filled out in triplicate with each copy duly completed and signed before a notary public in the United States. The form must be accompanied by evidence of the deduction of withholding tax withheld at the source.

A US holder resident outside the US may be eligible for a withholding tax reclaim. If the US holder is resident in Switzerland, a full reclaim based on the Swiss withholding tax Act is possible provided all necessary conditions are met. A US holder resident neither in the US nor in Switzerland may be eligible for a partial reclaim provided that a Treaty between Switzerland and the country of residence is applicable and that all necessary conditions are met.

#### *Transfers of UBS Ordinary Shares*

The purchase or sale of UBS ordinary shares, whether by Swiss resident or non-resident holders (including US holders), may be subject to a Swiss securities transfer stamp duty of up to 0.15% calculated on the purchase price or sale proceeds if it occurs through or with a bank or other securities dealer as defined in the Swiss Federal Stamp Tax Act in Switzerland or the Principality of Liechtenstein. In addition to the stamp duty, the sale of UBS ordinary shares by or through a member of a recognized stock exchange may be subject to a stock exchange levy.

Capital gains realized by a US holder upon the sale of UBS ordinary shares are not subject to Swiss income or gains taxes, unless such US holder holds such shares as business assets of a Swiss business operation qualifying as a permanent establishment. In the latter case, gains are taxed at ordinary Swiss individual or corporate income tax rates, as the case may be, and losses are deductible for purposes of Swiss income taxes. Furthermore, a US holder who is an individual resident in Switzerland and holds such shares as business assets (as he qualifies as a professional trader of securities as per Swiss tax law) may be liable to Swiss income taxes on gains.

### **(b) Ownership of UBS Ordinary Shares - US Federal Income Taxation**

The tax treatment of the UBS ordinary shares will depend in part on whether or not UBS Group AG is classified as a passive foreign investment company, or PFIC, for US federal income tax purposes. Except as discussed below under “—Passive Foreign Investment Company (PFIC) Rules”, this discussion assumes that UBS Group AG is not classified as a PFIC for United States federal income tax purposes.

#### *Dividends and Distributions*

A US holder will include in gross income and treat as a dividend the gross amount of any distribution paid, before reduction for Swiss withholding taxes, by UBS Group AG out of its current or accumulated earnings and profits (as determined for US federal income tax purposes), other than certain pro-rata distributions of UBS ordinary shares, when the distribution is actually or constructively received by the US holder. Distributions in excess of current and accumulated earnings and profits (as determined for US federal income tax purposes) will be treated as a return of capital to the extent of the US holder's basis in its UBS ordinary shares and thereafter as capital gain. However, UBS Group AG does not expect to calculate earnings and profits in accordance with US federal income tax principles. Accordingly, a US holder should expect to generally treat distributions made on UBS ordinary shares as dividends.

Dividends paid to a noncorporate US holder that constitute qualified dividend income will be taxable to the holder at preferential rates, provided that the holder has a holding period in the shares of more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets other holding period requirements. Dividends paid by UBS Group AG with respect to the ordinary shares will generally be qualified dividend income provided that, in the year that the US holder receives the dividend, the UBS ordinary shares are readily tradable on an established securities market in the United States. The UBS ordinary shares are listed on the New York Stock Exchange, and UBS Group AG therefore expects that dividends will be qualified dividend income.

For US federal income tax purposes, a dividend will include a distribution characterized under Swiss law as a repayment of capital contributions if the distribution is made out of current or accumulated earnings and profits, as described above.

Dividends will generally be income from sources outside the United States for foreign tax credit limitation purposes, and will generally be "passive" income for purposes of computing the foreign tax credit allowable to the holder. However, if (a) we are 50% or more owned, by vote or value, by US persons and (b) at least 10% of our earnings and profits are attributable to sources within the United States, then for foreign tax credit purposes, a portion of our dividends would be treated as derived from sources within the United States. With respect to any dividend paid for any taxable year, the US source ratio of our dividends for foreign tax credit purposes would be equal to the portion of our earnings and profits from sources within the United States for such taxable year, divided by the total amount of our earnings and profits for such taxable year. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to preferential rates. The dividend will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

Dividends on the UBS ordinary shares are taxable to a US holder when the US holder receives the dividends, actually or constructively. In the case of dividends that are paid in Swiss francs, the amount of the dividend distribution included in income of a US holder will be the US dollar value of the Swiss franc payments made, determined at the spot Swiss franc/US dollar rate on the date such dividend distribution is includible in the income of the US holder, regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in income to the date such dividend payment is converted into US dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. Such gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Subject to US foreign tax credit limitations, the nonrefundable Swiss tax withheld and paid over to Switzerland will generally be creditable or deductible against the US holder's US federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a reduction or refund of the tax withheld is available to a US holder under the laws of Switzerland or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against the US holder's US federal income tax liability, whether or not the refund is actually obtained. See "(a) Ownership of UBS Ordinary Shares – Swiss Taxation" above, for the procedures for obtaining a tax refund.

#### *Transfers of UBS Ordinary Shares*

A US holder that sells or otherwise disposes of UBS ordinary shares generally will recognize capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount realized and its tax basis, determined in US dollars, in such UBS ordinary shares. Capital gain of a non-corporate US holder is generally taxed at preferential rates if the UBS ordinary shares were held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. A US holder will not be allowed a foreign tax credit in respect of any stamp duty or stock exchange levy that is imposed upon a transfer of UBS ordinary shares.

#### *Passive Foreign Investment Company (PFIC) Rules*

UBS Group AG believes that it should not currently be classified as a PFIC for US federal income tax purposes, and it does not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination made annually and thus may be subject to change. In addition, UBS Group AG's current position that it is not currently, and it does not expect to become, a PFIC is based on the position that UBS Group AG qualifies for a special rule that treats income recognized by a bank in the active conduct of a banking business as active income for PFIC purposes (the "active bank exception"). It is possible, however, that UBS Group AG may not satisfy the requirements of the active bank exception in the current or a future taxable year, or that the U.S. Internal Revenue Service may issue guidance in the future under which UBS Group AG would not satisfy the requirements of the active bank exception. It is therefore possible that UBS Group AG could become a PFIC in a future taxable year. In general, UBS Group AG will be a PFIC with respect to a US holder if, for any taxable year in which the US holder held UBS ordinary shares, either (i) at least 75% of the gross income of UBS Group AG for the taxable year is passive income or (ii) at least 50% of the value, determined on the basis of a quarterly average, of UBS Group AG's assets is attributable to assets that produce or are held for the production of passive income (including cash). "Passive income" generally includes dividends, interest, gains from the sale or exchange of investment property rents and royalties and certain other specified categories of income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation's income.

If UBS Group AG were to be treated as a PFIC, special rules apply with respect to (i) any gain a US holder realizes on the sale or other disposition of UBS ordinary shares, and (ii) any excess distribution that UBS Group AG makes to a US holder (generally, any distributions to the US holder during a single taxable year, other than the taxable year in which the US holder's holding period in the UBS ordinary shares begins, that are greater than 125% of the average annual distributions received by the US holder in respect of the UBS ordinary shares during the three preceding taxable years or, if shorter, the US holder's holding period for the UBS ordinary shares that preceded the taxable year in which the US holder receives the distribution). Under these rules: (i) the gain or excess distribution will be allocated ratably over the US holder's holding period for the UBS ordinary shares, (ii) the amount allocated to the taxable year in which the US holder realized the gain or excess distribution or to prior years before the first year in which UBS Group AG is a PFIC with respect to the US holder will be taxed as ordinary income, (iii) the amount allocated to each other prior year will be taxed at the highest tax rate in effect for that year, and (iv) the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC. With certain exceptions, a US holder's UBS ordinary shares will be treated as stock in a PFIC if UBS Group AG was a PFIC at any time during the holder's holding period in the UBS ordinary shares. In addition, dividends received from UBS Group AG would not be eligible for the preferential tax rate applicable to qualified dividend income if UBS Group AG were to be treated as a PFIC either in the taxable year of the distribution or the preceding taxable year, but would instead be taxable at rates applicable to ordinary income. If a US holder owns UBS ordinary shares during any year that UBS Group AG is PFIC with respect to the US holder, the US holder may be required to file Internal Revenue Service Form 8621.

## Item 19. Exhibits.

| Exhibit number | Description                                                                                                                                                                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1            | <a href="#">Articles of Association of UBS Group AG dated 24 April 2024</a> . (Incorporated by reference to Form 6-K of UBS Group AG filed on May 13, 2024)                                                                                                                                                   |
| 1.2            | <a href="#">Organization Regulations of UBS Group AG dated 1 July 2024</a> .                                                                                                                                                                                                                                  |
| 2(b)           | Instruments defining the rights of the holders of long-term debt issued by UBS Group AG and its subsidiaries. We agree to furnish to the SEC upon request, copies of the instruments, including indentures, defining the rights of the holders of our long-term debt and of our subsidiaries' long-term debt. |
| 2(d)           | <a href="#">Description of securities registered under Section 12 of the Securities Exchange Act of 1934</a> . (Incorporated by reference to Exhibit 2(d) to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023)                                                                    |
| 4.1            | <a href="#">Terms and Conditions of USD 1.25 billion 7% Tier 1 Subordinated Notes issued by UBS Group AG on 19 February 2015</a> . (Incorporated by reference to Exhibit 4.4 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2014)                                                 |
| 4.2            | <a href="#">Terms and Conditions of USD 1.575 billion Tier 1 Subordinated Notes issued by UBS Group AG on 7 August 2015</a> . (Incorporated by reference to Exhibit 4.8 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2015)                                                      |
| 4.3            | <a href="#">Terms and Conditions of AUD 700 million 4.375% Tier 1 Subordinated Notes issued on 27 August 2019 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.17 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2019)                                               |
| 4.4            | <a href="#">Terms and Conditions of SGD 750 million 4.85% Tier 1 Subordinated Notes issued on 04 September 2019 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.18 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2019)                                             |
| 4.5            | <a href="#">Terms and Conditions of CHF 275 million 3.00% Tier 1 Subordinated Notes issued on 13 November 2019 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.19 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2019)                                              |
| 4.6            | <a href="#">Terms and Conditions of USD 750 million 5.125% Tier 1 Subordinated Notes issued on 29 July 2020 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.20 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2020)                                                 |
| 4.7            | <a href="#">Terms and Conditions of USD 1.5 billion 4.375% Tier 1 Subordinated Notes issued on 10 February 2021 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.21 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2020)                                             |
| 4.8            | <a href="#">Terms and Conditions of additional Tier 1 capital instruments issued pursuant to the Deferred Contingent Capital Plan 2020/21</a> . (Incorporated by reference to Exhibit 4.22 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2020)                                   |
| 4.9            | <a href="#">Terms and Conditions of USD 750 million 3.875% Tier 1 Subordinated Notes issued on 02 June 2021 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.18 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2021)                                                 |
| 4.10           | <a href="#">Terms and Conditions of USD 1.5 billion 4.875% Tier 1 Subordinated Notes issued on 12 January 2022 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.19 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2021)                                              |
| 4.11           | <a href="#">Terms and Conditions of CHF 265 million 3.375% Tier 1 Subordinated Notes issued on 16 February 2022 by UBS Group AG</a> . (Incorporated by reference to Exhibit 4.20 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2021)                                             |
| 4.12           | <a href="#">Terms and Conditions of additional Tier 1 capital instruments issued pursuant to the Deferred Contingent Capital Plan 2021/22</a> . (Incorporated by reference to Exhibit 4.21 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2021)                                   |
| 4.13           | <a href="#">Terms and Conditions of additional Tier 1 capital instruments issued pursuant to the Deferred Contingent Capital Plan 2022/23</a> . (Incorporated by reference to Exhibit 4.19 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2022)                                   |

- 4.14 [Terms and Conditions of USD 1.75 billion 9.250% Tier 1 Subordinated Notes issued on 13 November 2023 by UBS Group AG, first call date 13 November 2028.](#) (Incorporated by reference to Exhibit 4.16 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023)
- 4.15 [Terms and Conditions of USD 1.75 billion 9.250% Tier 1 Subordinated Notes issued on 13 November 2023 by UBS Group AG, first call date 13 November 2033.](#) (Incorporated by reference to Exhibit 4.17 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023)
- 4.16 [Terms and Conditions of additional Tier 1 capital instruments issued pursuant to the Deferred Contingent Capital Plan 2023/24.](#) (Incorporated by reference to Exhibit 4.18 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023)
- 4.17 [Terms and Conditions of USD 1 billion 7.750% Tier 1 Subordinated Notes issued on 12 February 2024 by UBS Group AG, first call date 12 April 2031.](#) (Incorporated by reference to Exhibit 4.19 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023)
- 4.18 [Terms and Conditions of SGD 650 million 5.750% Tier 1 Subordinated Notes issued on 21 February 2024 by UBS Group AG, first call date 21 August 2029.](#) (Incorporated by reference to Exhibit 4.20 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023)
- 4.19 [Terms and Conditions of additional Tier 1 capital instruments issued pursuant to the Deferred Contingent Capital Plan 2024/25.](#)
- 4.20 [Terms and Conditions of SGD 675 million 5.6% Tier 1 Subordinated Notes issued on 24 June 2024 by UBS Group AG, first call date 21 December 2029.](#)
- 4.21 [Terms and Conditions of USD 1.5 billion 6.850% Tier 1 Subordinated Notes issued on 10 September 2024 by UBS Group AG, first call date 10 September 2029.](#)
- 4.22 [Terms and Conditions of USD 1.5 billion 7% Tier 1 Subordinated Notes issued on 10 February 2025 by UBS Group AG, first call date 10 February 2030.](#)
- 4.23 [Terms and Conditions of USD 1.5 billion 7.125% Tier 1 Subordinated Notes issued on 10 February 2025 by UBS Group AG, first call date 10 August 2034.](#)
- 4.24 [Asset Transfer Agreement between UBS AG and UBS Switzerland AG dated 12 June 2015.](#) (Incorporated by reference to Form 6-K of UBS AG filed on June 17, 2015)
- 8 Significant Subsidiaries of UBS Group AG.

Please see Note 28 to the Financial Statements (*Interests in subsidiaries and other entities*), on pages 359-362 of the Annual Report.

- 11.1 [UBS Group Global Policy on Personal Investment.](#)
- 11.2 [UBS Group Pre-Clearance and Disclosure Requirements for Group Senior Management.](#)
- 11.3 [UBS Group Dealing in UBS Shares and UBS Long Term Debt Securities by UBS.](#)
- 12 [The certifications required by Rule 13\(a\)-14\(a\) \(17 CFR 240.13a-14\(a\)\).](#)
- 13 [The certifications required by Rule 13\(a\)-14\(b\) \(17 CFR 240.13a-14\(b\)\) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code \(18 U.S.C. 1350\).](#)
- 15 [Consent of Ernst & Young Ltd. with respect to UBS Group AG.](#)
- 17 [Guaranteed securities](#)
- 97 [UBS Group U.S Listing Standards Clawback Policy.](#) (Incorporated by reference to Exhibit 97 to UBS's Annual Report on Form 20-F for the fiscal year ended December 31, 2023)
- 101 Interactive Data Files (sections of the Annual Report formatted in inline XBRL (Extensible Business Reporting Language)). Furnished electronically herewith.



## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused the undersigned to sign this annual report on its behalf.

### UBS Group AG

/s/ Sergio Ermotti

Name: Sergio Ermotti

Title: Group Chief Executive Officer

/s/ Todd Tuckner

Name: Todd Tuckner

Title: Group Chief Financial Officer

/s/ Steffen Henrich

Name: Steffen Henrich

Title: Group Controller

Date: March 17, 2025

# Annual Report 2024

UBS Group



# Our external reporting approach

The scope and content of our external reports are determined by Swiss legal and regulatory requirements, accounting standards, relevant stock and debt listing rules, including regulations promulgated by the Swiss Financial Market Supervisory Authority (FINMA), the SIX Swiss Exchange, the US Securities and Exchange Commission (the SEC) and other regulatory requirements, as well as by our financial reporting policies.

At the center of our external reporting approach is the annual report of the UBS Group, which consists of disclosures for UBS Group AG and its consolidated subsidiaries. We also provide a separate annual report for UBS AG on a sub-consolidated basis. Both of the aforementioned annual reports are the basis for the corresponding 2024 SEC Form 20-F filings for UBS Group AG and UBS AG. For filing purposes in the European Union, the UBS AG Annual Report also includes disclosures required by the EU Non-financial Reporting Directive (the NFRD) and the EU Taxonomy Regulation.



## Annual Reports

The UBS Group Annual Report 2024 and the UBS AG Annual Report 2024 include the consolidated financial statements of UBS Group AG and UBS AG, respectively, and together provide comprehensive information about our Group, including strategy, businesses, financial and operating performance, and other key information.

The consolidated financial statements of UBS Group AG and UBS AG have been prepared in accordance with IFRS Accounting Standards. The sections within “Risk, capital, liquidity and funding, and balance sheet” include certain audited financial information, which forms part of the consolidated financial statements. The UBS Group and UBS AG reports are presented in US dollars.

The UBS Group Annual Report 2024 is partly translated into German.

## Sustainability Report

The UBS Group Sustainability Report 2024 provides disclosures on environmental, social and governance (ESG) topics for the UBS Group, UBS AG and UBS Switzerland AG. Selected ESG information is also included in the annual reports.

## Standalone reports of UBS Group AG and significant regulated entities

We publish separate 2024 statutory financial statements for UBS Group AG, which are the basis for our appropriation of profit and the proposed distribution of dividends, subject to shareholder approval at the Annual General Meeting. We also publish standalone reports for UBS AG and UBS Switzerland AG. Selected financial and regulatory key figures for our significant regulated subsidiaries and sub-groups are included in the UBS Group Annual Report.

## Pillar 3 Report of UBS Group AG including significant regulated entities and sub-groups

The Pillar 3 Report as of 31 December 2024 provides detailed quantitative and qualitative information about risk, capital, leverage, and liquidity and funding for the UBS Group and prudential key figures and regulatory information for our significant regulated subsidiaries and sub-groups. Scopes subject to disclosure are UBS Group AG consolidated, UBS AG consolidated and standalone, UBS Switzerland AG standalone, UBS Europe SE consolidated, UBS Americas Holding LLC consolidated and Credit Suisse International standalone.

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# Dear shareholders,

The year 2024 marked another 12 months of change for UBS and the world we live in. In the first full year since our acquisition of Credit Suisse, we transitioned from stabilizing a precarious situation to making significant strides toward integration. We achieved all our key acquisition-related milestones on or ahead of schedule and accelerated the transition to growth. UBS is now stronger, more diversified and better positioned strategically to benefit both our clients and our shareholders in a rapidly changing world.

Our tested Group strategy, with around 60% of our revenues derived from asset-gathering activities, and our diversified balance sheet make UBS unique among the world's systemically important banks. At its core, our strategy focuses on delivering outstanding client services, sustainable profitability, financial strength, innovation and sound risk management. Our priority continues to be serving our growing base of clients. Last year, despite the substantial cost of restructuring Credit Suisse, our shareholders benefitted from nearly USD 4 billion in total capital returns in the form of dividends and share repurchases. We did this while maintaining our balance sheet for all seasons with a common equity tier 1 (CET1) capital ratio of 14.3% and a going concern capital ratio of 17.6%, making us one of the best-capitalized major banks in the world.

## Reaching key milestones in our integration

Through the integration of Credit Suisse, we have strengthened our position as the largest truly global wealth manager and the leading bank in Switzerland. We have broadened our geographical footprint and enhanced our range of products and services including in our Asset Management and Investment Bank divisions. This diversification has made us even stronger than before the acquisition. Our strength and stability set us apart in times of uncertainty around global trade, geopolitics, inflation and central bank policies.

The integration has progressed well, and even picked up speed in many areas, significantly reducing the execution risk of the acquisition and making us confident that we will accomplish its most significant aspects by the end of 2026. We delivered on all our key milestones in 2024, including all major legal entity mergers and the successful completion of client account migrations in Luxembourg, Hong Kong, Singapore and Japan.

In Switzerland, the migration of former Credit Suisse client accounts to the UBS platform will start in the second quarter of 2025, marking the most complex part of the entire integration. Preparations are well under way, and we remain focused on ensuring the client experience is as smooth as possible throughout the integration.

Our Non-core and Legacy division, charged with winding down non-essential and non-strategic assets stemming from the acquisition, has cut risk-weighted assets by more than half compared with the post-acquisition starting point and released over USD 6 billion of capital to the Group.

## Delivering on our capital return commitments

We achieved these integration objectives while delivering a strong financial performance in 2024. Our full-year net profit reached USD 5.1 billion, with an underlying return on CET1 capital of 8.7%, ahead of our plan but still below our pre-acquisition levels of profitability.

We also delivered on our efficiency ambitions by achieving a cumulative 58% of our total gross cost-save target of around USD 13 billion. These savings enable us to drive growth by continuing to invest in talent, technology, products and services.

Our financial performance, coupled with our progress on the integration, enables us to fulfill our commitment to you, our shareholders, to provide sustainably higher returns. For 2024, in addition to the repurchase of USD 1 billion of shares, we have proposed a dividend of USD 0.90 per share, an increase of 29% year-over-year.

In 2025, we plan to accrue for an increase in our per-share dividend of around 10%. In addition, we plan to repurchase USD 1 billion of shares in the first half of 2025 and aim to repurchase up to an additional USD 2 billion of shares in the second half of the year. We also maintain our ambition for 2026 share repurchases to exceed full-year 2022 levels. Our share repurchases will be consistent with delivering on our financial plans, maintaining our CET1 capital ratio target of around 14% and the absence of material, immediate changes to the current capital regime.

## Switzerland and UBS: strong partners

Even as our global reach expands, we remain steadfast in our commitment to act as an engine of growth and prosperity in Switzerland, our home market. As a leading provider of credit to Swiss households and corporate clients, we granted or renewed over CHF 70 billion of loans in Switzerland last year out of a total book of around CHF 350 billion, helping our communities to prosper in ways that benefit both households and businesses and our shareholders.

In 2024, we took note of the Swiss Federal Council report on banking stability as well as the report of the Swiss Parliamentary Investigation Committee (the PUK). Both confirmed that the collapse of Credit Suisse was primarily caused by years of strategic errors, mismanagement and a reliance on substantial regulatory concessions. These problems were unique to Credit Suisse.

UBS was asked to be a part of the solution: our strength enabled us to answer an emergency call in March 2023 to rescue Credit Suisse with the backing of the Swiss government, regulatory authorities and the Swiss National Bank. Both before and after, we have consistently implemented measures with no undue regulatory concessions and in ways that ensure our firm poses no risk to Switzerland but instead benefits the country and our collective prosperity.

We support most of the recommendations made by the Swiss Federal Council to strengthen the resilience of the financial center, including the introduction of a Senior Manager Regime and a Public Liquidity Backstop. We share the Federal Council's strong commitment to a global Swiss financial center. We also take note of the Federal Council's commitment to reflect the lessons learned from the Credit Suisse collapse with measures that are targeted, proportionate and internationally aligned. As Switzerland's leading financial institution, the continued success of UBS and Switzerland's position as a global financial center are inextricably linked for mutual prosperity. Balance sheet strength is at the center of our strategy, and we are already providing for almost USD 20 billion of additional capital resulting from the acquisition of Credit Suisse. Of that, around USD 9 billion stems from the removal of regulatory concessions granted to Credit Suisse. Around USD 10 billion arises from the existing too-big-to-fail capital rules, which require more capital to be held as a result of the larger size of our balance sheet and greater market share. That means that UBS is already subject to, and is fulfilling, risk-weighted capital requirements that are among the highest for any global systemically important bank.

At the same time, the often ill-informed public debate in Switzerland about potential risks emerging from our business activities or our size in relation to the Swiss economy, coupled with intensified demands for future capital requirements, has created uncertainties as we enter 2025. Yet the current discussion often overlooks important differences between today's UBS and the former Credit Suisse, namely that our low-risk business model and high asset quality make UBS a far safer and more secure financial firm than Credit Suisse ever was.

It is important to remember that UBS has consistently implemented the too-big-to-fail framework since its introduction and has taken significant measures to ensure the resolvability of the firm. Our balance sheet today amounts to less than half the size of the combined UBS and Credit Suisse before the Global Financial Crisis of 2008, with total loss absorbing capacity of USD 185 billion at the end of 2024, or almost four times the write-downs UBS incurred in the years following the crisis. Indeed, it was the safe, sustainable and successful business model we have pursued since then, based on a strong capital position and disciplined risk management, that enabled us to respond to the Swiss authorities' request and restore financial stability in a matter of days following the rescue weekend.

Despite the challenges, we remain committed to a constructive dialogue and will continue to contribute our facts and arguments so that a reasonable solution can be found, aligned with the Federal Council's commitment to a strong and internationally competitive financial center. We are advocating for a vibrant Swiss financial center – with a competitive UBS at its center – that supports our clients, communities and the wider economy.

Excessive capital requirements or other undue limitations on our international business would penalize our diversified global presence, run counter to the government's financial sector strategy and damage the competitiveness of Switzerland's economy, raising the cost of capital for homeowners and businesses. Any such requirements would also be out of step with the many measures to strengthen the competitive environment adopted by other leading financial centers. All this would hamper our ability to contribute to our national economy, where we are Switzerland's third-largest private employer. Our 34,000 colleagues, together with UBS, pay more than CHF 2 billion in taxes annually.

Our commitment made to the Swiss public at the legal close of the acquisition on 12 June 2023 remains unchanged "We will stay focused on what really matters: the safety and security of our clients' assets and helping them achieve their goals. We will work together as we combine our strengths and capabilities. We will make decisions based on facts and with the bigger picture top of mind. We will never compromise on UBS's strong culture, conservative risk approach or quality service."

### **Positioned for growth**

As we advance toward our long-term ambitions, we are focused on sustainable and strategic growth, with a particular focus on the Americas and Asia Pacific regions in our core asset-gathering activities, while maintaining capital discipline. In the region Europe, Middle East and Africa (EMEA), we plan to maintain our leading positions while expanding market share in areas of strategic focus, seizing opportunities through systematic cross-collaboration.

In our wealth management business in the Americas, we are making targeted investments to deepen relationships with our ultra-high net worth clients, to accelerate growth in the high net worth and core affluent segments, and to expand our loan and deposit offering. We are also investing in our technology and banking capabilities to enhance our offering while working toward obtaining a national bank charter in a region that represents the world's largest wealth pool and is where we already have USD 2.1 trillion in invested assets served by nearly 6,000 financial advisors. These initiatives will also help to enhance our profitability in this important business.



**Colm Kelleher**

Chairman of the Board of Directors



**Sergio P. Ermotti**

Group Chief Executive Officer

Similarly, in our wealth management businesses in Switzerland and EMEA, we are the number one player, each with around USD 0.7 trillion of invested assets.

With the client account migrations finalized in the Asia Pacific region, we are even better placed to leverage our number-one position in the region to drive market-leading growth. In Asia Pacific, where we have USD 0.7 trillion of invested assets in Global Wealth Management, we are twice as large as our nearest competitor. Integration there has progressed well, setting us up for success in the world's fastest-growing wealth market.

In Personal & Corporate Banking in Switzerland, we are uniquely positioned to offer exceptional value throughout the client lifecycle by delivering a comprehensive suite of services spanning wealth management, asset management and investment banking.

We are committed to investing in and remaining a pillar of the Swiss economy while continuing to offer the highest-quality services and capabilities available in our home market. Our primary focus will be on reinforcing our standing as the go-to bank for large corporates, entrepreneurs and emerging affluent clients with leading financing, asset servicing and wealth advice capabilities.

In Asset Management, we remain focused on continuing to capture opportunities where we have a differentiated and scalable offering. And in the Investment Bank, we are encouraged by the progress our fully integrated teams are making to deliver for our clients as we seize market share gains in our areas of strategic importance. All our businesses are fully aligned with our asset-gathering-focused strategy and our risk-aware culture.

In terms of profitability and efficiency, we remain well positioned to build toward our 2026 exit rate targets of around a 15% underlying return on CET1 capital and an underlying cost / income ratio of less than 70% as we continue to execute our integration plans and capture the benefits of enhanced scale across our core businesses.

### **Harnessing the power of AI**

UBS has long been a pioneer in adopting new technology, including artificial intelligence, to better serve our clients and promote business efficiency. In 2024, we continued making targeted investments and expect AI adoption to drive transformation where our clients, employees, and shareholders all benefit from the latest innovations. We are, for example, on track to roll out some 50,000 Microsoft 365 Copilot licenses to our employees, the largest deployment within the global financial services sector to date.

We have also rolled out Red, our cutting-edge internal chatbot that builds on state-of-the-art generative AI capabilities, to around 30,000 of our employees. By granting them intelligent access to insights, UBS products, research and Chief Investment Officer reports, it saves time and helps us deliver even more value for our clients. It makes interactions with clients more efficient and more personal.

### **Supporting the transition to a low-carbon world and positive social outcomes**

We support our clients in the transition to a low-carbon world and consider climate change risks and opportunities across our bank for the benefit of our clients, our shareholders and all our stakeholders. In 2024, we set a revised target to reduce the firm's net greenhouse emissions (scope 1 and 2 emissions) to net zero by 2035, reflecting both the integrated organization and the latest regulatory guidance. We made progress on these key components of our climate action plan, reducing our net greenhouse gas scope 1 and 2 emissions and energy consumption. For scope 3 emissions, we remain committed to our lending sector decarbonization targets to address our financed emissions in specified sectors and have made progress on these.

In our first fully consolidated ESG ratings following the acquisition of Credit Suisse, MSCI reaffirmed our AA ESG rating in 2024, and we increased our S&P Global Corporate Sustainability Assessment score.



We also celebrated 25 years of the UBS Optimus Foundation, the grant-making organization that offers our clients a platform to drive positive social and environmental outcomes. Optimus has grown into an influential network of foundations in nine locations working at a global and local level to drive transformative change for marginalized communities. In the past 10 years alone, together with our clients and employees, Optimus has raised over USD 1.5 billion in donations, and our programs have helped nearly 35 million people.

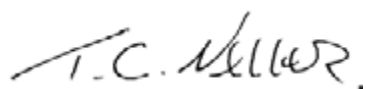
### The 2025 Annual General Meeting

At the upcoming AGM, we are proposing Renata Jungo Brüngger and Lila Tretikov for election to the Board of Directors. Claudia Böckstiegel and Nathalie Rachou will not stand for re-election. We thank them both for their dedicated service and significant contributions over the last years. Renata is a highly respected professional with extensive experience in legal affairs, governance, and sustainability, serving as a member of the Board of Management of Mercedes-Benz Group AG since 2016. Lila is a well-known expert in AI and technology-driven business transformation. Currently, she leads AI strategy at New Enterprise Associates, a Silicon Valley-based venture capital firm. Most recently, she served as Deputy Chief Technology Officer at Microsoft, where she led substantial transformation initiatives. Also at the AGM, you will be asked to vote on the proposed increase in dividends, the 2025 share repurchase program and the UBS Group Sustainability Report.

We are confident about the future and the value we deliver. With our clear strategy and progress on our integration, we are well positioned to offer outstanding client experiences and to grow sustainably, enabling us to generate higher returns on capital and provide you, our valued shareholders, with attractive returns.

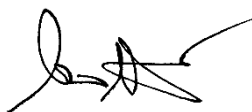
Thank you for your ongoing support. We look forward to welcoming you to the 2025 AGM, which will take place on 10 April in Lucerne, Switzerland.

Yours sincerely,



Colm Kelleher

Chairman of the Board of Directors



Sergio P. Ermotti

Group Chief Executive Officer



## Corporate information

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**UBS Group AG** is incorporated and domiciled in Switzerland and operates under Art. 620ff. of the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. Its registered office is at Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41-44-234 11 11, and its corporate identification number is CHE-395.345.924. UBS Group AG was incorporated on 10 June 2014 and was established in 2014 as the holding company of the UBS Group. UBS Group AG shares are listed on the SIX Swiss Exchange and on the New York Stock Exchange (ISIN CH0244767585; CUSIP H42097107). UBS Group AG owns 100% of the outstanding shares in UBS AG and Credit Suisse AG.

## Contacts

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### Switchboards

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### US Transfer Agent

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## Corporate calendar UBS Group AG

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Information about future publication dates is available at  
[ubs.com/global/en/investor-relations/events/calendar.html](https://ubs.com/global/en/investor-relations/events/calendar.html)

## Imprint

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# Our key figures

|                                                                                                   | As of or for the year ended |                       |           |
|---------------------------------------------------------------------------------------------------|-----------------------------|-----------------------|-----------|
| USD m, except where indicated                                                                     | 31.12.24                    | 31.12.23 <sup>1</sup> | 31.12.22  |
| <b>Group results</b>                                                                              |                             |                       |           |
| Total revenues                                                                                    | 48,611                      | 40,834                | 34,563    |
| Negative goodwill                                                                                 |                             | 27,264                |           |
| Credit loss expense / (release)                                                                   | 551                         | 1,037                 | 29        |
| Operating expenses                                                                                | 41,239                      | 38,806                | 24,930    |
| Operating profit / (loss) before tax                                                              | 6,821                       | 28,255                | 9,604     |
| Net profit / (loss) attributable to shareholders                                                  | 5,085                       | 27,366                | 7,630     |
| Diluted earnings per share (USD) <sup>2</sup>                                                     | 1.52                        | 8.30                  | 2.25      |
| <b>Profitability and growth<sup>3,4</sup></b>                                                     |                             |                       |           |
| Return on equity (%)                                                                              | 6.0                         | 36.9                  | 13.3      |
| Return on tangible equity (%)                                                                     | 6.5                         | 40.8                  | 14.9      |
| Underlying return on tangible equity (%) <sup>5</sup>                                             | 8.5                         | 4.1                   | 12.8      |
| Return on common equity tier 1 capital (%)                                                        | 6.7                         | 41.8                  | 17.0      |
| Underlying return on common equity tier 1 capital (%) <sup>5</sup>                                | 8.7                         | 4.2                   | 14.6      |
| Return on leverage ratio denominator, gross (%)                                                   | 3.0                         | 2.9                   | 3.3       |
| Cost / income ratio (%) <sup>6</sup>                                                              | 84.8                        | 95.0                  | 72.1      |
| Underlying cost / income ratio (%) <sup>5,6</sup>                                                 | 79.5                        | 87.2                  | 74.5      |
| Effective tax rate (%)                                                                            | 24.6                        | 3.1                   | 20.2      |
| Net profit growth (%)                                                                             | (81.4)                      | 258.7                 | 2.3       |
| <b>Resources<sup>3</sup></b>                                                                      |                             |                       |           |
| Total assets                                                                                      | 1,565,028                   | 1,716,924             | 1,104,364 |
| Equity attributable to shareholders                                                               | 85,079                      | 85,624                | 56,876    |
| Common equity tier 1 capital <sup>7</sup>                                                         | 71,367                      | 78,002                | 45,457    |
| Risk-weighted assets <sup>7</sup>                                                                 | 498,538                     | 546,505               | 319,585   |
| Common equity tier 1 capital ratio (%) <sup>7</sup>                                               | 14.3                        | 14.3                  | 14.2      |
| Going concern capital ratio (%) <sup>7</sup>                                                      | 17.6                        | 16.8                  | 18.2      |
| Total loss-absorbing capacity ratio (%) <sup>7</sup>                                              | 37.2                        | 36.4                  | 33.0      |
| Leverage ratio denominator <sup>7</sup>                                                           | 1,519,477                   | 1,695,403             | 1,028,461 |
| Common equity tier 1 leverage ratio (%) <sup>7</sup>                                              | 4.7                         | 4.6                   | 4.4       |
| Liquidity coverage ratio (%) <sup>8</sup>                                                         | 188.4                       | 215.7                 | 163.7     |
| Net stable funding ratio (%)                                                                      | 125.5                       | 124.7                 | 119.8     |
| <b>Other</b>                                                                                      |                             |                       |           |
| Invested assets (USD bn) <sup>4,9</sup>                                                           | 6,087                       | 5,714                 | 3,981     |
| Personnel (full-time equivalents)                                                                 | 108,648                     | 112,842               | 72,597    |
| Market capitalization <sup>10,11</sup>                                                            | 105,719                     | 107,355               | 65,608    |
| Total book value per share (USD) <sup>10</sup>                                                    | 26.80                       | 26.68                 | 18.30     |
| Tangible book value per share (USD) <sup>10</sup>                                                 | 24.63                       | 24.34                 | 16.28     |
| Credit-impaired lending assets as a percentage of total lending assets, gross (%) <sup>4,12</sup> | 1.0                         | 0.8                   |           |
| Cost of credit risk (bps) <sup>4,12</sup>                                                         | 9                           | 19                    |           |

1 Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information about the relevant adjustments. 2 Refer to the "Share information and earnings per share" in the "Consolidated financial statements" section of this report for more information. 3 Refer to the "Targets, capital guidance and ambitions" section of this report for more information about our performance targets. 4 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 5 Refer to the "Group performance" section of this report for more information about underlying results. 6 Negative goodwill is not used in the calculation as it is presented in a separate reporting line and is not part of total revenues. 7 Based on the Swiss systemically relevant bank framework as of 1 January 2020. Refer to the "Capital, liquidity and funding, and balance sheet" section of this report for more information. 8 The disclosed ratios represent averages for the fourth quarter of each year presented, which were calculated based on an average of 64 data points in the fourth quarter of 2024, 63 data points in the fourth quarter of 2023 and 63 data points in the fourth quarter of 2022. Refer to the "Capital, liquidity and funding, and balance sheet" section of this report for more information. 9 Consists of invested assets for Global Wealth Management, Asset Management (including invested assets from associates) and Personal & Corporate Banking. Refer to "Note 31 Invested assets and net new money" in the "Consolidated financial statements" section of this report for more information. 10 Refer to "UBS shares" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. 11 The calculation of market capitalization reflects total shares issued multiplied by the share price at the end of the period. 12 We started to report these metrics from the fourth quarter of 2024 onward, presenting comparative information in line with the UBS Group fourth quarter 2024 report, available under "Quarterly reporting" at [ubs.com/investors](https://ubs.com/investors).

## Alternative performance measures

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

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

**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 sub-group"                                                                             | All UBS Group entities, excluding Credit Suisse AG and its consolidated subsidiaries, Credit Suisse Services AG, and other small former Credit Suisse Group entities now directly held by UBS Group AG |
| "UBS AG" and "UBS AG consolidated"                                                          | UBS AG and its consolidated subsidiaries                                                                                                                                                               |
| "Pre-acquisition UBS"                                                                       | UBS before the acquisition of the Credit Suisse Group                                                                                                                                                  |
| "Credit Suisse AG"                                                                          | Credit Suisse AG and its consolidated subsidiaries before the merger with UBS AG                                                                                                                       |
| "Credit Suisse Group" and "Credit Suisse Group AG consolidated"                             | Credit Suisse Group AG and its consolidated subsidiaries, before the acquisition by UBS                                                                                                                |
| "Credit Suisse"                                                                             | Credit Suisse AG and its consolidated subsidiaries before the merger with UBS AG, Credit Suisse Services AG, and other small former Credit Suisse Group entities now directly held by UBS Group AG     |
| "UBS Group AG" and "UBS Group AG standalone"                                                | UBS Group AG on a standalone basis                                                                                                                                                                     |
| "Credit Suisse Group AG"                                                                    | Credit Suisse Group AG on a standalone basis                                                                                                                                                           |
| "UBS AG standalone"                                                                         | UBS AG on a standalone basis                                                                                                                                                                           |
| "Credit Suisse AG standalone"                                                               | Credit Suisse AG on a standalone basis                                                                                                                                                                 |
| "UBS Switzerland AG"                                                                        | UBS Switzerland AG on a standalone basis                                                                                                                                                               |
| "UBS Europe SE consolidated"                                                                | UBS Europe SE and its consolidated subsidiaries                                                                                                                                                        |
| "UBS Americas Holding LLC"                                                                  | UBS Americas Holding LLC and its consolidated subsidiaries                                                                                                                                             |
| "Swiss Bank (Credit Suisse)"                                                                | The Swiss Bank business division of Credit Suisse AG and its consolidated subsidiaries                                                                                                                 |
|                                                                                             |                                                                                                                                                                                                        |
| "1m"                                                                                        | One million, i.e. 1,000,000                                                                                                                                                                            |
| "1bn"                                                                                       | One billion, i.e. 1,000,000,000                                                                                                                                                                        |
| "1trn"                                                                                      | One trillion, i.e. 1,000,000,000,000                                                                                                                                                                   |

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

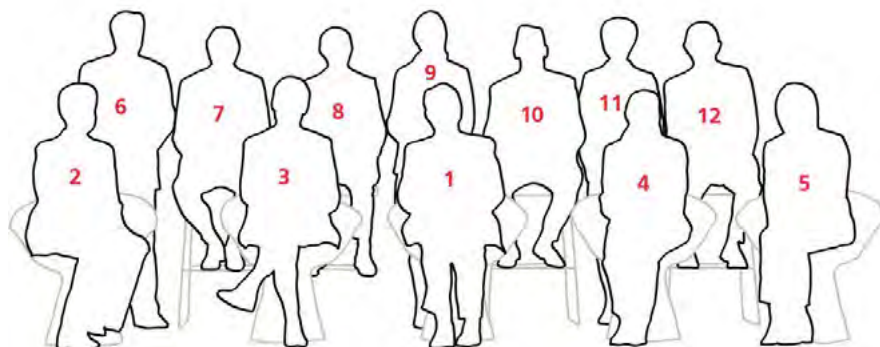
**Comparability**

Profit and loss and other flow-based information for the year ended 31 December 2024 is based entirely on consolidated data following the acquisition of the Credit Suisse Group. Comparative information for the year ended 31 December 2023 includes seven months (June to December 2023) of post-acquisition consolidated data and five months of UBS Group data only (January to May 2023). Comparative information for the year ended 31 December 2022 includes pre-acquisition UBS Group data only.

Balance sheet information as at 31 December 2024 and as at 31 December 2023 includes post-acquisition consolidated information. Balance sheet information as at 31 December 2022 includes pre-acquisition UBS Group information only.

# Our Board of Directors

- 1. Colm Kelleher**  
Chairman of the Board of Directors / Chairperson of the Corporate Culture and Responsibility Committee / Chairperson of the Governance and Nominating Committee
- 2. Nathalie Rachou**  
Member of the Audit Committee / member of the Governance and Nominating Committee
- 3. Lukas Gähwiler**  
Vice Chairman of the Board of Directors / member of the Governance and Nominating Committee / member of the Risk Committee
- 4. Jeanette Wong**  
Member of the Audit Committee / member of the Compensation Committee
- 5. Julie G. Richardson**  
Chairperson of the Compensation Committee / member of the Risk Committee
- 6. Mark Hughes**  
Chairperson of the Risk Committee / member of the Corporate Culture and Responsibility Committee
- 7. Jeremy Anderson**  
Senior Independent Director / Chairperson of the Audit Committee / member of the Governance and Nominating Committee
- 8. Fred Hu**  
Member of the Compensation Committee / member of the Governance and Nominating Committee
- 9. Gail Kelly**  
Member of the Governance and Nominating Committee
- 10. William C. Dudley**  
Member of the Corporate Culture and Responsibility Committee / member of the Risk Committee
- 11. Claudia Böckstiegel**  
Member of the Corporate Culture and Responsibility Committee
- 12. Patrick Firmenich**  
Member of the Audit Committee / member of the Corporate Culture and Responsibility Committee







The Board of Directors of UBS Group AG (the BoD), led by the Chairman, consists of between 6 and 12 members, as per our Articles of Association. The BoD decides on the strategy of the Group, upon recommendation by the Group Chief Executive Officer (the Group CEO), and is responsible for the overall direction, supervision and control of the Group and its management. It is also responsible for supervising compliance with applicable laws, rules and regulations. The BoD exercises oversight over UBS Group AG and its subsidiaries and is responsible for establishing a clear Group governance framework to provide effective steering and supervision of the Group, taking into account the material risks, opportunities and impacts to which UBS Group AG and its subsidiaries are exposed and may affect its performance, value creation and reputation. The BoD has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value within a framework of prudent and effective controls. It approves all financial statements and appoints and removes all Group Executive Board (GEB) members.

# Our Group Executive Board



UBS Group AG operates under a strict dual-board structure, as mandated by Swiss banking law, and therefore the BoD delegates the management of the business to the GEB. As of 31 December 2024, the GEB, under the leadership of the Group CEO, consisted of 15 members. It has executive management responsibility for the steering of the Group and its business, develops the strategies of the Group, business divisions and Group functions, and implements the BoD-approved strategies.

› Refer to “Board of Directors” and “Group Executive Board” in the “Corporate governance” section of this report or to [ubs.com/bod](https://ubs.com/bod) and [ubs.com/geb](https://ubs.com/geb) for the full biographies of the members of the BoD and the GEB





1. **Sergio P. Ermotti**  
Group Chief Executive Officer
2. **Beatriz Martin Jimenez**  
Head Non-core and Legacy and  
President UBS Europe, Middle East and Africa
3. **Michelle Bareaux**  
Group Integration Officer
4. **Barbara Levi**  
Group General Counsel
5. **Sabine Keller-Busse**  
President Personal & Corporate Banking and  
President UBS Switzerland
6. **Iqbal Khan**  
Co-President Global Wealth Management and  
President UBS Asia Pacific
7. **Robert Karofsky**  
Co-President Global Wealth Management and  
President UBS Americas
8. **Stefan Seiler**  
Head Group Human Resources &  
Group Corporate Services
9. **Mike Dargan**  
Group Chief Operations and Technology Officer
10. **Aleksandar Ivanovic**  
President Asset Management
11. **Todd Tuckner**  
Group Chief Financial Officer
12. **George Athanasopoulos**  
Co-President Investment Bank
13. **Marco Valla**  
Co-President Investment Bank
14. **Damian Vogel**  
Group Chief Risk Officer
15. **Markus Ronner**  
Group Chief Compliance and Governance Officer





# Our evolution

Since our origins in the mid-19th century, more than 500 different firms have become part of the history of our firm and helped shape our development. 1998 was a major turning point: two of the three largest Swiss banks, Union Bank of Switzerland and Swiss Bank Corporation (SBC), merged to form UBS. Both banks were well established and successful in their own right. Union Bank of Switzerland had grown organically to become the largest Swiss bank. In contrast, SBC had grown mainly through strategic partnerships and acquisitions, including S.G. Warburg in 1995.

In 2000, we acquired PaineWebber, a US brokerage and asset management firm with roots going back to 1879, establishing us as a significant player in the US. Since 1964, we have been building our strong presence in the Asia Pacific region, where we are by far the largest wealth manager,<sup>1</sup> with asset management and investment banking capabilities.

After incurring significant losses in the 2008 financial crisis, we sought to return to our roots, emphasizing a client-centric model that requires less risk-taking and capital. In 2011, we started a strategic transformation of our business model to focus on our traditional businesses: wealth management globally, and personal and corporate banking in Switzerland.

In 2014, we began adapting our legal entity structure in response to too-big-to-fail requirements (TBTF) and other regulatory initiatives. First, we established UBS Group AG as the ultimate parent holding company for the Group. In 2015, we transferred personal and corporate banking and Swiss-booked wealth management businesses from UBS AG to the newly established UBS Switzerland AG. That same year, we set up UBS Business Solutions AG as the Group's service company. In 2016, UBS Americas Holding LLC became the intermediate holding company for our US subsidiaries and our wealth management subsidiaries across Europe were merged into UBS Europe SE, our Germany-headquartered European subsidiary. In 2019, we merged UBS Limited, our UK-headquartered subsidiary, into UBS Europe SE.

2023 was another defining moment in our 162-year history, as we acquired the Credit Suisse Group, a global systemically important financial institution and a major wealth manager headquartered in Switzerland that was founded in 1856. The acquisition followed a request from the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA), with support from other supervisors, to UBS Group AG and Credit Suisse Group AG to duly consider the acquisition in order to restore necessary confidence in the stability of the Swiss economy and banking system and to serve the best interests of the shareholders and stakeholders of UBS and Credit Suisse. The acquisition strengthened our position today as the largest truly global wealth manager, the leading bank in Switzerland, a global, large-scale and diversified asset manager, and a focused investment bank.

In 2024, several legal entity mergers took place as the process of integrating Credit Suisse progressed. The mergers included those of UBS AG and Credit Suisse AG, and UBS Switzerland AG and Credit Suisse (Schweiz) AG. In addition, the transition to a single US intermediate holding company was completed. The chart below gives an overview of our principal legal entities and our legal entity structure as of 31 December 2024.

- › Refer to [ubs.com/history](https://ubs.com/history) for more information
- › Refer to the "Integration of Credit Suisse" section of this report for more information

## The legal structure of the UBS Group



<sup>1</sup> Other non-US subsidiaries are held either directly or indirectly by UBS AG. <sup>2</sup> Of which 98% held by UBS AG and 2% held by UBS Group AG. <sup>3</sup> Of which 99% directly held by UBS Americas Inc. and 1% held by UBS Americas Holding LLC. <sup>4</sup> Other US subsidiaries are typically held either directly or indirectly by UBS Americas Inc. <sup>5</sup> Other US subsidiaries are held directly by Credit Suisse (USA) LLC. <sup>6</sup> And other small former Credit Suisse Group entities now directly held by UBS Group AG.

<sup>1</sup> Asian Private Banker, 23 January 2024.

# Our strategy, business model and environment

## Management report

### Integration of Credit Suisse

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG. Since the acquisition, we have successfully executed our integration plans, and we have won back, retained and grown client assets. Throughout 2024, we continued to make significant progress with respect to the integration of Credit Suisse, and we are on track to substantially complete the integration by the end of 2026.

The merger of UBS AG and Credit Suisse AG was completed on 31 May 2024. UBS AG succeeded to all rights and obligations of Credit Suisse AG, including all outstanding Credit Suisse AG debt instruments. On 7 June 2024, we completed the transition to a single US intermediate holding company, and, on 1 July 2024, we completed the merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG. UBS Switzerland AG succeeded to all rights and obligations of Credit Suisse (Schweiz) AG.

The significant-legal-entity mergers were key for the start of large-scale client account migrations and facilitated the ongoing decommissioning of legacy Credit Suisse platforms in the second half of 2024. In the fourth quarter of 2024, we completed the migration of our Global Wealth Management client accounts in Luxembourg, Hong Kong, Singapore and Japan to UBS platforms. We remain focused on client account migrations and infrastructure decommissioning. We expect the first wave of Swiss business migrations to commence in the second quarter of 2025.

In 2024, we realized a total of USD 3.4bn in gross cost savings. Cumulative gross cost savings at the end of 2024 amounted to USD 7.5bn compared with the 2022 combined cost base of UBS and Credit Suisse. This represents around 58% of our ambition of around USD 13bn in annualized exit rate gross cost savings by the end of 2026.

Our Non-core and Legacy business division continued to actively exit positions and reduce its exposures. At 31 December 2024, it had achieved a 52% reduction in risk-weighted assets (RWA) since the end of the second quarter 2023, well ahead of our original plan. As a result, we have updated our ambition and now aim to reduce Non-core and Legacy RWA to around USD 29bn by the end of 2025 and around USD 22bn by the end of 2026.

We reduced to zero the amount of funding outstanding under the Emergency Liquidity Assistance (ELA) facility in the second quarter of 2024, with Credit Suisse (Schweiz) AG fully repaying the remainder of the funding.

We completed the accounting for the acquisition of the Credit Suisse Group under IFRS 3, *Business Combinations*, in the second quarter of 2024 with the measurement period adjustments and the finalization of the amount of negative goodwill.

- › Refer to “**Note 2 Accounting for the acquisition of the Credit Suisse Group**” in the “**Consolidated financial statements**” section of this report for more information about the accounting for the acquisition of the Credit Suisse Group and the finalization of the purchase price allocation

#### Other developments

During the first quarter of 2024, UBS and entities associated with Apollo Global Management (Apollo) and Atlas SP Partners (Atlas) entered into agreements to conclude an investment management agreement and a transition services agreement with Atlas SP. As part of these agreements, Apollo also purchased USD 8bn of senior secured financing facilities. We recognized a net gain of USD 0.3bn from these transactions. The difference primarily reflects adjustments that UBS Group made under IFRS Accounting Standards as part of the purchase price allocation at the closing of the acquisition of the Credit Suisse Group.

In June 2024, the Credit Suisse supply chain finance funds (the SCFFs) made a voluntary offer to the SCFFs' investors to redeem all outstanding fund units. The offer expired on 31 July 2024, and fund units representing around 92% of the SCFFs' net asset value were tendered in the offer and accepted. Fund units accepted in the offer were redeemed at 90% of the net asset value determined on 25 February 2021, net of any payments made by the relevant fund to the fund investors since that time. Investors whose units were redeemed released any claims they may have had against the SCFFs, Credit Suisse or UBS. The offer aimed to provide fund investors with an accelerated exit from their positions and a high level of financial recovery and was funded by the acquisition of a new class of fund units by UBS. The offer did not have a material effect on the financial results or common equity tier 1 capital of UBS Group AG, given provisions recorded in connection with the acquisition of the Credit Suisse Group. On a subsidiary level, UBS AG on a consolidated basis recorded in the second quarter of 2024 a provision of around USD 0.9bn in connection with the offer. The offer did not have a material effect on UBS AG on a standalone basis. The investment in the SCFFs is managed in the Non-core and Legacy division.

On 13 August 2024, UBS entered into an agreement to sell Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, managed in the Non-core and Legacy business division. Completion of the transaction is subject to regulatory approvals and other customary closing conditions. UBS Group does not expect to recognize a material profit or loss upon completion of the transaction. Based on balances as of 31 December 2024, the completion of the transaction would reduce the Group's risk-weighted assets by around USD 1.3bn and the Group's leverage ratio denominator by around USD 1.7bn.

In October 2024, UBS entered into an agreement to sell to American Express Swiss Holdings GmbH (American Express) its 50% interest in Swisscard AECS GmbH (Swisscard), a joint venture in Switzerland between UBS and American Express, subject to certain closing conditions. Also in October 2024, UBS entered into an agreement with Swisscard to transition the Credit Suisse-branded card portfolios to UBS. In January 2025, UBS completed the purchase of the card portfolios, with the actual client migration expected to take place over the following quarters. The two transactions will result in similar profit and loss effects over the course of 2025 and, therefore, on a net basis are not expected to have a material impact for UBS. In 2024, UBS recorded an expense of USD 41m in connection with the termination of the Swisscard joint venture.

#### Material weakness in internal control over financial reporting

As a registrant with the US Security and Exchange Commission (the SEC), UBS Group is subject to requirements under the Sarbanes-Oxley Act of 2002 with respect to financial reporting. This requires us to perform system and process evaluation and testing of internal control over financial reporting to enable management to assess the effectiveness of our internal controls. A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a registrant's financial statements will not be prevented or detected on a timely basis.

Following the acquisition and merger of Credit Suisse Group AG into UBS Group AG in June 2023, Credit Suisse AG concluded that as of 31 December 2023 its internal control over financial reporting continued to be ineffective. As permitted by SEC guidance in the year of an acquisition, UBS Group AG excluded Credit Suisse AG from its assessment of internal control over financial reporting for the year ended 31 December 2023 and concluded that its internal control over financial reporting was effective as of such date.

In 2024, in light of the increased complexity of the internal accounting and control environment, the remaining migration efforts still underway and limited time to demonstrate operating effectiveness and sustainability of the post-merger integrated control environment, management has concluded that additional evidence of effective operation of the remediated controls is required to conclude that the risk assessment processes are operating effectively on a sustainable basis. In light of the above, management has concluded that there is a material weakness in internal control over financial reporting at 31 December 2024.

- › Refer to the "Risk factors" section and to "Management's report on internal control over financial reporting" in the "Consolidated financial statements" section of this report for more information about management's assessment of internal control over financial reporting as of 31 December 2024 and the remediation of Credit Suisse material weaknesses

# Our strategy

## UBS – who we are

UBS is the largest truly global wealth manager and the leading bank in Switzerland. These key pillars of our strategy are enhanced by focused and competitive investment bank and asset management capabilities. Staying close to our clients, whether they are individuals, institutions or businesses, and providing financial advice and solutions to help them to achieve their goals is of the upmost importance to us. We have a capital-generative and well-diversified business model with strong competitive positions in our target markets. Our business model, our strong and risk-aware culture and our superior client service, as well as our respected brand with over 160 years of history and our capital prudence, have made it possible to consistently and sustainably both grow profits and deliver a high return on equity over the long term. The acquisition of the Credit Suisse Group has further accelerated our growth strategy by providing our client franchises with additional scale, complementary capabilities and talent in line with our ambition to position UBS for sustainable, high-quality returns and long-term growth.

## We are focused on driving sustainable long-term growth while maintaining risk and cost discipline

Our objective is to generate value for our shareholders and clients by driving sustainable long-term structural growth and attractive capital returns. To accomplish this, we are building on our scale, content and solutions, while remaining disciplined on capital, risk and costs. Maintaining a balance sheet for all seasons remains the foundation of our success. This gives us the capacity to invest strategically and will enable us to deliver against our financial targets and ambitions, which are outlined in the “Targets, capital guidance and ambitions” section of this report.

Our growth plans are rooted in an attractive business mix that is also a source of our competitive strength. Our asset-gathering businesses are characterized by being structurally attractive from a capital consumption perspective and generate more than half of our revenues<sup>1</sup>, while representing around 40% of our risk-weighted assets (RWA)<sup>1</sup>. Roughly another third of our RWA<sup>1</sup> are in Personal & Corporate Banking in Switzerland, our home market and an attractive, stable and well-diversified economy, with low historic credit losses. Furthermore, we operate a capital-light Investment Bank, which is limited to 25% of Group RWA.<sup>1</sup>

Moreover, our aim is to maximize our impact and that of our clients to create long-term sustainable value. We also have a responsibility toward the communities we serve and our employees. We have outlined selected environmental, social and governance (ESG) aspirations, which we expect to support our financial targets and ambitions.

## We have a global, diversified business model

Our invested assets of more than USD 6trn are regionally diversified across the globe. We give our clients access to a broad, relevant and customizable range of solutions, which, together with our thought leadership and capabilities, position us well to become their partner of choice. Our strategic ambitions reflect the long-term outlook on demographic and social trends affecting wealth distribution, product demand and client experience.

Half of our wealth management clients’ invested assets are in the Americas, where we are among the top players in the world’s largest wealth pool, with solid wealth generation prospects. The Investment Bank has invested in growing its Global Banking, Global Markets and Research capabilities in the region, and it is focused on cross-regional and cross-divisional collaboration to drive growth.

In Asia Pacific, which is the fastest-growing wealth market, we are by far the largest wealth manager,<sup>2</sup> and we are building on that scale to drive growth. We are further developing our businesses in the region to deliver our leading capabilities, leveraging our expanded and diversified footprint, strengths in cross-divisional collaboration and global connectivity.

In EMEA we are focused on improving profitability and driving focused growth by optimizing our domestic footprint and providing a comprehensive offering for entrepreneurs.

Finally, in Switzerland we have a highly integrated business and aim to reinforce our position as the leading bank. We are driving our digital transformation, enhancing the client experience and improving efficiency, while focusing on capturing selected growth opportunities. We are also delivering on our commitments to our home market, as we continue to provide around CHF 350bn of credit to Swiss companies and the economy.

## We collaborate as one UBS to deliver integrated coverage for clients

We strive to serve our clients as one firm, with collaboration across our business divisions being a cornerstone of our strategy and a key differentiator, as we deliver the best of UBS. For example, our asset-gathering franchises work in synergy to offer clients a comprehensive product suite paired with exclusive, premium personalized services. The Investment Bank complements these by delivering insights, execution capabilities and risk management expertise to both our wealth and Swiss corporate clients. We regularly enhance this integrated approach to support our growth, as demonstrated by recent initiatives, such as the establishing of the division-agnostic Unified Global Alternatives and the creation of Global Wealth Management Solutions.

## Supporting sustainability

We help our clients achieve their sustainability and impact objectives while navigating the evolving macroeconomic and complex regulatory landscape. To help us realize this ambition, our sustainability and impact strategy is based on three strategic pillars: (i) Protect – manage our business in alignment with our sustainable, long-term Group strategy and evolving standards; (ii) Grow – embed an innovative sustainability and impact offering across all our business divisions; and (iii) Attract – be the bank of choice for clients and employees. We support our clients in the transition to a low-carbon world and consider climate change risks and opportunities across our bank for the benefit of our clients, shareholders and all our stakeholders.

## We are investing in our technology to drive business outcomes

We have a proven technology strategy in place to focus on delivery and experience for our clients and employees, while we are preparing for the future. We are constantly modernizing our technology to support an already strong foundation; we have a robust infrastructure, 70% of which is in the public and private Cloud, that maintained over 99.999% availability over the last year and maintains high security standards.

This foundation facilitates our integration and enables us to embrace and implement innovation, such as generative artificial intelligence (AI), to bring technology products and solutions to the next level.

We are evolving into an AI-driven institution, using generative AI to drive growth, improve client service, and increase productivity. In the fourth quarter of 2024, we announced the deployment of 50,000 Microsoft Copilot licenses, the largest in the global financial services industry at the time. This initiative is already showing increased usage of generative AI tools, with 1.75 million prompts across all tools in 2024, and it is expected to substantially expand in 2025. We will continue delivering AI initiatives across our businesses, including re-inventing how we do software engineering.

We invest in partnerships with leading academic institutions worldwide and other key players to develop ideas, drive outcomes across the firm and foster pioneering AI research.

We are committed to driving innovation and excellence, ensuring that our technology advancements meet the expectations of our clients, employees, and stakeholders.

Our efforts are supported by our governance and controls that are designed to safeguard the interests of our clients, employees and other stakeholders.

› Refer to the “Risk management and control” section of this report for more information

› Refer to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors) for more information

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<sup>1</sup> Excluding Non-core and Legacy.

<sup>2</sup> Asian Private Banker, 23 January 2024.



# Targets, capital guidance and ambitions

We reiterate the financial targets and long-term ambitions that we announced in 2024. We remain well positioned to deliver on those targets and ambitions, and we believe that our scale and client franchises, as well as the completed integration, will position us to sustainably drive higher returns.

The graphic below shows our financial targets, capital guidance and long-term ambitions.



<sup>1</sup> Common equity tier 1.

Our targets and ambitions are based on the Group's target of a common equity tier 1 (CET1) capital ratio of around 14% and the existing Swiss capital regime.

After reaching 58% of our planned cumulative gross cost savings at the end of 2024, we maintain our aim of delivering exit rate gross cost savings of around USD 13bn by the end of 2026, compared with the full year 2022 cost base for the combined organizations. Gross cost savings will provide necessary capacity for reinvestment to further reinforce the resilience of our infrastructure and to drive sustainable growth by investing in talent, products and services.

In the Non-core and Legacy business division, as at 31 December 2024 we had reduced risk-weighted assets (RWA) by 52% since the second quarter of 2023, well ahead of our original plan. As a result, we have updated our ambition and now aim to reduce Non-core and Legacy RWA to around USD 29bn by the end of 2025 and around USD 22bn by the end of 2026.

Additionally, we expect up to USD 1bn of funding cost savings by 2026 compared with 2023 levels.

Our business division ambitions are the following.

- Global Wealth Management: surpass USD 5trn of invested assets by 2028, with around USD 100bn of net new assets in 2025, building to around USD 200bn annually by 2028, and an underlying cost / income ratio of less than 70% by the end of 2026 (exit rate).
- Personal & Corporate Banking: an underlying cost / income ratio of less than 50% by the end of 2026 (exit rate) and an underlying return on attributed equity of around 19% in the medium term.
- Asset Management: an underlying cost / income ratio of less than 70% by the end of 2026 (exit rate).
- The Investment Bank: an underlying return on attributed equity of around 15% through the cycle, while operating with no more than 25% of the Group's RWA (excluding Non-core and Legacy).
- Non-core and Legacy: an underlying loss before tax of less than USD 1bn and underlying operating expenses of around USD 0.8bn, both excluding litigation and by the end of 2026 (exit rate), and around USD 22bn RWA by the end of 2026.

Our aspirations on environmental, social and governance (ESG) matters are set out in the UBS Group Sustainability Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors).

Performance against targets, capital guidance and ambitions is taken into account when determining variable compensation.

- › Refer to "Society" and "Our focus on sustainability" in the "How we create value for our stakeholders" section and to the "Corporate governance" section of this report for more information about ESG
- › Refer to the "Compensation" section of this report for more information about variable compensation
- › Refer to "Alternative performance measures" in the appendix to this report for definitions of and further information about our performance measures

# Our businesses

We operate through five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank and Non-core and Legacy. Our global reach and the breadth of our expertise are the major assets setting us apart from our competitors. Our Group functions are support and control functions that provide services to the Group. Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount that we refer to as Group Items in our segment reporting. We see collaboration, both within and between business divisions, as key to our growth.

› Refer to the “Our strategy” section of this report for more information about the collaboration between our business divisions

## Global Wealth Management

We are the largest truly global wealth manager and are focused on serving the needs of ultra high and high net worth individuals through trusted relationships with our advisors. Our global reach, our advisory approach led by the Chief Investment Office (the CIO) and access to our comprehensive platform with its broad array of solutions, supported by our premium brand, are key differentiators.

Global Wealth Management is organized into five regional business units covering the US, Switzerland, Asia Pacific, EMEA and Latin America, as well as capability-related and support units. Capability business units, such as the Chief Investment Office and the newly created GWM Solutions, help to efficiently deliver integrated solutions tied into the CIO-led value proposition. For regional reporting purposes, we disclose selected information about the Americas, Switzerland, Asia Pacific, EMEA and Global regions.

### Integration of Credit Suisse and organizational changes

The acquisition of the Credit Suisse Group in 2023 enhanced our leading global position, increased our scale and has expanded our capabilities. Since then, we have made substantial progress with the integration of our wealth management businesses. Our client migration is underway, with more than 90% of all assets outside of Switzerland migrated onto UBS platforms by year-end 2024. In the fourth quarter of 2024, we completed the migration of our Global Wealth Management client accounts in Luxembourg, Hong Kong, Singapore and Japan, followed by accounts in Italy in January 2025, and are currently focused on Swiss client account and platform migrations.

› Refer to the “Integration of Credit Suisse” section of this report for more information

Since 1 July 2024, Global Wealth Management has been jointly managed by two Co-Presidents. On that date, Iqbal Khan became Co-President Global Wealth Management and Robert Karofsky became Co-President Global Wealth Management and President UBS Americas. On 1 September 2024, Mr. Khan also became President UBS Asia Pacific.

In recognition of the increased size and potential of our wealth management business in Latin America following the acquisition of the Credit Suisse Group, Global Wealth Management Latin America became a new business unit in 2024. Also in 2024, we introduced GWM Solutions, which is aimed at combining all client solutions across UBS into a single unit in order to more effectively, efficiently and consistently deliver products and capabilities to our clients.

An integral part of our growth plans is to improve profitability across our Americas wealth business, which manages USD 2.1trn in invested assets and is a key pillar of our strategy and value proposition to clients. We are executing on our targeted investments to enhance and build out our multi-disciplinary coverage model of the ultra high net worth client segment and increase penetration of the high net worth and core affluent segments to further drive scale. These growth initiatives will be supported by investments in our banking capabilities and technology, as well as increased cost discipline.

### How we do business

With our distinctive approach to wealth management, and by offering advice, expertise and solutions, we help our clients pursue what matters most to them. Our alignment of our core offering across UBS and Credit Suisse platforms is near completion, and clients across our entire franchise can benefit from the best UBS has to offer regardless of the platform they are on.

Our investment advice to clients is led by our global CIO, which produces the *UBS House View*, identifying investment opportunities designed to protect and increase our clients' wealth over the long term. CIO views drive investment recommendations for advisory clients and investment decisions for discretionary clients, representing USD 1.8trn in fee-generating assets globally.

Through our platforms, we offer to our clients a broad range of securities and investment products. In addition to traditional equity and fixed-income securities, our investment specialists source and craft a range of investment products, including separately managed accounts (SMAs), structured products, sustainable- and impact-investing products, and alternative investments. Our alternatives offering gives clients access to private markets, hedge funds and real assets. We offer our own private equity multi-manager investments and enable clients to access selected single-manager funds and open-ended programs.

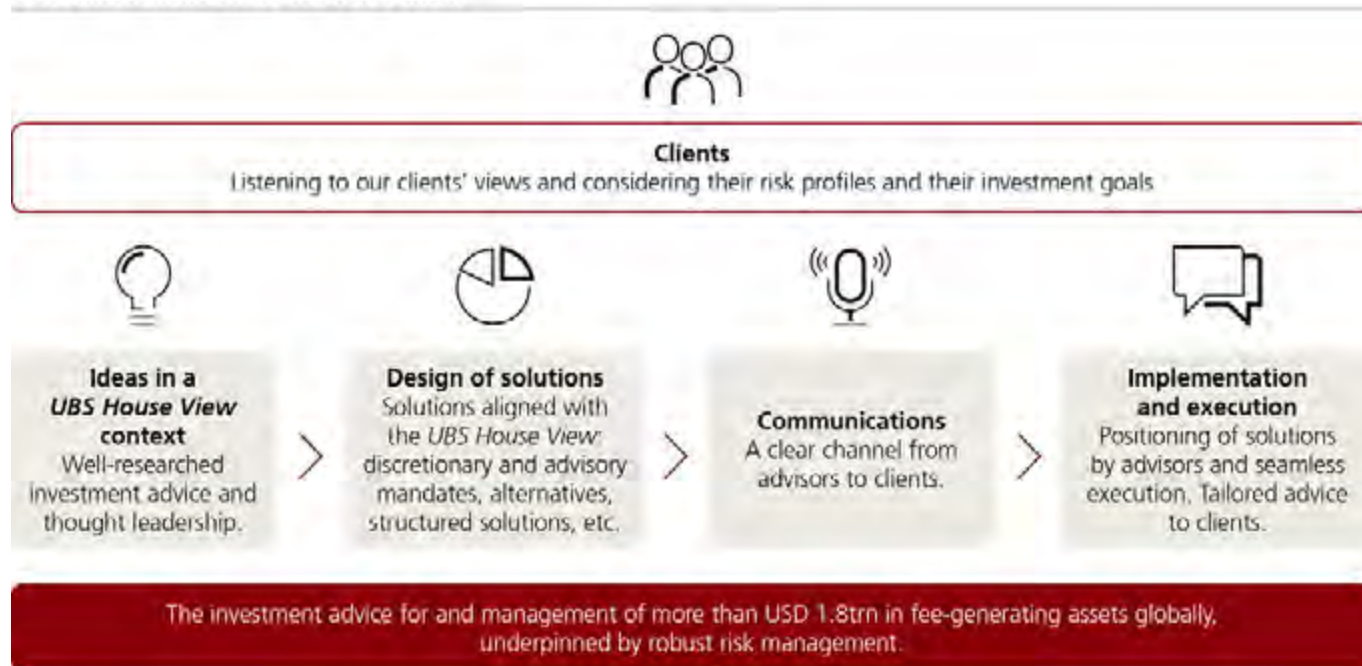
To complement this offering, we provide clients with advice on wealth planning, sustainability-focused and impact investing, and corporate and banking services. Our specialist teams also advise on art and collecting, family strategy and governance, philanthropy, next generation, and wealth transition.

► Refer to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information about sustainability matters

In addition to our investment management products and solutions, we also offer extensive mortgage, securities-based and structured lending expertise, catering to clients’ sophisticated lending needs.

The newly created GWM Solutions brings all client solutions into a single unit in order to more efficiently and consistently deliver integrated solutions tied into the CIO-led value proposition. GWM Solutions presents an opportunity to leverage cross-divisional capabilities to serve every aspect of our clients’ financial needs. We are now extending the breadth and depth of our offering into the areas of alternative investment and corporate finance solutions. In 2024, we combined our private market and hedge fund manager selection franchises from Global Wealth Management and Asset Management to create a new business unit, called Unified Global Alternatives, which sits operationally within the Asset Management business division and additionally reports to Global Wealth Management. We also formed Unified Global Banking, combining Global Wealth Management’s corporate finance capabilities with Global Banking to service the traditional corporate finance needs of our Global Wealth Management clients and their companies.

### Chief Investment Office-led value chain



Note: The Chief Investment Office develops a clear, concise and consistent investment assessment, the UBS House View, consisting of strategic asset allocation and tactical asset allocation.

We are investing in our operating platforms and tools to better serve our clients’ needs, improve their experience, enhance overall advisor productivity and improve operational resilience. We aim to make our service delivery faster, more responsive, and more convenient for our clients. Our platform for discretionary mandates provides significant flexibility and solutions. For example, *UBS My Way*, which is now also available on the Credit Suisse platform, enables clients to personalize their portfolios beyond traditional mandates, providing transparency and performance insights. As of 31 December 2024, it has reached over USD 15bn in invested assets.

In Asia Pacific and Switzerland, the Direct Investment Insights function on our online banking platform enables clients to trade directly based on CIO insights via their smartphones and other digital devices. *UBS Advice Compass* enables advisors in one-to-one meetings with their clients to review in depth all important portfolio aspects enhanced with actionable next steps and investment opportunities. Clients are thus offered an enhanced ability to monitor their portfolios and to put their investment strategy into action in line with CIO research.

For the benefit of our clients and to further empower our advisors, we are also leveraging investments in the artificial intelligence (AI) space. We are using AI-powered tools to enhance our capabilities and platforms, for example Red, our internal chatbot that builds on generative AI capabilities, was rolled out to around 7,000 employees in the fourth quarter of 2024. In the US, 13 million AI-generated insights were delivered to US advisors in 2024. Additionally, we are connecting our clients with leaders in the AI space and providing them with thought leadership, content and solutions regarding AI investment opportunities.

In addition, we are continuing to broaden our offering across asset classes and themes, collaborating with best-in-class managers across the most relevant strategies.



## Competition

Our main competitors fall into two categories: competitors with a strong position in the Americas but with more limited global footprints, such as Morgan Stanley, JPMorgan Chase, Wells Fargo and Bank of America; and competitors with international footprints but with a smaller presence than UBS in the US, such as Julius Baer, BNP Paribas, Deutsche Bank and HSBC. We also compete with fintech firms in some regions and products. We have strong positions in the largest wealth region (the US) and the fastest-growing wealth regions (Asia Pacific and the Middle East). The size of our global franchise, our bespoke cross-divisional solutions and our premium brand and reputation differentiate us from our competitors and would be difficult to replicate.

### 2024 selected highlights

As of or for the year ended 31 December 2024



<sup>1</sup> Up 3 percentage points compared with 2023. <sup>2</sup> Excludes clients of Credit Suisse entities which will be integrated into UBS.

## Personal & Corporate Banking

As the leading bank in Switzerland, our home market, we provide a comprehensive range of financial products and services to private, corporate and institutional clients. With Personal & Corporate Banking at its core, Switzerland is the only region where we operate in all of our business areas. We are fully committed to maintaining our leadership in our home market. Swiss clients and the Swiss economy benefit from UBS's unparalleled global reach and capabilities. We are a go-to bank for entrepreneurs in Switzerland, providing comprehensive support at every stage of the entrepreneurial journey. Drawing on an extensive branch network and highly qualified client advisors, complemented by modern digital banking services and customer service centers, we are able to serve more than one-third of Swiss households and more than 90% of large Swiss companies. In 2024, UBS was named "Best Bank in Switzerland" by Euromoney for the tenth time since 2012.

Personal & Corporate Banking is organized into 10 regions, covering distinct Swiss economic areas. We operate a multi-channel approach, and we are constantly developing our digital and remote channels.

### Integration of Credit Suisse and organizational changes

We continue to make progress related to the integration of Credit Suisse, and we are on track to substantially complete the integration by the end of 2026. We are currently focused on client account and platform migrations and decommissioning applications and infrastructure. We expect the first wave of Swiss business migrations to commence in the second quarter of 2025.

On 1 July 2024, the merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG was completed and was a critical step on our integration journey. For the time being, the Credit Suisse brand will remain in use in Switzerland, and consumer finance services will continue to be provided through the BANK-now subsidiary.

› Refer to the "Integration of Credit Suisse" section of this report for more information

### How we do business

We provide our personal banking clients with access to a comprehensive, life-cycle-based offering. This includes a broad range of basic banking products, from payments to deposits, cards and convenient online and mobile banking, as well as lending (predominantly mortgages), investments and retirement planning services. Personal & Corporate Banking works closely with Global Wealth Management to provide our clients with access to leading wealth management services.

Our corporate and institutional clients benefit from our banking, financing and investment solutions, in particular access to equity and debt capital markets, syndicated and structured credit, private placements, leasing, and traditional financing. We offer transaction banking solutions for payment and cash management services, trade and export finance, and global custody solutions for institutional clients.

We work closely with the Investment Bank to offer capital market and foreign exchange products, hedging strategies, and trading capabilities, as well as corporate finance advice. In cooperation with Asset Management, we also provide fund and portfolio management solutions.

In our corporate business, we take a holistic approach to client dialogue. We seek to provide practical, tailored solutions with a deep understanding of our clients' business operations and collaborate with partners to offer a comprehensive range of products and services. We also launched sustainability-linked loans for commodity trade finance and corporate clients.

In 2024, we continued to focus on helping our clients to achieve their sustainability goals, as companies and individuals consider the best ways to transition to a lower-carbon economy.

➤ Refer to the **UBS Group Sustainability Report 2024**, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors), for more information about sustainability matters

We see a strong partner network as essential for UBS's success in Switzerland. To meet the increasing expectations of our clients, we have established strong partnerships that create significant value, for example, for homeowners, where protecting property value is crucial. Through our new partnership with NORM, we offer a digital, user-friendly energy analysis and a specific roadmap for sustainable renovations. Additionally, we have introduced **UBS Loan Green** to support sustainability in investment and commercial properties.

Through our collaboration with Fagoon and Startups.ch we actively support clients in founding their businesses and getting started financially from the very beginning. Our **UBS Marketplace** offers relevant partner solutions to support corporate clients throughout their life cycle.

We are building stronger relationships with our mortgage clients throughout the entire property ownership lifecycle with comprehensive services, including property acquisition, renovation, maintenance, and sale. Our exclusive partnership with SMG Swiss Marketplace Group enables us to expand our ecosystem to Switzerland's largest real estate portals, such as Homegate and Immoscout24. Through our partner **Brixel** we provide services related to property transactions and promotion financing. Our collaboration with **Houzy**, Switzerland's leading homeowner platform, connects our clients with a nationwide network of qualified craftsmen.

## Competition

In Personal Banking, our main competitors are the cantonal banks, Raiffeisen, PostFinance and other regional and local Swiss banks; we also face competition from international neobanks and other national digital market participants. Areas of competition are basic banking services, mortgages and foreign exchange, as well as investment mandates and funds.

In the corporate and institutional business, the cantonal banks and foreign banks are our main competitors. We compete in basic banking services, cash management, trade and export finance, asset servicing, investment advice for institutional clients, corporate finance and lending, and cash and securities transactions for banks. We also support the international business activities of our Swiss corporate clients through local hubs in New York, Frankfurt, Singapore and the Hong Kong SAR, where we compete with other foreign banks that have global operations. No other Swiss bank offers its corporate clients local banking capabilities abroad.

### 2024 selected highlights

As of or for the year ended 31 December 2024



<sup>1</sup> Loans to private clients, companies and public institutions in Personal & Corporate Banking and Global Wealth Management Switzerland. <sup>2</sup> Based on approximately 200 largest Swiss companies. <sup>3</sup> Number of Swiss households served by UBS divided by the total number of Swiss households according to the Swiss Federal Statistics Office.

# Asset Management

We are a global, large-scale and diversified asset manager offering investment capabilities and strategies, across all major traditional and alternative asset classes, to institutions, wholesale intermediaries and Global Wealth Management clients.

Following the acquisition of the Credit Suisse Group, we have become one of the leading Europe-based asset managers, with total invested assets of USD 1.8trn. We are focused on meeting the evolving needs of our clients by capitalizing on the products and areas where we have a differentiated and scalable offering and by expanding our strong partnerships with the other business divisions across the Group.

Asset Management is organized into five areas: Client Coverage; Global Real Assets; Investments; Unified Global Alternatives; and the Chief Operating Officer (COO) area. We cover the main asset management markets globally and have a local presence in 24 locations across four regions: the Americas; Asia Pacific; EMEA; and Switzerland. We have nine main hubs: Chicago; the Hong Kong SAR; London; New York; Shanghai; Singapore; Sydney; Tokyo; and Zurich.

## Integration of Credit Suisse and organizational changes

We continued to move at pace with the integration of Credit Suisse. This included the completion of a number of legal entity transactions that enabled us to combine our core operating entities and teams in each region. Alongside that, we made significant strides toward bringing together our fund offerings and also commenced the technical migration of clients' investment portfolios onto the UBS platform.

During 2024, we completed a number of non-core divestments, including the sales of our Brazilian real estate fund management business (Credit Suisse Hedging-Griffo Real Estate), Credit Suisse Insurance Linked Strategies Ltd and our 62% majority stake in Credit Suisse Investment Partners. We also transferred the management of our Quantitative Investment Strategies business to a systematic investment manager.

› Refer to the "Integration of Credit Suisse" section of this report for more information

On 1 March 2024, Aleksandar Ivanovic became President Asset Management.

We also took a number of steps to increase our operational efficiency and simplify our organization. This included the reorganization and integration of our former Products functions into the Client Coverage and COO areas.

To capture the growing client demand for alternatives, at the end of 2024 we combined our manager selection franchises from Global Wealth Management and Asset Management to create a new business unit called Unified Global Alternatives (UGA). UGA sits operationally within the Asset Management business division, and additionally reports to Global Wealth Management.

With a combined USD 286bn in invested assets across Asset Management and Global Wealth Management, UGA is one of the leading global alternative players. By bringing together the breadth of our capabilities, we can better leverage and scale our deep expertise in sourcing, monitoring and managing investments. Given our ability to work flexibly alongside third-party alternatives managers across products, we believe we can strengthen our strategic partnerships with best-in-class general partners, and together deliver new and innovative solutions for clients.

Following the shift of our Real Estate & Private Markets (REPM) multi-manager capabilities to UGA, the remaining REPM business area has been renamed as Global Real Assets.

## How we do business

We are committed to delivering investment excellence and to creating value for our clients that endures through cycles. We offer a range of investment products and services across all major traditional and alternative asset classes and investing styles, and we also draw on the breadth of our capabilities to offer asset allocation and currency investment strategies across the risk–return spectrum, customized multi-asset solutions, and advisory and fiduciary services. In order to support our clients' sustainability objectives, we offer a comprehensive range of products and solutions which incorporates a variety of approaches, including active ownership, as well as impact- and transition-focused strategies.

› Refer to the UBS Group Sustainability Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors), for more information about sustainability matters

To serve our clients' alternative investment needs, our UGA business maintains, manages and curates one of the world's premier open architecture platforms across hedge funds, private equity, private credit, real estate, infrastructure and multi-alternative investment products. We are also able to provide access to exclusive co-investments and secondary market opportunities for our more sophisticated clients. In addition, we offer access to a comprehensive range of direct investment capabilities across hedge funds and real assets, as well as our leading non-investment-grade fixed-income capabilities managed through our Credit Investment Group.

We continue to expand our index and exchange-traded funds capabilities, building on our position as the largest Europe-based manager of indexed investments. We are able to leverage our specialist teams, proprietary technology and expertise in customization to provide our clients with a compelling range of solutions across asset classes.

We also collaborate across business divisions to deliver our best capabilities to clients. For example, our SMA initiative with Global Wealth Management in the US continues to gain momentum, with USD 195bn in invested assets. Building on the success of this platform, we are also extending our offering to meet the needs of wholesale clients in this attractive market.

Our Partnerships Solutions business draws on our value chain across the Group to provide customized full-service fiduciary, investments and technology solutions for clients. Those include curated access to best-in-class third-party traditional and alternative investment managers, as well as a comprehensive suite of proprietary technology solutions and research services.

We are building on our extensive and long-standing presence in the Asia Pacific region, particularly in China, where we have enhanced our onshore presence through our joint ventures.

To better serve our clients' needs, enable further scalability and growth across our business, and position us to seize the opportunities presented by generative artificial intelligence, we are transforming our front-to-back business, our operating model and our technology platform. This includes our *UBS Advantage* initiative, which will enable us to streamline trading and portfolio implementation across our active and index capabilities through an integrated technology architecture. We also remain focused on capturing structural efficiencies to support our profitable growth. This includes refining our strategic product offering, further streamlining our organization, and realizing integration-related synergies.

## Competition

Our main competitors are global firms with wide-ranging capabilities and distribution channels, such as AllianceBernstein, Allianz Asset Management, Amundi, BlackRock, DWS, Franklin Templeton, Invesco, J.P. Morgan Asset Management, Morgan Stanley Investment Management, Schroders, State Street Global Advisors and T. Rowe Price, as well as firms with a specific market or asset-class focus.

## 2024 selected highlights

*As of or for the year ended 31 December 2024*



<sup>1</sup> Includes invested assets across Asset Management and Global Wealth Management. <sup>2</sup> Separately managed accounts. <sup>3</sup> SimFund data is used to estimate index share for peers that do not disclose index invested assets.



# Investment Bank

The Investment Bank provides services to institutional, corporate and wealth management clients, helping them raise capital, invest and manage risks, while targeting attractive and sustainable risk-adjusted returns for the Group's shareholders. Our traditional strengths are in equities, foreign exchange, research, advisory services and capital markets, complemented by a focused rates and credit platform. We use our data-driven research and technology capabilities to help clients adapt to evolving market structures and changes in regulatory, technological, economic and competitive landscapes.

Aiming to deliver market-leading solutions by using our intellectual capital and electronic platforms, we work closely with Global Wealth Management, Personal & Corporate Banking and Asset Management to bring the best of the Group's capabilities to our clients. We do so while being disciplined about balance sheet deployment and costs.

Our two business areas, Global Banking and Global Markets, are organized globally by product. Our business is regionally diversified, with a presence in more than 30 countries. We cover the main investment banking markets globally and have major financial hubs across four regions: the Americas; Asia Pacific; EMEA; and Switzerland.

Our priority is providing high-quality execution and seamless client service, through an integrated, solutions-led approach, with disciplined growth in the advisory and execution businesses, while accelerating our digital transformation. In Global Banking, we position ourselves as trusted advisors via our client coverage and ability to provide access to the wider suite of UBS's capabilities. In Global Markets, we enable clients to buy, sell and finance securities on capital markets worldwide and to manage their risks and liquidity.

## Integration of Credit Suisse and organizational changes

The acquisition of the Credit Suisse Group in 2023 accelerated the Investment Bank's existing growth strategy, reinforcing and strengthening our coverage and presenting a powerful opportunity to enhance capabilities and client relevance in key products and regions.

The Investment Bank has benefited significantly from the integration of Credit Suisse, in terms of clients, talent and capabilities. And the integration has also helped us to build a more sustainable market share in a range of products and markets. The transfer of Credit Suisse positions onto UBS infrastructure is now complete, and all in-scope clients have been onboarded.

› Refer to the "Integration of Credit Suisse" section of this report for more information

On 1 July 2024, George Athanasopoulos and Marco Valla joined the Group Executive Board as Co-Presidents Investment Bank. They replaced Robert Karofsky, who on that date became Co-President Global Wealth Management and President UBS Americas.

In 2024, GWM Solutions was introduced and is aimed at combining all client solutions across UBS into a single construct so as to more effectively, efficiently and consistently deliver products and capabilities to our clients. As part of GWM Solutions, we announced the formation of Unified Global Banking, combining Global Wealth Management's corporate finance capabilities with Global Banking to service the traditional corporate finance needs of our Global Wealth Management clients and their companies.

## How we do business

The Investment Bank consists of two areas: Global Markets, which is supported by Investment Bank Research; and Global Banking. Our global coverage model utilizes our international industry expertise and product capabilities to meet clients' emerging needs.

Our Global Banking business offers a broad range of investment banking products and services to our clients. We work with our clients to understand their business needs and provide ideas that support growth and help them achieve their objectives. Global Banking advises clients on strategic business opportunities, such as mergers, acquisitions and related strategic matters, and helps them raise capital, in both public and private markets, to fund their activities. With teams located across the Americas, EMEA and Asia Pacific regions, our banking coverage offers clients local market expertise coupled with access to a global network.

Our Global Markets business helps clients engage with local markets globally, providing nimble, innovative and bespoke access to solutions, from market and insight tools to trade strategies and execution. Global Markets enables clients to buy, sell and finance securities on capital markets worldwide and to manage their risks and liquidity. We distribute, trade, finance and clear cash equities and equity-linked products, as well as structuring, originating and distributing new equity and equity-linked issues. From origination and distribution to managing risk and providing liquidity in foreign exchange, rates, credit and precious metals, we help clients to realize their financial goals. We provide flexible, innovative and bespoke access to solutions, from market and insight tools to trading strategies and execution.

Our Investment Bank Research business continues to publish research based on primary data to concentrate on data-driven outcomes and offers clients differentiated content about major financial markets and securities around the globe, with analysts based in more than 20 countries and with coverage of more than 3,700 stocks in 49 different countries. *HOLT*, a framework that helps investors to make better decisions, was successfully transferred from Credit Suisse to UBS in October 2024 and is an addition to our data capabilities, which include *Quant Research* and *UBS Evidence Lab*. *HOLT* provides investors with a robust framework to analyze, value and compare 20,000 companies globally.

Our capabilities, core products and services have been enhanced by the integration, which has enabled us to deliver these products and services to an expanded institutional and corporate client base. In addition, we are now better positioned to serve Global Wealth Management, offering investment banking capabilities, and to further enhance our connections with wealth management clients. The integration of Credit Suisse is expected to drive further changes in our future revenue footprint. Our increased scale will enhance our competitive positioning within each region and product set and rebalance our footprint.

We seek to develop new products and solutions consistent with our capital-efficient business model, typically related to new technologies or changing market standards.

The Investment Bank offers clients global advice and access to the world's primary, secondary and private capital markets, including through an array of sustainability-focused advice, products, research and events. We help meet clients' needs with respect to environmental, social and governance (ESG) considerations and sustainable finance, helping to reshape business models and investment opportunities and to develop sustainable finance products and solutions.

In Global Markets, we develop products and solutions designed to meet clients' specific and increasingly detailed ESG objectives. In Global Banking, the ESG Advisory Group supports UBS's clients globally in assessing their ESG / sustainability profile and linking such profiles to investor demand and valuation. The ESG research team delivers thematic reports on ESG and sustainability-related topics. More generally, through our research, we address ways in which ESG factors connect to individual markets, sectors and companies in our coverage.

› Refer to the UBS Group Sustainability Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors), for more information about sustainability matters

The Investment Bank strives to be the digital investment bank of the future, focused on delivering innovation-led solutions and efficiencies for our clients. Our digital strategy harnesses technology to provide access to sources of unique, global liquidity, personalized advice and differentiated content. As the world around us changes, our digital capabilities harness emerging technologies and create new products and solutions, which help our clients to adapt to evolving market structures and achieve their investment goals.

Our ambition to be the most client-focused, efficient and data-driven investment bank is being realized through the simplification of technology architecture, increased speed and quality of delivery and the attraction of best-in-class talent. As we look forward to the continued evolution of our digital capabilities, we will see increased adoption of technologies, such as generative artificial intelligence, the consistent re-use of platforms and products, and the continued drive to make progress in our overall strategic imperatives, with regard to a new, combined Investment Bank.

Joint efforts between the Investment Bank and the other business divisions (for example, our work with Global Wealth Management through GWM Solutions coverage) and, externally, strategic partnerships (for example, UBS BB jointly with Banco do Brasil, focused on Latin America) continue to be key strategic priorities. Partnerships with Global Wealth Management and Asset Management enable us to provide clients with broad access to financing, global capital markets and portfolio solutions. We expect these initiatives to continue to lead to growth by delivering global products to each region, leveraging our global connectivity across borders and sharing and strengthening our best client relationships.

## Competition

Our global reach presents attractive options for growth. In the Americas, the largest investment banking fee pool globally, we continue to focus on increasing market share in our core Global Banking and Global Markets businesses. In Asia Pacific, we plan to capture opportunities arising from expected market internationalization and growth in China and other markets, and to strengthen our presence in the region. In EMEA, we plan to leverage our strong base and brand recognition to further gain market share.

Competing firms operate in many of our markets, but our strategy differentiates us, with our focus on selective leadership in the areas where we have chosen to compete and a business model that leverages talent and technology rather than balance sheet. Our main competitors are the major global investment banks (e.g. Morgan Stanley and Goldman Sachs) and corporate investment banks (e.g. Bank of America, Barclays, Citigroup, BNP Paribas, Deutsche Bank and JPMorgan Chase). In certain products and regions, we also compete with boutique investment banks and fintech firms.

## 2024 selected highlights

As of or for the year ended 31 December 2024



<sup>1</sup> Globally since 2013 <sup>2</sup> UBS was also named Structured Products house of the year and Currency Derivatives house of the year <sup>3</sup> Investment Bank globally

## Non-core and Legacy

Non-core and Legacy includes positions and businesses not aligned with our long-term strategy and risk appetite. It consists of selected assets and liabilities from the former Credit Suisse business divisions, as well as residual assets and liabilities from UBS's former Non-core and Legacy Portfolio that preceded the acquisition of the Credit Suisse Group and smaller amounts of assets and liabilities of UBS's business divisions that have been assessed as not strategic in light of the acquisition.

We have made strong progress in actively reducing Non-core and Legacy's assets and liabilities. Most notably, as of the end of 2024, we reported risk-weighted assets (RWA) of USD 41.4bn and leverage ratio denominator (LRD) of USD 53.5bn, which equates to a year-on-year RWA reduction of USD 32.6bn, or 44%, and an LRD reduction of USD 115.0bn, or 68%.

➤ Refer to the "Integration of Credit Suisse" section of this report for more information

### Our key priorities and operations

We will continue to actively wind down Non-core and Legacy's positions in order to reduce operating costs and financial resource consumption, with a focus on economic profitability, and to enable us to simplify infrastructure. Incremental costs or losses may arise in connection with the reduction of such assets and liabilities.

Our key priorities continue to be as follows.

- Reduce RWA and LRD, freeing up capital for the UBS Group. We aim to achieve a share of below 5% of Group RWA by the end of 2026. We will continue to actively pursue the acceleration of the natural roll-off through active unwinds.
- Reduce operating costs and financial resource consumption by integrating onto the core platform, simplifying and decommissioning infrastructure, and minimize the number of legal entities. We aim to exit 2026 with around USD 0.8bn in underlying operating expenses (excluding litigation).
- Execute the de-risking strategy in an orderly manner to protect the client franchise, working in partnership with other business divisions.

Non-core and Legacy includes financial and non-financial assets, operating expenses and funding costs related to the following legacy Credit Suisse businesses: loans primarily related to corporate clients and emerging markets, the residual securitized products businesses, the macro trading business, including rates and foreign exchange, the legacy life-finance business, the equities portfolio, including the remaining equity swaps, share back-lending positions and legacy structured renewables-linked positions, and the residual credit business. It also includes residual trades from businesses exited by the pre-integration UBS Investment Bank, mainly in 2012. The portfolio additionally encompasses positions relating to legal matters transferred to it at the time of its formation in 2023.



# Group functions

Our Group functions are support and control functions that provide services to the Group, focusing on effectiveness, risk mitigation and efficiency.

## How we are organized

Our Group functions include the following major areas: Group Services (which consists of the Group Operations and Technology Office, Group Compliance, Regulatory & Governance, Group Finance, Group Risk Control, Group Human Resources and Corporate Services, Communications & Branding, Group Legal, the Group Integration Office, Group Sustainability and Impact and the Chief Strategy Office) and Group Treasury.

Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount that we refer to as Group Items in our segment reporting in accordance with IFRS Accounting Standards. Certain activities are retained centrally, where not directly related to the businesses, such as group hedging and own debt activities in Group Treasury and certain other costs that are mainly related to deferred tax assets and costs relating to our legal entity transformation program.

Most of our employees in the Group functions are employed by UBS Business Solutions AG or another of our service company subsidiaries of UBS Group AG. The costs of the Group functions employees in UBS Business Solutions AG are reflected as compensation expense in UBS Group AG reporting and as general and administrative expense in UBS AG reporting.

### Group Services

The vast majority of the support and control functions are fully aligned or shared among the business divisions. The activities of the businesses and support and control functions are closely aligned to improve efficiency and create a working environment built on accountability and collaboration.

### Group Treasury

Group Treasury manages balance sheet structural risk (e.g. interest rate, structural foreign exchange and collateral risks), as well as the risks associated with our liquidity, capital and funding portfolios. Group Treasury serves all five business divisions, and its risk management is integrated into the Group risk governance framework.

# Our environment

## Market environment

### Global economic developments in 2024<sup>1</sup>

Although global economic growth slowed slightly in 2024, to 3.2% from 3.4% in 2023, there was more growth than had been expected, helped by the strength of the US economy, slowing inflation, and central bank rate cuts.

The resilience of the US economy was the main surprise relative to projections coming into 2024. Robust consumer spending and greater business investment in artificial intelligence (AI) helped US GDP to grow by 2.8%, close to the 2.9% increase registered in 2023.

Growth in other developed economies was more muted. The Eurozone's GDP expanded by 0.7%, which was marginally better than the 0.5% registered in 2023. Germany was the main drag, with the region's largest economy held back by weak consumer demand, high energy prices and challenges in major export markets, including intensifying competition to its important automotive industry. In contrast, Swiss GDP growth accelerated to 1.4%, up from 0.7% in 2023, with improving consumer demand offsetting weakness in the manufacturing sector.

China's post-pandemic rebound continued to be disappointing, with GDP growth at 4.8%, compared with 5.2% in 2023. Consumers were cautious about spending against a backdrop of job insecurity and falling property prices. Stimulus from the government came late in the year and has yet to revive consumer confidence.

Inflation continued its trend toward normalization after the multi-decade highs experienced in the wake of the COVID-19 pandemic. Lower inflation in the Eurozone and the UK led the European Central Bank and the Bank of England to cut rates by 100 basis points and 50 basis points, respectively. Meanwhile, low inflation in Switzerland (1.1% in 2024) led the Swiss National Bank (the SNB) to cut interest rates by 125 basis points. The US Federal Reserve cut interest rates by 100 basis points, less than had been expected earlier in 2024. The consumer price index in the US rose 2.9% in the year to December 2024, compared with 3.4% in 2023.

Strong US earnings growth, lower interest rates, and optimism about AI helped the S&P 500 deliver a 25% return, contributing to a 20.7% return for the MSCI All Country World Index. The MSCI Europe index gained 10.3%, with the MSCI Switzerland returning 6.6%. Emerging market equities returned 8.1% in US dollar terms, with the MSCI China returning 19.8%, helped by government pledges of more forceful stimulus.

It was a volatile year for bond markets, amid shifting expectations over the timing, pace and magnitude of interest rate cuts from central banks. The yield on 10-year US Treasuries rose from 3.9% at the start of 2024 to 4.6%, boosted by stronger US economic data and the anticipation of higher inflation under the new US administration. The yield on 10-year German bunds also rose, despite concerns over weak growth in Germany and the Eurozone.

### **Economic and market outlook for 2025<sup>1</sup>**

We expect economic uncertainty to remain high in 2025, with the potential for significant policy developments from the new US administration and with geopolitical risks still elevated. However, our base case is for 2025 to be another resilient year for the global economy, and our projections show only a slight slowing of global GDP growth, to 3.0% in 2025.

In the US, we expect healthy consumption, further easing of fiscal policy and interest rate cuts from the Federal Reserve. This should help mitigate the potential drag from higher trade tariffs. Our base case is for US GDP to grow by around 2%. The prospect of higher tariffs on exports to the US could prove a headwind to growth in Europe and Asia. Although China could counter with further stimulus, we expect growth there to slow further, to 4.0% in 2025, due to the continued weakness in the property market and consumer demand. For the Eurozone, we expect growth to stabilize, with GDP increasing by 0.9% in 2025, as falling interest rates and higher levels of savings support both consumer spending and corporate investments. For Switzerland, we expect GDP growth of 1.3%, supported by stronger external demand from the Eurozone.

Regarding interest rates, we still see Federal Reserve rates as restrictive and expect further cuts in 2025, despite the resilience of the US economy. Our view is that subdued growth and slowing inflation in the Eurozone will prompt the European Central Bank to continue cutting interest rates in 2025. We also expect the SNB to further cut rates amid low inflation.

We expect a combination of continued economic growth, monetary easing, and advances in AI to contribute to another positive year for the S&P 500. Although a relaxation of regulations on businesses by the incoming US administration could further support stocks, international markets could face pressure from US tariffs.

We see only a modest downside to government bond yields, as resilient US growth and above-target US inflation partially offset the likely impact of lower central bank interest rates. We believe that the threat of tariffs and geopolitical uncertainty are likely to maintain the strength of the US dollar for at least the first half of 2025.

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<sup>1</sup> Based on the following sources: Haver Analytics, CEIC, National Statistics and UBS.

## **Industry trends**

Although our industry has been significantly affected by various regulatory developments in recent years, technological transformation and changing client expectations continue to emerge as key drivers of change today, increasingly affecting the competitive landscape, as well as our products, service models and operations. In parallel, our industry continues to be materially driven by changes in financial markets, macroeconomic conditions and geopolitical conditions.

### **Emerging Technologies**

The pace of innovation and emerging technology adoption continues to accelerate in our industry. Artificial intelligence (AI) in particular is creating an opportunity to significantly enhance client service and employee efficiency and transform business operations. Financial institutions are finding ways to accelerate the adoption of AI in a risk- and regulatory-compliant manner and with ethical and sustainability considerations in place. Meanwhile, the shift from digitalizing and automating existing processes to digital-as-default solutions is already well underway.

Staying abreast with emerging technologies is key, while also taking into consideration the need for continued human interaction, a component that continues to be an important competitive factor. Generative AI has enabled organizations to utilize AI well beyond data scientists, broadening the scope for its application and its associated benefits. Agentic AI, now in its infancy, offers potential to significantly enhance both quality and productivity across sectors. As technology evolves, so does the associated risk landscape, but the focus remains on safeguarding our clients and their data, with the evolution of AI governance as an area of strategic importance. The widespread implementation of AI introduces the need for evolutionary change relating to the workforce. Organizations must invest in their people and upskilling and / or reskilling employees in the field of AI will be key for all aspects of this journey from ideation through development and then adoption.

Digital communication, with clients and employees alike, has established new remote ways of working, enabling financial services providers to attract an even wider array of talent than before. The digitalization of the financial services sector has led to a structural shift in the workforce as more and better engineers are required to keep banks at the forefront of technology.

Continuous investment in technology is driving automation and simplification of labor-intensive processes, improving banks' operational efficiency, and freeing up resources to focus on client needs. Decision-making is becoming increasingly data-driven, with advanced analytics and AI enabling banks to address client needs in an even more targeted manner. In a consistently connected, open, and location-independent financial services ecosystem, the focus lies on adopting open-source technology, including cloud-native and modular architecture, to drive innovation and open exchange.

Distributed ledger technology (DLT), such as blockchain, is reshaping finance by improving efficiency, security and accessibility. As both regulation and technology evolve, the banking industry is gradually embracing DLT and its applications, e.g. tokenized assets and digital currencies. This shift will not only enhance efficiency but also open new opportunities, such as broader market access for alternative and private equity investments, instant 24/7 settlement, improved traceability, and real-time data. Moreover, DLT is paving the way for innovation within such concepts as privacy and identity management and could unlock new business models and products which offer a seamless user experience.

## Generative AI in wealth management

Generative AI has a transformative impact on the entire wealth management value chain and is already starting to shape the future of our industry. The most promising opportunities are expected from innovation in client acquisition, onboarding and servicing, as well as internal support.<sup>1</sup>

For the benefit of our clients and to further empower our advisors, we are also leveraging investments in the AI space. We are using AI-powered tools to enhance our capabilities and platforms, for example Red, our internal chatbot that builds on generative AI capabilities, was rolled out to around 7,000 employees in the fourth quarter of 2024. In the US, 13 million AI-generated insights were delivered to US advisors in 2024. We are also connecting our clients with leaders in the AI space and providing them with thought leadership, content and solutions regarding AI investment opportunities.<sup>2</sup>

## Sustainability

Sustainable finance continued to be high on the policy agenda but with implementation of prescriptive legislation diverging across jurisdictions.

- › Refer to “Regulatory trends” in the “Regulation and supervision” section of this report for more information about regulatory policy trends in sustainable finance
- › Refer to the “Regulatory and legal developments” section of this report for more information about developments related to environmental, social and governance matters

In 2024, sustainability-oriented public market investment funds recorded a new high of USD 3.2trn.<sup>3</sup> While the level of inflows decreased compared with previous years, investors continued to allocate to sustainability-oriented funds and ETFs. Investments into alternative asset classes, including hedge funds, real estate and infrastructure, continued throughout 2024. The share of sustainable-investing private-market fundraising in total reached an all-time high.<sup>4</sup> In sustainable financing markets, global thematic sustainable bond markets (including green, social, sustainable and sustainability-linked bonds, referred to as labeled bonds) saw issuance increase 16% year on year,<sup>5</sup> nearly reaching the record issuance achieved in 2021, which benefited significantly from COVID-19-related supply factors.

Finance has an important role to play as companies and individuals consider how best to approach the global economy's transition to a more sustainable, lower-carbon world. Banks and investment managers can support this transition by effectively and efficiently allocating capital and helping to mobilize the vast amounts of investment and financing required. We continue to build on our offering and develop the innovative products and solutions that our institutional and private clients need both to manage the risks and capture the opportunities presented by the transition to a low-carbon economy.

- › Refer to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information about sustainability matters

## Client expectations

As technology progresses, so do clients' ways of living, working and interacting with others. This is reshaping clients' expectations toward financial services firms, as their reference points are increasingly influenced by experiences with companies outside the sector, where technology-supported and data-driven solutions progressively facilitate a more tailored client experience, which is delivered on time and seamlessly. These services often focus on convenience, flexibility, transparency and personalization, and drive toward holistically addressing clients' needs and facilitating community building. We expect the adoption of generative AI to accelerate these expectations. Our industry needs to continue evolving, as clients measure us against new standards.

Recent geopolitical, macroeconomic and societal shifts, including the focus on digitalization, have re-emphasized values such as security, trust and stability, as well as the need to have a credible plan toward a sustainable future, leading to an increased focus on investment, financing and advisory products and services that fit clients' own sustainability preferences and ambitions.

## Consolidation

Many regions and businesses in the financial services sector are still highly fragmented. We expect further consolidation, with the key drivers being ongoing margin pressure, a push for cost efficiencies and increasing scale advantages resulting from fixed technology costs and regulatory requirements. Many stakeholders in the financial services sector continue to seek increased exposure and access to regions with attractive growth profiles, such as Asia and other emerging markets, through local acquisitions or partnerships, as well as acquiring new capabilities addressing changes in market dynamics and overall client demands. The increased focus on core capabilities and geographical footprint, as well as the ongoing simplification of business models to reduce operational and compliance risks, is likely to drive further disposals of non-core businesses and assets. While banks already face increasing challenges from digitalization needs and intensified competition, uncertain macroeconomic and geopolitical conditions across major economies might create further pressure.

## New competitors

Our competitive environment is evolving. In addition to traditional competitors in the asset-gathering businesses, new entrants are targeting selected parts of the value chain. We continue to observe a growing supply of private credit from private-debt funds, facilitating an industry shift in lending volumes for high-yield lending products. However, we have not yet seen a fundamental unbundling of the value chain and client relationships, which might ultimately result in the further disintermediation of banks by new competitors. Over the long term, we believe large platform companies also pose a threat to incumbent financial services firms, given their strong client franchises and access to client data, if they decide to broaden the scope of their services. While fintech firms continue to gain momentum, we do not expect a material disruption to our asset-gathering businesses, as their long-term success will inevitably depend on their ability to navigate our regulatory landscape, build customer trust and maintain innovation. The trend for forging partnerships between new entrants and incumbent banks will therefore continue, as technology and innovation help banks overcome new challenges and create new opportunities.

## Wealth development

### General overview of wealth development

After a decline in 2022, global financial wealth grew by around 7% in 2023 to an estimated USD 275trn at year-end. The recovery was mainly driven by the robust performance of public equity markets. Gains were especially strong in North America, where financial assets grew by USD 10trn (9% growth), accounting for more than half of the new global financial wealth in 2023. The recovery was less strong in Western Europe and Asia Pacific, where financial assets in 2023 grew by USD 2trn (4% growth) and USD 3trn (5% growth), respectively. China recently experienced a slowdown in wealth creation, but together with India, is expected to see further increases in wealth in the coming years. On average, global financial wealth is expected to grow at 6% per year until 2028.<sup>1</sup>

Almost half of the world's financial wealth was concentrated in the Americas (49%), followed by Asia Pacific (27%), Europe (21%) and the Middle East and Africa (3%).<sup>1</sup>

Looking at our invested assets, half were concentrated in the Americas (50%), while the remaining half was split between Europe, the Middle East and Africa (34%) and Asia Pacific (16%).

### Wealth segment view<sup>6</sup>

While growth in 2023 was seen across all high net worth individual (HNWI) wealth bands, the segment with individuals holding wealth between USD 1m and USD 5m experienced the strongest percentage increase, both in terms of population and wealth (i.e. both growing by 5.2%, respectively). This segment (with USD 1m to USD 5m in wealth) represents 90% of all HNWI and accounts for 43% of total HNWI wealth. Individuals holding wealth between USD 5m and USD 30m currently represent 9% of the HNWI population and hold 23% of HNWI wealth.

The ultra high net worth individual (UHNWI) segment (individuals with wealth in excess of USD 30m) experienced the highest absolute growth in wealth, while remaining the most concentrated wealth band accounting for 1% of the HNWI population and representing 34% of total HNWI wealth.

## Wealth transfer

About USD 84trn of collective wealth is expected to be transferred in the next 20 to 25 years, and the majority of these asset transfers are likely to occur within the next 10 years. An aggregate of more than USD 50trn in wealth transfers is expected to occur in the Americas, followed by roughly USD 20trn in EMEA, and USD 10trn in Asia Pacific.<sup>7</sup> As over 70% of heirs are inclined to change financial advisors upon inheriting, it is crucial for wealth managers to introduce advisors early to the next generation and start working to meet evolving clients' needs on both sides of the intergenerational transfer.<sup>8</sup> UBS has a comprehensive global offering from family advisory through business succession and wealth planning to philanthropy, addressing all aspects of the client situation and catering for a wide range of client and family needs related to succession. Moreover, our global flagship programs provide a great opportunity to engage with the next generation early on, and also give them exclusive access to the Young Investors Organization, the industry's first and largest community of UHNW peers (1,800+ members).

## Female investors

It is predicted that by 2025 35% of total private investible wealth will be in women's hands.<sup>9</sup> The share has been steadily increasing due to factors such as higher workforce participation, a rise in the number of businesses owned by women, cultural attitudes and intergenerational wealth transfers. Between 2015 and 2024, the number of female billionaires grew to 344 from 190, a rise of 81%, mainly driven by self-made billionaires. From a wealth perspective, female billionaires' assets have increased 153% to USD 1.7trn.<sup>10</sup>

UBS has had a dedicated advisory approach tailored to the needs and goals of female investors since 2017. For the second year running, UBS was highly commended in the Best Private Bank for Wealthy Women category at the *PWM / The Banker* awards in 2024.

## Entrepreneurs

There is a significant shift in the composition of the wealthy population, as self-made UHNWIs are outpacing those that inherit their wealth. The proportion of self-made UHNWIs has risen in the last six years to over 70%, driven in part by an increasing number of younger entrepreneurs.<sup>6</sup> We offer access to community platforms tailored to entrepreneurial needs and, through strategic collaborations, we have created an entrepreneurial ecosystem that provides access to the right partners and resources. Starting in 2025, we are further empowering entrepreneurs with flagship reports for better-informed business decision-making.

## Diverging regional and industry trends present investment opportunities

In 2024, US stocks outperformed other regional markets by a significant margin, and the topic of AI still dominated sector returns. US economic growth held up well, and investor expectations were further boosted by the outcome of the US elections, while growth in Europe and China was constrained by domestic and geopolitical headwinds. Inflation slowed, enabling central banks around the world to start easing monetary policy. The correlation between equities and government bonds returned to negative territory for the first time since 2022, which contributed to investor appetite for fixed income. Credit spreads tightened to the lowest level since 2007, also supporting fixed-income portfolio returns. Alongside this, the long-term trend of investors shifting toward low-cost indexed capabilities and diversification into alternatives continued to play out.

While the sharp rise in global bond yields in recent months has created volatility across various asset classes, we believe fixed-income valuations have improved significantly. Returns on equities and fixed income should be closer than they have been in the last two years, with higher valuations in equities contributing to lower but still positive returns, with fixed income offering more attractive yields. Regional disparities will depend greatly on the degree of severity of tariffs imposed by the new US administration.

The breadth of our investment expertise and capabilities across asset classes and investment styles enables us to find the right solutions for clients as the environment evolves.

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<sup>1</sup> BCG's Global Wealth Report 2024, which refers to the 2023 financial year; wealth concentration is based on financial assets by region and excludes real assets and liabilities.

<sup>2</sup> Better, faster, and more efficient: welcome to AI@GWM, Internal communication by Global Wealth Management Co-Presidents.

<sup>3</sup> Morningstar, end of December 2024.

<sup>4</sup> Preqin, end of April 2024.

<sup>5</sup> Bloomberg, end of December 2024.

<sup>6</sup> World Report Series 2024, Intelligent strategies for winning with the ultra-wealthy, Capgemini, considering HNWIs financial wealth and population in Europe, Asia Pacific and North America; the HNWIs population defined as individuals with investable assets greater than USD 1m, excluding primary residence, collectibles, consumables and consumer durables.

<sup>7</sup> UBS Global Wealth Report 2024, September 2024.

<sup>8</sup> Wealth Management Top Trends 2024, Capgemini.

<sup>9</sup> BCG's Global Wealth Report 2021; BCG and GWM Strategy team market sizing for total global investable wealth.

<sup>10</sup> UBS Billionaire Ambitions Report 2024.

# How we create value for our stakeholders

## Clients

Our clients are at the heart of our business. We are committed to building and sustaining long-term relationships based on mutual trust, integrity and respect. Understanding our clients' needs and expectations enables us to best serve their interests and to create value for them.

### **A combined firm with expanded reach and capabilities for clients**

The combination of the wealth management businesses of UBS AG and Credit Suisse AG, with their complementary footprints across locations and client segments, supports one of the core pillars of our client value proposition in Global Wealth Management: with our distinctive approach to wealth management and by offering advice, expertise and solutions, we help our clients pursue what matters most to them. All our Global Wealth Management clients now have access to the *UBS House View* by our Chief Investment Office, and we continue to align our wealth management product, service and solution offerings, helping clients to grow, protect and transfer their wealth.

We are the leading bank in Switzerland, leveraging the strength of the newly merged Swiss businesses to broaden our services and to promote innovation to our clients. The legal merger of two entities, UBS Switzerland AG and Credit Suisse (Schweiz) AG, was completed on 1 July 2024. We are taking on the integration with the utmost care and intend to spend the time needed to achieve the best possible outcome for our clients, our employees and the Swiss financial center.

The acquisition of the Credit Suisse Group brought together our highly complementary asset management businesses and enhanced the value that we provide to clients through expanded capabilities across key asset classes and growth markets. This included greater scale in customized indexing, an enhanced offering in alternatives (including a leading credit franchise) and an increased presence in the US and Asia.

The acquisition of the Credit Suisse Group strengthened the Investment Bank's competitive positioning. It deepened our capabilities in core products and services, enabling us to deliver services to a broader institutional and corporate client base, while bringing us critical mass in key markets. The Investment Bank is also better positioned to serve Global Wealth Management clients, offering investment banking capabilities and further enhancing connectivity with our wealth management clients.

### **Engaging with our clients**

Our clients' needs and their preferred communication channels continually evolve. Our objective is to engage with clients in the ways most convenient for them. We use a variety of channels, in particular digital channels and regular client relationship and service meetings, as well as various corporate roadshows and dedicated events, with a mix of hybrid and in-person events.

Global Wealth Management interacted with its clients through a broad range of forums and channels in 2024, from personalized private briefings with subject matter experts to segment-specific virtual and in-person events and large-scale initiatives. Through marketing and media campaigns, events, advertising, publications and digital-only solutions, we helped drive greater awareness of UBS among prospective clients and reinforced trust-based relationships between advisors and clients. We proactively engaged with clients to reassure them about the acquisition of the Credit Suisse Group and highlighted the benefits of the combined organization for them. This was done through individual meetings and calls and by opening up certain flagship events and conferences to clients of the combined firm. Our global footprint means that we were well positioned to take advantage of the opportunities in every region. We have continued to deliver capabilities to clients, for example through digitally enabled e-banking and sales tools, while also setting up new units, such as Global Wealth Management Solutions, Unified Global Banking and Unified Global Alternatives, adding even greater connectivity across all our businesses. We have also continued to roll out artificial intelligence (AI) to positively impact our business and serve our clients better. We expect generative AI will continue to help us generate more personalized advice and solutions more quickly and in a sustainable and responsible way, ensuring a more efficient experience for our clients around the globe.

Personal & Corporate Banking holds regular client events (leveraging a number of formats, such as webcasts and in-person, virtual or hybrid events), covering a wide range of topics. In 2024, we further enhanced our digital engagement strategies to reach more clients and strengthen relationships with existing ones. We utilize various channels, including social media, online displays, search engines and helplines, as well as our branch network.



In Asset Management, we continue to host our global program of client events and engagement activities. These include our annual *The Red Thread* market outlook roadshow, which we host in key locations across the world, as well as our flagship *UBS Reserve Management Seminar*, which marked its 30th year of operation in 2024. The event brings together institutional investors to debate relevant topics and share best practices, and the accompanying survey provides one of the most authoritative depictions of central banks' investment views. Alongside this, our teams continued the high level of interaction with clients globally, supported by digital tools and our publication of macro and thematic insights. We also hosted a broad range of hybrid events, including our investment series, to help our clients better understand market challenges and opportunities, and we continued to engage with clients through our social media and online channels.

The Investment Bank hosted more than 240 conferences and educational seminars globally in 2024, providing clients with access to corporations, experts, research and capital introductions. The events covered a diverse range of topics, including macroeconomic, geopolitical and sector- and region-specific themes, in addition to regulatory, product and market trends. More than 50,000 clients took part in such events over the year. We leverage our intellectual capital and relationships and use our execution capabilities, differentiated research content, bespoke solutions, client franchise model and global platform to expand coverage across a broad set of clients. *UBS Live Desk*, built within the *UBS Neo* platform, provides clients with a stream of fast-paced commentary from UBS traders. The *UBS Analytical Research Community (UBS-ARC)* is a proprietary, interconnected research network of industry leaders, subject matter specialists, executives, academics and analysts in the Americas region.

## Investors

We aim to drive sustainable, long-term value creation for our investors by executing our strategy and growth and integration plans, while maintaining risk and cost discipline, and delivering attractive shareholder returns through the cycle.

### Investor base

Our investor base is well diversified. A substantial proportion of our institutional shareholders are based in the US, the UK and Switzerland.

› Refer to the “Corporate governance” section of this report for more information about disclosed shareholdings

### Alignment of interests

Our compensation philosophy and practices are aimed at aligning the interests of our employees with those of our equity and debt investors.

› Refer to “Our compensation philosophy” in the “Compensation” section of this report for more information

### We are focused on driving sustainable long-term growth while maintaining risk and cost discipline

Our objective is generating value for all of our stakeholders by delivering sustainable growth over the cycle. In the short term, our main priorities are making further progress with the integration of Credit Suisse, rightsizing the cost base, optimizing the balance sheet and continuing to invest strategically in our people, technology, products and capabilities, as we position the firm for long-term growth. We expect that by the end of 2026 and beyond, this will enable us to deliver significant value for all our stakeholders and remain a reliable economic partner, employer and taxpayer in the communities where we operate. Moreover, we are aiming to maximize our social and environmental impact and that of our clients to create long-term sustainable value.

Our primary measurement of the Group's financial performance is underlying return on common equity tier 1 (CET1), as regulatory capital is our binding constraint and drives our ability to return capital to shareholders.

› Refer to the “Targets, capital guidance and ambitions” section of this report for more information

› Refer to “Our focus on sustainability” in this section for more information about our sustainability and impact strategy

### Balancing resilience, growth and attractive capital returns

Capital strength is a key pillar of our strategy, and we are committed to maintaining a balance sheet for all seasons. This is also reflected in our intention to maintain a Group consolidated CET1 capital ratio of around 14%, a Group consolidated CET1 leverage ratio above 4.0% and a UBS AG standalone CET1 capital ratio between 12.5% and 13.0%.

At the same time, we remain committed to investing in organic growth opportunities and delivering attractive returns to investors.

We remain committed to distributing excess capital to shareholders, in the form of dividend and share buybacks. For the 2024 financial year, the Board of Directors plans to propose a dividend to UBS Group AG shareholders of USD 0.90 per share, a 29% increase year on year. We remain committed to progressive dividends and are accruing for an increase of around 10% in the ordinary dividend per share for the 2025 financial year.



We plan to repurchase USD 1bn of shares in the first half of 2025. We aim to repurchase up to an additional USD 2bn of shares in the second half of 2025, and we are maintaining our ambition for share repurchases in 2026 to exceed full-year 2022 levels of USD 5.6bn. Our share repurchases will be consistent with maintaining our CET1 capital ratio target of around 14%, achieving our financial targets and the absence of material and immediate changes to the current capital regime in Switzerland.

› Refer to “UBS shares” in the “Risk, capital, liquidity and funding, and balance sheet” section of this report for more information

## Communications

Our Investor Relations (IR) function is the primary point of contact between UBS and our shareholders. Our senior management and IR regularly interact with institutional investors, financial analysts and other market participants, such as credit rating agencies. Clear, transparent and relevant disclosures, and regular direct interactions with existing and prospective shareholders, form the basis for our communications. The IR team relays the views and feedback on UBS from institutional investors and other market participants to our senior management.

IR and our Corporate Responsibility function work together and interact with investors interested in sustainability topics relevant to UBS and the wider society.

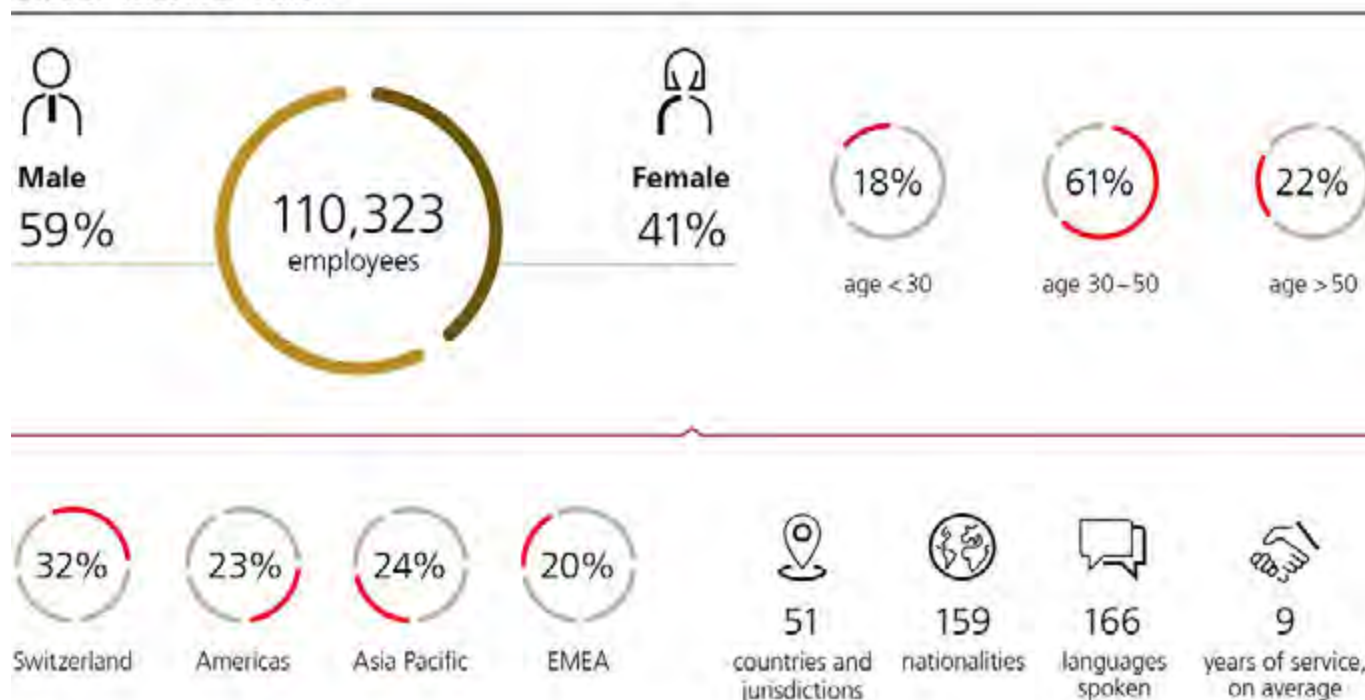
› Refer to the first part of the “Corporate governance” section of this report and “Information policy” in that section for more information

› Refer to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information

## Employees

Our employees drive our success. We therefore invest in measures to attract, develop and retain a highly skilled and diverse range of talent, and we aim to ensure a workplace culture that engages and supports our employees, enabling them to unlock their full potential.

### Our workforce in a nutshell<sup>1,2</sup>



<sup>1</sup> Calculated as of 31 December 2024 on a headcount basis of 110,323 internal employees only (108,648 FTE). The number of external staff as of 31 December 2024 was approximately 20,335 (workforce count). <sup>2</sup> Gender data is self-reported in HR systems and does not include those who have chosen not to disclose as a male or female employee.

## The three keys and our corporate culture

Our culture is grounded in our three keys to success: our *Pillars, Principles and Behaviors*. These keys support our business decisions and our approach to people management. Bringing together two global systemically important banks and building a unified culture across our combined organization continued to be top priorities in 2024, overseen by a dedicated culture integration forum. In addition, the Corporate Culture and Responsibility Committee of the Board of Directors monitors and reviews the activities related to the development of the Group’s corporate culture.

We support culture building through a number of Group-wide, divisional and regional initiatives. Examples include a global initiative called *Crafting our future*, which uses interactive in-person sessions to ensure leaders at all levels are aligned with our strategic priorities and our culture. The *Group Franchise Awards* program recognizes employees for cross-divisional collaboration and for suggesting innovation or simplification ideas. Similarly, our global *Kudos* peer-to-peer appreciation program encourages employees to recognize their colleagues' exemplary behavior. All these initiatives serve to promote excellence, foster belonging and increase engagement and employee satisfaction.

- › Refer to [ubs.com/global/en/our-firm/our-culture.html](https://ubs.com/global/en/our-firm/our-culture.html) for details about our three keys to success
- › Refer to the UBS Group Sustainability Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors), for more information

## Hiring, developing and retaining talent

We hired a total of 8,525 external candidates across the Group in 2024 and developed 2,168 graduates and other trainees, apprentices and interns through our junior talent programs. We actively promote multi-year apprenticeship programs in Switzerland and the UK, along with summer internship programs in the US, EMEA, Asia Pacific and Switzerland.

In 2024, most employees were eligible to work partially from home, depending on their role, regulatory restrictions and location, as well as divisional or functional requirements. Such arrangements, along with options including part-time working, job sharing and partial retirement, support employee engagement and retention and help us attract a wider range of candidates.

- › Refer to [ubs.com/global/en/careers/awards.html](https://ubs.com/global/en/careers/awards.html) for employer ratings and recognitions

### Personnel by region<sup>1</sup>

|                                                         |                | As of          |               | % change from |
|---------------------------------------------------------|----------------|----------------|---------------|---------------|
|                                                         | 31.12.24       | 31.12.23       | 31.12.22      | 31.12.23      |
| <i>Full-time equivalents</i>                            |                |                |               |               |
| Americas                                                | 26,360         | 27,638         | 21,819        | (5)           |
| <i>of which: US</i>                                     | 24,651         | 26,024         | 21,032        | (5)           |
| Asia Pacific                                            | 26,179         | 27,638         | 16,489        | (5)           |
| Europe, Middle East and Africa (excluding Switzerland)  | 21,927         | 22,686         | 14,342        | (3)           |
| <i>of which: UK</i>                                     | 8,685          | 8,970          | 6,234         | (3)           |
| <i>of which: rest of Europe (excluding Switzerland)</i> | 12,656         | 13,085         | 7,823         | (3)           |
| <i>of which: Middle East and Africa</i>                 | 586            | 631            | 285           | (7)           |
| Switzerland                                             | 34,182         | 34,880         | 19,947        | (2)           |
| <b>Total</b>                                            | <b>108,648</b> | <b>112,842</b> | <b>72,597</b> | <b>(4)</b>    |

<sup>1</sup> Personnel information as of 31 December 2024 and as of 31 December 2023 includes post-acquisition consolidated information. Personnel information as of 31 December 2022 includes pre-acquisition UBS Group information only.

## Talent management and development

We want our employees to be able to build long and successful careers with us. Our talent management approach includes structured talent and succession reviews to help us identify future leaders, ensure business continuity and proactively manage employee development. Our Group-wide talent offering is supplemented by specific programs in the business divisions, functions and regions. These programs cater to a broad audience, ranging from senior leaders to emerging junior talent.

Internal mobility is a key component of our approach, with line managers expected to support individual development and job mobility. In 2024, 52.6% of all roles were filled by internal candidates. Employees are encouraged to explore career paths, search for jobs and short-term rotations, and connect with mentors on our *Career Navigator* platform.

Internal training is delivered via our *UBS University* platform. Our offering includes client advisor certification and regulatory, business, and line manager training, along with modules on culture, sustainable finance, artificial intelligence, data literacy, well-being and other topics. We invested approximately USD 0.1bn in training in 2024, with employees completing more than 3.0 million learning activities (including mandatory training) for an average of 24.8 training hours per employee. In addition to internal training, we partnered with a leading external provider in 2024 to offer thousands of additional learning opportunities to all staff.

## Performance management

Our performance management approach (*MyImpact*) reflects our strategy and supports our high-performance culture. Performance and behavior objectives help the firm assess both what an employee accomplishes and how our *Behaviors* (accountability with integrity, collaboration and innovation) are demonstrated. Regular check-ins, along with an embedded feedback app, enable employees to give and receive feedback throughout the year, supporting continuous improvement.

## Fair and equitable pay

Fair and consistent pay practices are designed to ensure employees are appropriately rewarded for their contribution. We pay for performance, and we take pay equity seriously. We have embedded clear commitments in our compensation policies and practices and apply the same standards across all locations. We annually review our approach and policies, in line with established equal pay methodologies, to support our continuous improvement.

As part of our commitment to equal pay, we regularly conduct internal reviews on pay equity, and our statistical analyses show a differential between male and female employees in similar roles across our core financial hubs of less than 1%. If we find any gaps not explained by business or by appropriate employee factors, such as role, responsibility, experience, performance or location, we look at the root causes and address them.

We also aim to ensure that all employees are paid at least a living wage. We regularly assess employees' salaries against local living wages, using benchmarks defined by the Fair Wage Network. Our analysis in 2024 showed that employees' salaries were at or above the respective benchmarks.

› Refer to the "Compensation" section of this report for more information

### Workforce inclusion

We are committed to being a diverse and inclusive workplace based on meritocracy, and we aim to build a culture of belonging, where all employees are recognized and valued, and where everyone can be successful and thrive. We aim to hire and retain the best people for the right roles, to deliver for our clients, our businesses, our shareholders and the communities we serve. In order to achieve this, we have a diverse workforce with a variety of skills, experiences and backgrounds that reflects the diversity of our clients to serve them at our best. It is also critically important to us that we respect an environment where all our employees are treated fairly and able to reach their potential. In every location in which we operate, we continue to act in accordance with the current law and regulations and will monitor any changes to ensure we remain consistent.

Our workforce inclusion strategy is built on four pillars: transparency, hiring, developing and belonging. We leverage these four pillars to help support our entire workforce across a variety of personal characteristics, including, but not limited to, gender, culture, race, ethnicity, sexual orientation and identity, disability, family, veteran status, and generations, to create an inclusive culture for everyone.

Transparency is the foundation framework through which we enable leaders to deliver the strategy, and everyone is held responsible. We leverage various communications channels and line manager objectives to drive awareness, benchmarking, thought leadership and feedback to inform the strategy, and data monitoring with respective characteristics, including management dashboards and toolkits, to support our entire workforce.

Furthermore, our strategy is reinforced by our public commitments to support all employees, including, but not limited to, the UN Women's Empowerment Principles, the Valuable 500 and the Race at Work Charter (UK). A sense of belonging helps drive engagement and is important for overall well-being. Inclusive leadership and fair and transparent policies and practices provide organizational support for belonging, and vital to these efforts are our various employee network chapters across the firm that connect employees on a variety of employee-led topics. Our networks, which are open to all employees, also supplement members' awareness, development, and support through mentoring, reverse mentoring and allyship programs.

› Refer to the UBS Group Sustainability Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors), and to [ubs.com/inclusion](https://ubs.com/inclusion) for more information about workforce inclusion at UBS

### Employee engagement and support

Our multi-faceted listening strategy is adaptable and captures feedback in a timely way. We conduct employee life-cycle surveys, short "pulse" surveys to understand what is on top of employees' minds and in-depth analyses, such as virtual focus group sessions. In 2024, those conversations allowed participants from every business division and function to share their perspectives and insights on the integration and provided employee sentiment data points to track progress. Group-wide surveys measure cultural indicators such as line manager effectiveness and employee engagement. Our 2024 Group-wide survey, which featured a 77% employee response rate, assessed indicators such as line manager effectiveness, engagement, culture and pride. An engagement score of 83% in that same survey confirmed that our employees recommend us as an employer. All of these scores were above the financial services benchmark.<sup>1</sup> We continue to strive to be an employer of choice in the financial sector.

We are committed to being a responsible employer and that includes supporting our employees' overall health and well-being. Social, physical, mental and financial well-being elements are woven into our HR policies and practices, as well as into employee education initiatives. Employee support includes a dedicated well-being portal that consolidates our global offering and promotes regional networks, initiatives and resources. Furthermore, employee assistance programs and internal teams help employees and their family members manage personal or work-related issues that may affect their well-being. Our [#WorkingWithCancer](#) commitment includes a mentorship program and informational sessions.

› Refer to the UBS Group Sustainability Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors), for more information about our workforce, our people management approach and relevant data

<sup>1</sup> Benchmarks provided by Ipsos Karian and Box as of the third quarter of 2024.

# Society

We aim to support the transition to an economy that considers the well-being of people and planet. Through the UBS Optimus network of foundations (the UBS Optimus Foundation), which is an independent network, and in partnership with philanthropists, employees, implementation organizations and institutional partners, we want to find innovative ways to drive systemic and catalytic impact for marginalized communities at scale, both globally and locally, especially for children and young people. In 2021, we set a goal of mobilizing USD 1bn in philanthropic capital (which was reached in 2024) and reaching more than 26.5 million people by the end of 2025 (cumulative total since 2021).

We know working together is key to achieving this impact and systemic change. That is why, in addition to providing insights, advice and execution services to clients and prospective clients, we have increased our efforts in the areas of blended finance, collaborative philanthropy and impact transparency.<sup>1</sup> In blended finance, we have facilitated opportunities and partnerships in innovative financing structures leveraging public and private capital. In collaborative philanthropy, we have brought together clients and partners on joint initiatives addressing global issues, such as improving the quality of primary school education in Ghana and Colombia. Additionally, our new impact rating tool, introduced in 2024, simplifies assessment of impact across projects, sectors and solutions, aligning with established methodologies, such as the Impact Management Project's dimensions of impact.

Our clients and partners are invited to be part of our impact ecosystem by supporting various initiatives and approaches.

## Blended finance

The UBS Optimus Foundation partners with clients, governments, development finance institutions and our business divisions to promote and launch blended finance initiatives that use catalytic capital from public and philanthropic sources to increase private-sector investment in sustainable development.

## UBS Collectives

Our three *UBS Collectives* bring philanthropists together to co-fund programs, share knowledge and join a unique learning journey. This includes insight trips, where the philanthropists work and exchange knowledge with experts and experience the impact on the ground.

The *UBS Collectives* were launched in 2020 and focus on issues central to our strategy: innovative financing of education and health outcomes (the *UBS Accelerate Collective*), catalyzing the blue-carbon market (the *UBS Climate Collective*), and promoting and implementing family-based care (the *UBS Transform Collective*). The first cohorts concluded their journey at the end of 2024, contributing their time and expertise to support 23 UBS partners across eight countries.

► Refer to the **UBS Optimus Foundation Annual Review 2023**, available at [ubs.com/optimus-foundation/annual-review](https://ubs.com/optimus-foundation/annual-review), for more information

## UBS Global Visionaries

Through our UBS Global Visionaries program, we aim to accelerate the impact of social entrepreneurs by: (i) creating opportunities for the entrepreneurs to connect with our clients, prospective clients and employees; (ii) increasing the entrepreneurs' abilities through learning and coaching programs; and (iii) raising awareness of the entrepreneurs' endeavors by leveraging our brand and platforms. Since the program started in 2016, we have onboarded and supported 90 entrepreneurs to accelerate their impact.

## Helping our clients structure their philanthropy: donor-advised funds

Donor-advised funds offer clients an alternative charitable-giving vehicle to set up their own foundations, offering greater choice and personalization, and are managed in line with their usual investment approach. UBS offers these services in Switzerland, Singapore, the UK and, since 2023, the Hong Kong SAR. In 2024, USD 329m in donations was received into these UBS charitable entities.<sup>2</sup>

## The UBS Optimus Foundation

In 2024, the UBS Optimus Foundation raised USD 366m in donations, including UBS matching contributions, and committed USD 310m in grants from the foundations.<sup>2,3</sup>

In 2024, the UBS Optimus Foundation celebrated its 25th anniversary by launching four initiatives<sup>4</sup> that build on our achieved impact and strategic partnerships. These initiatives will be supported by a USD 25m gift from UBS that will be used to provide matching contributions of up to 100%<sup>5</sup> and seed capital to launch them.

In addition to mobilizing our clients' resources to advance the missions of our portfolio of partners, we also seek to ensure both the firm and employees are engaged in our Social Impact strategy. We do this mainly through charitable contributions and employee volunteering.

Charitable contributions

We have provided direct cash contributions through our affiliated foundations in Switzerland, through partnerships in the communities where we operate and through contributions to the UBS Optimus Foundation. The combined value of these contributions in 2024 was USD 74m.

Employee volunteering

We have global targets for employee engagement through volunteering, which are built from the bottom up and on a best-efforts basis. In 2024, we successfully engaged 32% of our global workforce in volunteering, and 39% of the 230,258 volunteer hours were skills based.

1 Currently, our impact transparency focus is on ensuring that all grants and investments supported by the UBS Optimus Foundation undergo consistent and transparent diligence, approval, management and reporting processes, in line with industry standards.  
2 Figures provided for the UBS Optimus Foundation and donor-advised funds are based on unaudited management accounts and information available as of January 2025. Audited financial statements for the UBS Optimus Foundation and donor-advised foundation entities are produced and available per local market regulatory guideline.  
3 The UBS Optimus Foundation receives donations from all of the business divisions, with the majority coming from Global Wealth Management.  
4 Blue economy, innovative financing in tertiary education, scaling primary education and reaching the last mile for quality health care.  
5 100% up to USD 10,000 and 25% thereafter.

Our focus on sustainability

We are guided by our ambition to be a leader in sustainability. This is reflected in our vision to be the bank for the next generation. To help us realize that vision, our sustainability and impact strategy is based on three overarching strategic pillars: Protect, Grow and Attract.

| Sustainability and impact vision: the bank for the next generation                                                       |                                                                                                         |                                                                   |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Protect</b><br>Manage our business in alignment with our sustainable, long-term Group strategy and evolving standards | <b>Grow</b><br>Embed an innovative sustainability and impact offering across all our business divisions | <b>Attract</b><br>Be the bank of choice for clients and employees |

Our sustainability and impact strategy

Protect

As part of our continued commitment to protect our clients’ assets and those of our firm, we are focused on managing our business by aligning to the sustainable long-term Group strategy and evolving standards. We maintain a strong control and risk framework, as well as a robust sustainability data strategy, to support our risk management processes, regulatory requirements and product offerings.

Grow

We continue to expand our sustainability and impact offerings across all business divisions to meet our clients’ evolving needs. For example, we identify and offer innovative sustainable financing and investment solutions, with the aim to support our clients through the world’s transition to a low-carbon economy. To facilitate this, we established a dedicated Group Sustainability and Impact Business Development & Client Forum under the authority of the Group Executive Board (the GEB) Lead for Sustainability and Impact, focused on client, product and impact approaches.

Attract

We aspire to be the bank of choice for clients and employees alike, maintaining top quartile sustainability ratings and positioning UBS as the go-to employer through our engagement and education programs. In 2024, our MSCI AA rating was reaffirmed,<sup>1</sup> and we increased our S&P Global Corporate Sustainability Assessment (CSA) score to 72,<sup>2</sup> compared with 69 in 2023.

› Refer to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for detailed information about UBS’s sustainability strategy and activities

Our sustainability and impact governance

Sustainability activities are overseen at the highest level of UBS, by the Board of Directors (the BoD) and the GEB, and are grounded in our Code of Conduct and Ethics (the Code).

› Refer to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information about UBS’s sustainability and impact governance



## Our Code of Conduct and Ethics

In our Code, the BoD and the GEB set out the principles and practices that define our ethical standards, and the way we do business, which apply to all aspects of our business. All employees must affirm annually that they have read and will adhere to the Code and other key policies, supporting a culture where ethical and responsible behavior is part of our everyday operations. In our Code, we make a commitment to acting with the long term in mind and creating value for clients, employees, communities and investors. We aspire to play our part in creating a fairer and more prosperous society, championing a healthier environment and addressing inequalities. Every year, the BoD and the GEB conduct a review of our Code to ensure that developments key to our clients, employees and other stakeholders are reflected. Adjustments made in our 2024 review mainly focused on strengthening the language on accountability. As we continue to make progress with the integration of Credit Suisse, we will continue to carefully review our Code to ensure that it reflects matters of key relevance to the culture of the combined firm.

- › Refer to the **Code of Conduct and Ethics of UBS**, available at [ubs.com/code](https://ubs.com/code), for more information

## Reporting to our stakeholders on our sustainability strategy and activities

Further information about our sustainability efforts and commitments is provided in the UBS Group Sustainability Report 2024. The content of that report has been prepared in accordance with the Swiss Code of Obligations (Art. 964a et seq).

- › Refer to the **UBS Group Sustainability Report 2024**, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for an overview of non-financial disclosures in accordance with the Swiss Code of Obligations (Art. 964a et seq)
- › Refer to “Sustainability and climate risk” in the “Risk management and control” section of this report, for UBS’s sustainability and climate risk metrics disclosures as required by Annex 5 to FINMA Circular 2016/1 “Disclosure – banks”

<sup>1</sup> Source: MSCI ESG Ratings & Climate Search Tool, UBS Group AG ESG Rating 2024.

<sup>2</sup> Source: S&P Global, UBS Group AG 2024 CSA Score, as of March 2025, out of a maximum of 100.

# Regulation and supervision

As a financial services provider based in Switzerland, the UBS Group is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA). Our entities are also regulated and supervised by authorities in each country where we conduct business. Through UBS AG and UBS Switzerland AG, which are licensed as banks in Switzerland, UBS may engage in a full range of financial services activities in Switzerland and abroad, including personal banking, commercial banking, investment banking and asset management.

As a global systemically important bank, as designated by the Financial Stability Board, and a systemically relevant bank (an SRB) in Switzerland, we are subject to stricter regulatory requirements and supervision than most other Swiss banks.

- › Refer to the “Our evolution” section of this report for more information
- › Refer to the “Integration of Credit Suisse” section of this report for more information
- › Refer to the “Regulatory and legal developments” and “Risk factors” sections of this report for more information

## Regulation and supervision in Switzerland

### Supervision

UBS Group AG and its subsidiaries are subject to consolidated supervision by FINMA under the Swiss Banking Act and related ordinances, which impose standards for matters such as capital adequacy and risk diversification rules, liquidity, internal control systems, business conduct, and corporate governance. FINMA meets its statutory supervisory responsibilities through licensing, regulation, supervision, and enforcement. It is responsible for prudential supervision and mandates audit firms to perform regulatory audits and other supervisory tasks on its behalf.

### Capital adequacy and liquidity regulation

As an internationally active Swiss systemically important bank (an SIB), we are subject to capital and total loss-absorbing capacity (TLAC) requirements that are based on both risk-weighted assets and the leverage ratio denominator, and are among the most stringent in the world. We are also subject to liquidity requirements and to minimum long-term funding requirements for Swiss SIBs.

- › Refer to the “Risk, capital, liquidity and funding, and balance sheet” section of this report for more information about the Swiss SRB framework and the Swiss too-big-to-fail (TbTF) requirements
- › Refer to “Liquidity and funding management” in the “Risk, capital, liquidity and funding, and balance sheet” section of this report for more information about liquidity coverage ratio and net stable funding ratio requirements



## Regulation and supervision outside Switzerland

### Regulation and supervision in the US

In the US, UBS is subject to regulation and supervision by the Board of Governors of the Federal Reserve System (the Federal Reserve Board) under a number of laws. UBS Group AG and UBS AG are subject to the Bank Holding Company Act, pursuant to which the Federal Reserve Board has supervisory authority over our US operations.

In addition to being a financial holding company under the Bank Holding Company Act, UBS AG has US branches, which are authorized and supervised by the Office of the Comptroller of the Currency (the OCC). UBS AG and Credit Suisse International are registered as swap dealers with the Commodity Futures Trading Commission (the CFTC) and registered as securities-based swap dealers with the Securities and Exchange Commission (the SEC).

UBS Americas Holding LLC is the intermediate holding company for our operations in the US outside of the UBS AG branch network, as required under the Dodd–Frank Act, and is subject to requirements established by the Federal Reserve Board related to risk-based capital, liquidity, the Comprehensive Capital Analysis and Review (CCAR) stress testing and capital planning process, and resolution planning and governance.

UBS Bank USA, a Federal Deposit Insurance Corporation (FDIC)-insured depository institution subsidiary, is licensed and regulated by state regulators in Utah and is also supervised by the FDIC.

UBS Financial Services Inc., UBS Securities LLC, Credit Suisse Securities (USA) LLC and several other US subsidiaries of UBS are subject to regulation by a number of different government agencies and self-regulatory organizations, including the SEC, the Financial Industry Regulatory Authority, the CFTC, the Municipal Securities Rulemaking Board and national securities exchanges, depending on the nature of their business. Certain of our activities in the US are subject to regulation by the Consumer Financial Protection Bureau.

### Regulation and supervision in the UK

Our regulated UK operations are mainly subject to the authority of the Prudential Regulation Authority (the PRA), which is part of the Bank of England (the BoE), and the Financial Conduct Authority (the FCA). We are also subject to the rules of the London Stock Exchange and other securities and commodities exchanges of which UBS AG is a member.

UBS AG has a UK-registered branch, UBS AG London Branch, which serves as a global booking center for our Investment Bank, with regulated subsidiaries that provide asset management services. Credit Suisse International, Credit Suisse Securities (Europe) Limited and Credit Suisse (UK) Limited are authorized and regulated by the FCA and subject to the authority of the PRA.

### Regulation and supervision in Europe

UBS Europe SE, headquartered in Germany, is subject to the direct supervision of the European Central Bank (the ECB), as well as to continued conduct, consumer protection and anti-money-laundering-related supervision by the German Federal Financial Supervisory Authority (BaFin) and supervisory support by the German Bundesbank. The entity is subject to EU and German laws and regulations. UBS Europe SE maintains branches in Denmark, France, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Spain, Sweden and Switzerland, and is subject to conduct supervision by authorities in all those countries.

In Italy, Credit Suisse (Italy) SpA is supervised by the Bank of Italy and the Commissione Nazionale per le Società e la Borsa. In Spain, Credit Suisse Bank (Europe) SA is supervised by the Bank of Spain, the Comisión Nacional del Mercado de Valores and the Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias. Credit Suisse Bank (Europe) SA operates a branch in the Netherlands, which is subject to conduct supervision by the De Nederlandsche Bank and De Autoriteit Financiële Markten. We expect to wind down or consolidate Credit Suisse (Italy) SpA and Credit Suisse Bank (Europe) SA into UBS Europe SE in accordance with the intermediate EU parent undertaking requirement, which in agreement with the ECB is to be implemented by June 2025.

### Regulation and supervision in Asia Pacific

We operate in numerous locations in Asia Pacific, including Singapore, the Hong Kong SAR, mainland China, Australia and Japan. The operations in these locations are subject to regulation and supervision by local financial regulators. Our Asia Pacific regional hubs are in Singapore and the Hong Kong SAR.

In Singapore, UBS AG Singapore Branch, UBS Securities Pte Ltd, UBS Asset Management (Singapore) Ltd and Credit Suisse Securities (Singapore) Pte Limited are supervised by the Monetary Authority of Singapore and the Singapore Exchange. Credit Suisse (Singapore) Limited is supervised by the Monetary Authority of Singapore.

In the Hong Kong SAR, UBS AG Hong Kong Branch is supervised by the Hong Kong Monetary Authority. UBS Securities Hong Kong Limited, UBS Securities Asia Limited, UBS Asset Management (Hong Kong) Limited, Credit Suisse (Hong Kong) Limited and Credit Suisse Securities (Hong Kong) Limited are supervised by the Hong Kong Securities and Futures Commission. In addition, UBS Securities Hong Kong Limited and Credit Suisse (Hong Kong) Limited are supervised by Hong Kong Exchanges and Clearing Limited.

In mainland China, we have multiple licenses to operate the respective business lines of UBS AG and Credit Suisse AG, and the various entities are subject to regulation by a number of different government agencies. The People's Bank of China oversees China's macro capital markets policies and ensures coordinated supervisory approaches by the National Administration of Financial Regulation (the China Banking and Insurance Regulatory Commission until May 2023), the China Securities Regulatory Commission and a number of exchanges.

In Australia, UBS AG Australia Branch is supervised by the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, the Australian Transaction Reports and Analysis Centre, the Reserve Bank of Australia, and the Australian Securities Exchange. UBS Securities Australia Ltd, UBS Asset Management Limited and Credit Suisse Equities (Australia) Limited are supervised by the Australian Securities and Investments Commission, the Australian Transaction Reports and Analysis Centre and the Australian Securities Exchange.

In Japan, UBS Securities Japan Co., Ltd. and Credit Suisse Securities (Japan) Limited are supervised by the Financial Services Agency and the Japan Exchange Group. UBS AG Tokyo Branch is supervised by the Financial Services Agency and the Bank of Japan. UBS SuMi TRUST Wealth Management Co., Ltd. is supervised by the Financial Services Agency and the Japanese Ministry of Finance. UBS Asset Management (Japan) Ltd and UBS Japan Advisors Inc. are supervised by the Financial Services Agency.

## Financial crime prevention

Combating money laundering and terrorist financing has been a major focus of many governments in recent years. Laws and regulations, including the Swiss Banking Act and the US Bank Secrecy Act, require effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and the verification of client identities. Failure to introduce and maintain adequate programs to prevent money laundering and terrorist financing can result in significant legal and reputational risk and fines.

We are also subject to laws and regulations prohibiting corrupt or illegal payments to government officials and other persons, including the US Foreign Corrupt Practices Act and the UK Bribery Act. We maintain policies, procedures and internal controls intended to comply with those regulations.

› Refer to “Non-financial risk” in the “Risk management and control” section of this report for more information

## Data protection

We are subject to regulations concerning the use and protection of customer, employee and other personal and confidential information. This includes provisions under Swiss law, the EU General Data Protection Regulation (the GDPR) and laws of other jurisdictions.

› Refer to the “Risk factors” section of this report for more information about regulatory change

## Recovery and resolution

Swiss TBTF legislation requires each Swiss SRB to establish an emergency plan to maintain systemic functions in case of impending insolvency. In response to these Swiss requirements and similar ones in other jurisdictions, UBS has developed recovery plans and resolution strategies, as well as plans for restructuring or winding down businesses if the firm could not otherwise be stabilized.

In 2013, FINMA stated its preference for a single point of entry (an SPE) strategy for globally active SRBs, such as UBS, with a bail in at the group holding company level. UBS has made structural, financial and operational changes to facilitate an SPE strategy and is confident that a resolution of the bank is operationally executable and legally enforceable. In 2023, UBS acquired the Credit Suisse Group and merged Credit Suisse Group AG into UBS Group AG. UBS Group AG subsumed all the capital and loss-absorbing instruments of Credit Suisse Group AG with the acquisition. A bail in remains operationally executable for the combined UBS Group and an SPE resolution strategy remains the preferred strategy for UBS.

FINMA evaluates the recovery and resolution plans of Swiss SRBs on a regular basis. In October 2024, FINMA announced that it had suspended the annual approval of UBS’s recovery and emergency plans and determined that the integration of Credit Suisse required adjustments by UBS to ensure continued resolvability. While FINMA recognized that UBS remains resolvable under its existing preferred resolution strategy, it noted that UBS’s resolution planning must be further developed to increase the available options for FINMA in case of resolution. The preferred resolution strategy involves the recapitalization via a bail in at the group holding company level and a restructuring of the business into a viable business model. As additional optionality, an alternative resolution strategy based on an orderly market exit (either via disposal or wind-down or a combination of both) is expected by FINMA, and initial concepts are under discussion. This is in line with the TBTF report of the Swiss Federal Council, issued in April 2024, which will also require amendments to legislation to provide authorities with more options to increase flexibility in case of a crisis and increase legal certainty for executing these alternative resolution options.

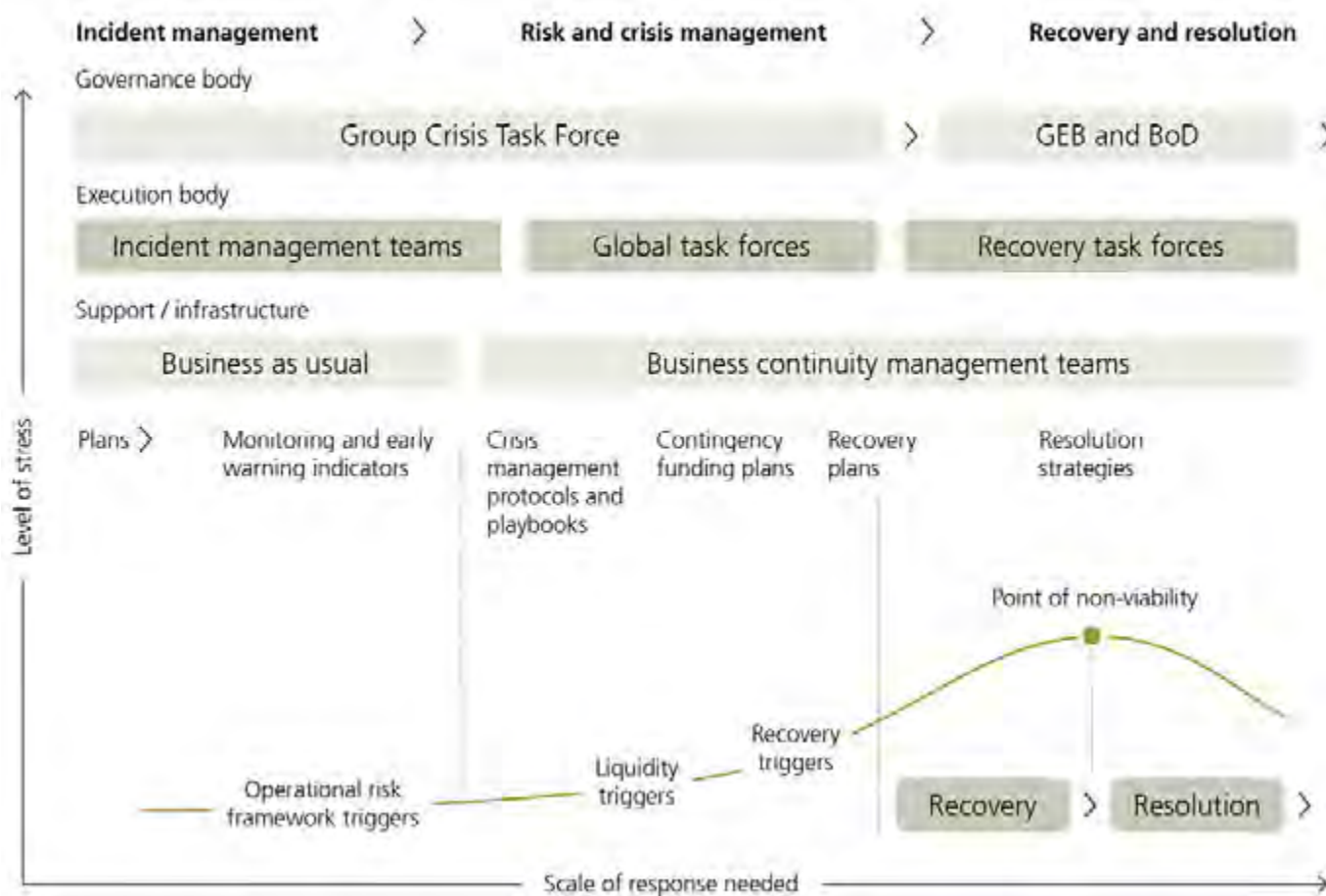
## Crisis management framework

The UBS Group’s crisis management framework assigns responsibility and actions depending on the nature of the stress incident and the scale of the response needed.

- For incident, risk and crisis management, the Group Crisis Task Force works with incident management teams that provide monitoring and early warning indicators at the local / regional level, without needing to activate protocols at the Group level. If a local response is insufficient, global task forces and crisis management teams provide decision-making guidance and coordination, including crisis management plans, protocols and playbooks, and contingency funding plans.
- The Group Executive Board (the GEB) and the Board of Directors (the BoD) would evaluate and decide upon the need to activate the Global Recovery Plan (the GRP) if a stress event reached a severity requiring activation based on the GRP’s recovery risk indicators.

- FINMA has the authority to determine whether the point of non-viability, as defined by Swiss law, has been reached and, as part of the resolution plan, has the power to order the bail in of creditors to recapitalize and stabilize the Group, limit payments of dividends and interest, alter our legal structure, take actions to reduce business risk, and order a restructuring of the bank.

#### UBS crisis management framework



#### Global Recovery Plan

The GRP provides a tool to restore financial strength if UBS comes under severe capital or liquidity stress. Quantitative and qualitative triggers are monitored daily and are subject to predefined governance and escalation processes. Recovery options are linked to owners and checklists, with the objectives of preserving capital, raising capital or liquidity, or disposing of or winding down businesses.

#### Global Resolution Strategy

FINMA is required to produce a global resolution plan for UBS. The plan includes setting out measures that FINMA can take to resolve UBS in an orderly manner if the Group enters resolution. The SPE bail-in strategy would involve writing down the Group's remaining equity and additional tier 1 and tier 2 instruments, as well as the bailing in of the TLAC-eligible senior unsecured bonds at the UBS Group AG level. An internal recapitalization of undercapitalized subsidiaries would be executed simultaneously with losses transmitted to UBS AG and, ultimately, UBS Group AG. Post-resolution restructuring measures could include disposals or wind-down of businesses and assets.

#### Local recovery and resolution plans

The Swiss emergency plan demonstrates how UBS's systemically important functions and critical operations in Switzerland can continue if the UBS Group cannot be restructured. This is achieved mainly by operating the Swiss-booked business in a separate legal entity, UBS Switzerland AG, and by ensuring its financial and operational self-sufficiency to enable its continued operation throughout a crisis.

The US resolution plan sets out the steps that could be taken to resolve the US intermediate holding company, UBS Americas Holding LLC, and its subsidiaries if it suffered material financial distress and UBS Group was unable or unwilling to provide financial support. As required by US regulations, our US plan contemplates that UBS Americas Holding LLC will commence US bankruptcy proceedings. Prior to this, the plan envisages UBS Americas Holding LLC downstreaming financial resources to its respective subsidiaries to facilitate an orderly wind-down or disposal of businesses. The next updated plan has to be submitted by October 2025.

UBS Europe SE updates a local recovery plan annually based on ECB requirements and resolution planning information and capabilities based on Single Resolution Board requirements. On the basis of such information, the Internal Resolution Team, composed of members of the Single Resolution Board, produces a resolution plan for UBS Europe SE.

UBS operates a UK banking subsidiary with Credit Suisse International, which is in the process of being wound down as part of Non-core and Legacy. Credit Suisse International is subject to the UK Resolvability Assessment Framework, under which it is required to assess its recovery planning and resolvability planning capabilities against the standards defined in the UK Resolvability Assessment Framework on an annual basis and confirm its compliance to the BoE and PRA. The UK authorities have confirmed that as of January 2025 Credit Suisse International is no longer subject to the UK internal minimum requirements for own funds and eligible liabilities.

Other local recovery and resolution plans exist for various Group entities and jurisdictions.

## Regulatory trends

Regulatory policy discussions resulting from the March 2023 banking turmoil continued throughout 2024. At the supranational level, the focus was on liquidity and interest rate risks, supervision, and the impact of technology and social media on depositor behavior, but there have been no specific policy proposals to date. Discussions in Switzerland focused on a thorough analysis of the Credit Suisse crisis and proposals aimed at strengthening the financial stability of Swiss financial institutions and the financial sector going forward. Now that the parliamentary investigation committee has released its report, the official analysis of the Credit Suisse crisis has been concluded.

The final Basel III implementation was a key theme across jurisdictions with further divergence emerging. While the final Basel III regulations have been implemented in Switzerland as of 1 January 2025, implementation timelines are increasingly varying across other major jurisdictions.

The trend of further digitalization in the banking industry has triggered regulatory policy responses across jurisdictions. In particular, the field of artificial intelligence (AI) has seen rapid technical and market developments. In response to this, various international organizations have advanced work to define global high-level principles, applicable across industries. At the same time, and in parallel with global efforts, jurisdictional approaches differ. Notably, the EU is implementing an expansive AI Act, which came into force on 1 August 2024. Other jurisdictions, including the US and Switzerland, are taking a more measured approach, emphasizing and clarifying the applicability of existing laws and building capacity and understanding of the technology, before taking targeted regulatory action. Separately, applications of distributed ledger technology and market adoption of digital assets continue to grow, while the maturity of the regulatory landscape has increased. 2024 saw the introduction of the EU Markets in Crypto-Assets Act, which seeks to harmonize stablecoin and crypto asset regulation in the EU. In the US, the change in administration has resulted in a more accommodative regulatory sentiment toward digital assets, driving a shift in the regulatory approach across responsible agencies. Meanwhile, various central banks are experimenting with central bank digital currencies to understand the benefits and risk, but often without any commitment toward implementation.

Operational resilience and banks' management of third-party risk has continued to receive a heightened regulatory and supervisory focus, including the management of cyber risks related to third-party vendors and how banks ensure compliance with minimum standards. This has been caused, in part, by high-profile incidents. Many jurisdictions are working on expanding incident reporting, including for cybersecurity incidents. Separately, the interconnectedness with, and dependence on, third-party providers has been in focus, including via the Basel Committee on Banking Supervision reviewing principles for the sound management of third-party risk in the banking industry and the UK implementing a critical third-party regime. Finally, regulators such as the Monetary Authority in Singapore have started to consider risks to banks related to quantum computing.

Sustainable finance stayed high on the policy agenda but with implementation of prescriptive legislation diverging across jurisdictions, and the EU proposing recently to simplify its sustainability reporting and due diligence requirements. Notable activity was observed related to sustainability reporting disclosures, with ongoing implementation and alignment efforts. In addition, there was increased policy attention regarding transition plans as a strategic tool for decarbonization and adaptation to a low-carbon future and, in some jurisdictions, also as a climate risk management tool. Policymakers also advanced developments on prudential disclosure standards for the supervision of climate-related financial risks. Finally, additional regulation was focused on voluntary carbon markets, including on market integrity and credit quality.

Policymakers maintained focus on financial stability risks in the non-bank financial intermediation (the NBFI) sector. At the global level, work focused on banks' counterparty credit risk management, as well as risks within the NBFI sector, including preparedness for margin and collateral calls, liquidity management in funds, and proposals to manage excessive leverage. The EU reviewed the adequacy of macroprudential tools for NBFI firms, and the Bank of England completed a first-of-its-kind, system-wide stress test to understand the role that NBFI firms play during an economic shock.

Anti-money-laundering was prominent on policymakers' agendas, with increased due diligence requirements for the financial industry in Switzerland, while sanctions remained a crucial component of western countries' strategies to counter Russian aggression in Ukraine.

Finally, while market structure reforms have been largely implemented in the US, similar issues are under discussion across jurisdictions in Europe, notably the element of the reforms related to the shortening of the standard settlement cycle for security transactions from two business days to one business day.

In 2025, various jurisdictions, including the EU, UK, and US, are shifting their stated policy and regulatory approaches toward promoting a growth- and competitiveness-focused agenda, with related measures to simplify and boost the framework conditions, while other jurisdictions, including Switzerland, remain focused on strengthening their regulatory environment as a consequence of the events in March 2023. This adds to the ongoing trend of regulatory fragmentation. However, we believe the continued adaptations made to our business model and our proactive management of regulatory change put us in a strong position to absorb upcoming challenges in the regulatory environment. We trust that our strengthened standing as a combined organization with a strong capital position and a balance sheet for all seasons will enable us to cope with any potential challenges.

› Refer to the “Regulatory and legal developments” and the “Risk, capital, liquidity and funding, and balance sheet” sections of this report for more information

## Regulatory and legal developments

### Developments related to the acquisition of the Credit Suisse Group

In April 2024, the Swiss Federal Council released its report on banking stability that evaluates the regulation of systemically important banks (SIBs). The report includes a comprehensive review of the acquisition of the Credit Suisse Group and concludes that the existing Swiss too-big-to-fail (TBTF) regime must be further developed and strengthened. The Swiss Federal Council proposes to introduce measures focused on three areas: strengthening prevention, strengthening liquidity and expanding the crisis toolkit.

Measures include proposals to strengthen the capital base, to improve resolvability and tighten capital requirements for global systemically important banks (G-SIBs), including the introduction of forward-looking elements for institution-specific Pillar 2 capital surcharges and more stringent capital adequacy requirements for the parent bank regarding foreign participations. The Swiss Federal Council also recommended measures related to corporate governance, such as a senior management regime and regulations regarding variable compensation. To strengthen liquidity, the Swiss Federal Council intends to significantly expand the potential for the Swiss National Bank (the SNB) to provide more liquidity in a crisis, as well as an obligation for SIBs to prepare collateral for that purpose. Furthermore, the Swiss Federal Council reiterated its support for the introduction of a public liquidity backstop. To expand the crisis toolkit, the Swiss Federal Council proposed measures that aim to minimize legal risks associated with the execution of resolution measures.

In October 2024, the Swiss Financial Market Supervisory Authority (FINMA) published its 2024 resolution reporting for UBS.

› Refer to “Recovery and resolution” in the “Regulation and supervision” section of this report for more information

In December 2024, the Swiss parliamentary investigation committee (*Parlamentarische Untersuchungskommission*, the PUK) published its report that examined the authorities’ role and actions in the context of the Credit Suisse crisis. The PUK identified a need for improvement and action at both the enforcement and legislative levels and made recommendations regarding potential improvements to the crisis toolkit. The Swiss Federal Council stated that the PUK’s proposals will be covered in the implementation of the Federal Council’s proposed measures.

In February 2025, the Economic Affairs and Taxation Committee agreed to extend the suspension of its discussion on the introduction of a public liquidity backstop until the end of 2026. The Committee stated that the design of a public liquidity backstop can only be defined in the overall context of Switzerland’s TBTF regulation. The discussion was initially suspended in August 2024 in order to take into account the PUK’s report.

Based on its report on banking stability from April 2024, the Swiss Federal Council is expected to launch a public consultation in May 2025 on the implementation of the proposed measures. The measures will include changes at the ordinance level, which can be adopted by the Swiss Federal Council, and legislative amendments, which will be submitted to the Parliament. In February 2025, the Swiss Federal Department of Finance indicated that the capital adequacy requirements for foreign participations will be regulated at the legislative level, rather than at the ordinance level. Due to the broad range of possible outcomes, the impact of the proposals on UBS can be assessed only when the implementation details become clearer.



## Developments related to the implementation of the final Basel III standards

In Switzerland, the amendments to the Capital Adequacy Ordinance (the CAO) that incorporate the final Basel III standards into Swiss law, including the five new ordinances that contain the implementing provisions for the revised CAO, entered into force on 1 January 2025. The adoption of the final Basel III standards led to a USD 1bn increase in the UBS Group's RWA, resulting in a minimal impact on the CET1 capital ratio. The USD 1bn increase was primarily driven by a USD 7bn increase in market risk RWA and a USD 3bn increase in credit valuation adjustment-related RWA resulting from the implementation of the Fundamental Review of the Trading Book (the FRTB) framework, largely offset by a USD 7bn reduction in operational risk RWA and a USD 1bn reduction in credit risk RWA. We will provide in our first quarter 2025 report an update on further improvements from mitigating actions and our dialogue with FINMA regarding various aspects of the final Basel III rules. These changes do not take into account the impact of the output floor. The output floor, which is being phased in until 2028, is currently not binding for the UBS Group.

In the EU, the final Basel III requirements became applicable as of 1 January 2025, except for the market risk capital requirements, the implementation of which has been delayed until at least 1 January 2026, as confirmed by the European Commission in June 2024. The overall impact on UBS is limited.

In September 2024, the UK Prudential Regulatory Authority (the PRA) published its final rules covering the implementation of the final Basel III standards. As part of the package, the PRA announced the pushing back of the implementation date, from 1 July 2025 to 1 January 2026, with full phase-in of the output floor by 1 January 2030. In January 2025, the PRA announced that it has further postponed the implementation of the final Basel III standards until 1 January 2027, citing the need for greater clarity on US plans. In its announcement, the PRA left open the possibility of further postponement. The date for the full phase-in of the output floor continues to be 1 January 2030. The overall impact on UBS is expected to be limited.

In the US, the banking agencies, including the Federal Reserve Board, have been discussing amendments to their original proposals regarding the implementation of the final Basel III standards. The timing and the content of a re-proposal of the July 2023 version of the final Basel III rules remain uncertain as the change in principals at the US banking agencies has yet to be completed.

## Other developments related to prudential regulation

In April 2024, the SNB announced that it will raise the minimum reserve requirement for domestic banks from 2.5% to 4%, and it will therefore amend the National Bank Ordinance as of 1 July 2024. The SNB also announced that liabilities arising from cancelable customer deposits (excluding tied pension provisions) will be included in full in the calculation of the minimum reserve requirement, as is the case with the other relevant liabilities. This revokes the previous exception under which only 20% of these liabilities counted toward the calculation. Based on the latest internal assessments, UBS expects a negative impact of around USD 35m per annum on net interest income to result from these changes.

In June 2024, EU legislators published the final banking rules that include amendments to the Capital Requirements Regulation and the Capital Requirements Directive. The rules entered into force on 9 July 2024. The amendments include, alongside measures to implement the final elements of the Basel III standards, a requirement for non-EU firms to establish a physical presence within the EU when providing certain banking services, including deposit-taking and commercial lending, to EU-domiciled clients and counterparties, unless an exemption is obtained. The changes will affect the cross-border provision of lending services and will require UBS to adapt its approaches to providing such services to clients and counterparties in the EU. The requirement will become effective in January 2027, with grandfathering provisions for contracts entered into before 11 July 2026.

In August 2024, the Federal Reserve Board assigned UBS Americas Holding LLC a stress capital buffer (an SCB) of 9.3% as of 1 October 2024 (previously 9.1%) under the Federal Reserve Board's SCB rule, resulting in a total CET1 capital requirement of 13.8%. The SCB for our US-based intermediate holding company is based on the previously released results of the Federal Reserve Board's 2024 Dodd-Frank Act Stress Test (DFAST), where UBS Americas Holding LLC exceeded the minimum capital requirements under the severely adverse scenario.

## Developments in the regulation of financial markets

In September 2024, the Swiss Federal Council submitted for parliamentary approval a mutual recognition agreement (an MRA) with the UK regarding financial services. The agreement facilitates cross-border financial activities based on a new model for regulatory cooperation and an outcomes-based mutual recognition of domestic rules. The MRA is supplemented by an enhanced and closer supervisory process and additional supervisory arrangements where new market access is granted. It is expected that the Parliaments in Switzerland and the UK will grant approval for the MRA in 2025.

In November 2024, the EU finalized changes to the existing European Market Infrastructure Regulation (the EMIR), with the changes entering into force in December 2024. The revised EMIR rules require relevant EU market participants to hold active accounts at EU Central Counterparties and to clear a representative portion of certain derivative contracts within the EU, effective June 2025. Other changes include enhanced transparency on clearing services to clients, new clearing threshold calculation methodology, and new rules on initial margin model validation. The impact of the revised EMIR on UBS and its in-scope clients will depend on the final design of the technical implementation standards, which are expected to be published later in 2025.



In January 2025, the Swiss Securities Post-Trade Council recommended that the transition to a shortened settlement cycle for securities transactions for the domestic markets in Switzerland and Liechtenstein from two business days (T+2) to one business day (T+1) should occur in October 2027, in alignment with the EU and the UK.

In February 2025, the European Commission published a legislative proposal to shorten the settlement cycle in the EU to T+1, setting 11 October 2027 as the appropriate date for the transition. The proposal is in alignment with the recommendations from the European Securities and Markets Authority from November 2024.

In February 2025, the UK announced that the transition to a T+1 settlement cycle will occur on 11 October 2027, in line with the recommendations included in the UK Accelerated Settlement Taskforce's report from March 2024 and its implementation plan from February 2025.

In the US, a shortened T+1 settlement cycle has applied to securities transactions since May 2024.

UBS implemented the required enhancements based on the US rules and will prepare for further implementation according to the evolving rules and market practice in other jurisdictions.

### **Developments related to environmental, social and governance matters**

In June 2024, the Swiss Federal Council launched a consultation on a proposed extension of the application scope and substance of the existing sustainability reporting requirements under the Swiss Code of Obligations. Under the proposed rules, a wider scope of companies would have to report on the risks of their business activities in the areas of the environment, human rights and corruption, as well as on measures taken against such risks. Affected companies would have the choice of reporting according to either the EU sustainability reporting requirements or another equivalent standard for sustainability reporting. The consultation closed in October 2024. The impact of the proposals on UBS can be assessed only when the implementation details become clearer. If the changes are adopted as proposed, UBS will be subject to the extended requirements.

In November 2024, the Swiss Federal Council adopted the Climate Protection Ordinance to the Climate and Innovation Act. The ordinance entered into force on 1 January 2025, and it introduces, among other matters, measures to support financial flows contributing to achieving the Swiss climate targets. The main instrument to measure progress made by the financial sector toward this goal will continue to be the voluntary climate tests conducted by the Swiss Federal Office for the Environment. UBS participates in the bi-annual climate tests conducted by the Swiss authorities.

In December 2024, the Swiss Federal Council launched a consultation on amending the Ordinance on Climate Disclosures to adapt it to the latest international developments. As the recommendations of the Task Force on Climate-related Financial Disclosures (the TCFD) have been incorporated into international standards, the Federal Council proposes that companies meet the obligation to report on climate-related matters by applying an internationally recognized standard or the sustainability reporting standard used in the EU. The draft proposal also establishes minimum requirements for transition plans for financial flows that describe the planned path to a net-zero target by 2050. The consultation will last until March 2025, and the amended Ordinance on Climate Disclosures is expected to enter into force on 1 January 2026. UBS is within the scope of the new requirements, with the impact on UBS dependent on the final ordinance.

In December 2024, FINMA published a new circular, applicable to banks and insurers, on the management of climate- and other nature-related financial risks. The circular sets out provisions for governance and institution-wide risk management, as well as provisions for risk identification, materiality assessment and scenario analysis regarding climate- and nature-related financial risks. Implementation will be guided by international frameworks and standards, including the Basel Committee on Banking Supervision Principles for the effective management and supervision of climate-related financial risks. The circular will enter into force on 1 January 2026 and will initially apply exclusively to climate-related financial risks. From 1 January 2028, the circular will apply to all nature-related financial risks. UBS is assessing the impact of the requirements, which will be addressed in a multi-year implementation plan.

In May 2024, the European Council approved the new Corporate Sustainability Due Diligence Directive (the CSDDD), which entered into force on 25 July 2024. The CSDDD requires in-scope companies to identify and address potential and actual adverse human rights and environmental impacts in their own operations, their subsidiaries and, where related to their value chain(s), those of their business partners. In addition, the CSDDD requires large companies to adopt a transition plan for climate change mitigation aligned with the 2050 climate neutrality objective of the Paris Agreement, as well as intermediate targets under the European Climate Law. The July 2026 deadline provided for the transposition of the CSDDD into Member States' national laws and the July 2027 start date of the first phase of the CSDDD application may be postponed by one year in light of the changes to the CSDDD proposed by the European Commission in February 2025 as part of its recent initiative to simplify sustainability regulations. UBS expects its EU entities will be required to implement the CSDDD rules. The full scope of application will depend on the implementation guidelines, which are expected to be developed by the European Commission by July 2026 (instead of July 2027) according to the newly proposed timeline, and on the changes to the CSDDD to be agreed by EU legislators in light of the European Commission's legislative proposal from February 2025.

In November 2024, the European Commission announced an intention to streamline and simplify sustainability regulations, including the Taxonomy Regulation, the Corporate Sustainability Reporting Directive and the CSDDD. Concrete proposals to that effect were unveiled in February 2025 and will now be subject to the EU legislative process involving the European Parliament and Council. The impact on UBS can be assessed only when the proposed changes and their details have been agreed by EU legislators later in 2025.

In February 2025, the US Securities and Exchange Commission (the SEC) stated its intention to withdraw its regulation mandating climate disclosures by SEC reporting companies, which would have included UBS. Effectiveness of the regulation had previously been stayed by the SEC pending resolution of litigation challenging it.

### Developments related to tax matters

In August 2024, the Swiss Federal Council launched a consultation related to the existing withholding tax exemption that applies to TBTF instruments issued by no later than 31 December 2026. The Federal Council had recommended an unlimited extension of the exemption as part of a broader reform package in its April 2024 report on banking stability. As these reforms are not expected to enter into force before the expiry of the existing special rules, the Swiss Federal Council proposes to extend the current exemption, from 31 December 2026 to 31 December 2031, to ensure that banks can continue to issue capital instruments on competitive terms.

In September 2024, the Swiss Federal Council introduced the Income Inclusion Rule (the IIR), a measure developed by the Organisation for Economic Co-operation and Development (the OECD) as part of the minimum corporate taxation rules applicable to corporate groups with a worldwide turnover of at least EUR 750m. Under the IIR, the profits of foreign subsidiaries and branches of Swiss corporate groups will be taxed at a minimum rate of 15% on the OECD global minimum tax base with respect to each jurisdiction in which the corporate groups operate. The IIR complements the Swiss supplementary tax that was introduced in January 2024. The IIR became effective on 1 January 2025. UBS's overall tax impact from the IIR is limited, given that UBS is subject to a corporate tax burden of more than 15% in the vast majority of countries in which it operates.

### Other regulatory and legal developments

In April 2024, the US Department of Labor (the DOL) adopted a new Retirement Security Rule, related amendments to existing rules governing transactions between covered plans and parties in interest, and amendments to the "qualified professional asset manager" transaction exemption. The effective date of the Retirement Security Rule, and the related amendments to PTE 2020-02 have been stayed by a court pending resolution of litigation challenging the regulations. The Retirement Security Rule, if it becomes effective, would expand the scope of transactions subject to requirements of the Employment Retirement Income Security Act by expanding the relationships and advice that create a fiduciary relationship between an investment professional and a plan or beneficiary, particularly in relation to individual retirement accounts (IRAs). The amendments to existing transaction exemptions generally limit or prohibit the use of those exemptions for transactions involving IRAs, with the intention of requiring transactions involving IRAs to rely upon an exemption (PTE 2020-2) imposing specific impartiality, conflict-of-interest and compliance requirements. Global Wealth Management US treats established IRA accounts as fiduciary relationships in accordance with PTE 2020-2.

In connection with the adoption of the Retirement Security Rule, the DOL also amended PTE 2020-2. These amendments would, if they become effective, expand the scope of affiliated persons for which a criminal conviction or determinations of misconduct disqualify an investment professional from using the exemption and add a one-year transition period for a newly disqualified investment professional to transition the related business. The amendments to the qualified professional asset manager exemption would also expand the scope of events that may trigger disqualification and add a similar one-year transition provision. In each case, the DOL would retain the ability to grant an individual exemption from the disqualification.

In May 2024, the Swiss Federal Council adopted a dispatch on strengthening its anti-money-laundering framework. Key elements include a non-publicly accessible federal register of beneficial owners, due diligence for particularly risky activities in legal professions, measures to prevent the circumvention of applicable sanctions under the Embargo Act, and due diligence obligations for cash payments in the real estate business and in precious metals trading. The measures are subject to parliamentary approval and, therefore, entry into force is not expected before 2026. Although the final assessment will only be concluded once the final law has been published, UBS expects that additional operational controls will be required to implement the amended framework.

In July 2024, the EU published the Artificial Intelligence Act (the EU AI Act). Among other matters, the EU AI Act classifies AI according to its risk, with the majority of obligations being placed on providers of high-risk AI systems and with some obligations for users who deploy an AI system in a professional capacity. The EU AI Act entered into force in August 2024, and it will be phased in over the next 36 months. UBS is assessing the potential impact of the uses of AI and the EU AI Act.

In November 2024, the PRA and the Financial Conduct Authority published a consultation on changes to remuneration rules for senior management functions and material risk takers. The consultation covers changes to several aspects of the PRA remuneration rulebook, including the reduction of the seven-year minimum deferral period to five years for senior managers and allowing deferred remuneration awards to vest on a pro rata basis from the time of award. UBS is reviewing the proposals.

# Risk factors

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

## Strategy, management and operational risks

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

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

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

Our ability to complete the integration of Credit Suisse will depend on a number of factors, some of which are outside of our control, including our ability to:

- combine the operations of the two firms in a manner that preserves client service, simplifies infrastructure and results in operating cost savings, including the successful transfer of clients from legacy Credit Suisse platforms to UBS platforms in Switzerland, our largest booking center;
- maintain deposits and client invested assets in our Global Wealth Management division and in Switzerland, and to attract additional deposits and invested assets to the combined firm;
- achieve cost reductions at the levels and in the timeframe we plan;
- enhance, integrate and, where necessary, remediate risk management and financial control and other systems and frameworks, including to remediate the material weakness in Credit Suisse's internal controls over financial reporting;
- complete the simplification of the legal structure of the combined firm in an expedited manner, including obtaining regulatory approvals and licenses required to implement the changes;
- retain staff and reverse attrition of staff in certain of Credit Suisse's business areas;
- successfully execute the wind-down of the assets and liabilities in our Non-core and Legacy division and release capital and resources for other purposes;
- decommission the information technology and other legacy Credit Suisse operational infrastructure to simplify our infrastructure, reduce operational complexity and lower our operating expenses; and
- resolve outstanding litigation, regulatory and similar matters, including matters relating to Credit Suisse, on terms that are not significantly adverse to us, as well as to successfully remediate outstanding regulatory and supervisory matters and meet other regulatory commitments.

The level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, particularly in the area of the Swiss domestic bank, as well as the domestic and international wealth management businesses, the execution of the planned strategy regarding cost reductions and divestment of any non-core assets, and the level of resulting impairments and write-downs, may impact the operational results, share price and the credit rating of UBS entities. In addition, the financial effects of management decisions and transactions will likely differ between UBS Group and UBS AG as a result of the application of the acquisition method of accounting under the IFRS Accounting Standards by UBS Group, including valuation adjustments recorded by UBS Group. The combined Group will be required to devote significant management attention and resources to integrating its business practices and support functions. The diversion of management's attention and any delays or difficulties encountered in connection with the transaction and the coordination of the two companies' operations could have an adverse effect on the business, financial results, financial condition or the share price of the combined Group following the transaction. The coordination process may also result in additional and unforeseen expenses.

## Substantial changes in regulation may adversely affect our businesses and our ability to execute our strategic plans

Since the financial crisis of 2008, we have been subject to significant regulatory requirements, including recovery and resolution planning, changes in capital and prudential standards, changes in taxation regimes as a result of changes in governmental administrations, new and revised market standards and fiduciary duties, as well as new and developing environmental, social and governance (ESG) standards and requirements. Notwithstanding attempts by regulators to align their efforts, the measures adopted or proposed for banking regulation differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. Regulatory reviews of the events leading to the failures of US banks and our acquisition of Credit Suisse in 2023, as well as regulatory measures to complete the implementation of the Basel 3 standards, may increase capital, liquidity and other requirements applicable to banks, including UBS. Swiss regulatory changes with regard to such matters as capital and liquidity have often proceeded more quickly than those in other major jurisdictions, and Switzerland's requirements for major international banks are among the strictest of the major financial centers. Switzerland has implemented the final Basel 3 requirements effective 1 January 2025, at least a year ahead of the EU and the UK and likely several years ahead of the United States. In addition, Switzerland is expected to introduce in 2025 proposals for changes in regulation following the failure of Credit Suisse that will likely include changes to capital and liquidity requirements for UBS, the remaining Swiss G-SIB, as well as changes to the supervisory regime. Increased capital or liquidity requirements would put us at a disadvantage when competing with peer financial institutions subject to lower capital or liquidity requirements or more lenient regulation and increase our competitive disadvantage in some areas with unregulated non-bank competitors.

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

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

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

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

The authorities in Switzerland and internationally have published lessons learned from the Credit Suisse and the US regional bank failures, which are expected to result in additional requirements regarding resolution planning and early intervention tools for authorities. In connection with these reviews, FINMA has announced that it would not provide an assessment of the UBS resolution plans in 2024 as it expects to make adjustments to resolution plan requirements based on lessons learned reviews as well as potential changes in its recovery and resolution authority under amendments that are expected to be proposed to Swiss law. We expect to make adjustments to our resolution plans to reflect additional guidance from FINMA and may be required to make further adjustment to reflect any changes to law that are enacted.

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

Our risk-weighted assets (RWA) and leverage ratio denominator (LRD) are affected as Switzerland has implemented the final standards promulgated by the Basel Committee on Banking Supervision (the BCBS) and may be further affected as provisions of the standards are phased in. Although these final Basel 3 standards have now been implemented in Switzerland, other major banking centers have delayed implementation or have not yet enacted the final standards into regulation. Extended delay in implementation by other jurisdictions may lead to higher capital requirements for UBS relative to peers.

In connection with the acquisition of the Credit Suisse Group, FINMA has permitted Credit Suisse entities to continue to apply certain prior interpretations and has provided supervisory rulings on the treatment of certain items for RWA or capital purposes. In general, these interpretations require that UBS phase out the treatment over the next several years. In addition, FINMA has agreed that the additional capital requirement applicable to Swiss systemically relevant banks, which is based on market share in Switzerland and leverage ratio denominator (LRD), will not increase as a result of the acquisition of the Credit Suisse Group before the end of 2025. The phase-out or end of these periods will likely increase our overall capital requirements.

The report of the Swiss Federal Council on the failure of Credit Suisse recommends changes to Swiss capital regulation that, if adopted, may have the effect of substantially increasing UBS's capital requirements. The Swiss Federal Council has indicated that it will publish proposed amendments to law and revisions to banking ordinances to implement the recommendations for public comment in May 2025. Certain of the measures recommended in the Federal Council report could require additional capital at UBS AG and have the effect of requiring a higher capital ratio at UBS Group.

Increases in capital and changes in liquidity requirements may, in the aggregate require us to maintain significantly higher levels of capital, which may have an effect on our ability to meet our ambitions for return on capital and for capital returns to shareholders. Higher capital or liquidity requirements applied to UBS Group or UBS AG relative to competitors in Switzerland or abroad may affect UBS's ability to compete with firms subject to less stringent capital requirements and increase UBS's costs to serve customers.

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

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

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

#### **Our reputation is critical to our success**

Our reputation is critical to the success of our strategic plans, business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. In the past, our reputation has been adversely affected by our losses during the 2008 financial crisis, investigations into our cross-border private banking services, criminal resolutions of London Interbank Offered Rates (LIBOR)-related and foreign exchange matters, as well as other matters. We believe that reputational damage as a result of these events was an important factor in our loss of clients and client assets across our asset-gathering businesses. The Credit Suisse Group was more recently subject to significant litigation and regulatory matters and to financial losses that adversely affected its reputation and the confidence of clients, which played a significant role in the events leading to the acquisition of the Credit Suisse Group in March 2023. These events, or new events that cause reputational damage, could have a material adverse effect on our results of operation and financial condition, as well as our ability to achieve our strategic goals and financial targets.



## Operational risks affect our business

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

As a meaningful proportion of our staff have been and will continue working from outside the office, we have faced, and will continue to face, new challenges and operational risks, including maintenance of supervisory and surveillance controls, as well as increased fraud and data security risks. While we have taken measures to manage these risks, these measures could prove not to be effective.

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

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

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



We are subject to complex and frequently changing laws and regulations governing the protection of client and personal data, such as the EU General Data Protection Regulation. Ensuring that we comply with applicable laws and regulations when we collect, use and transfer personal information requires substantial resources and may affect the ways in which we conduct our business. In the event that we fail to comply with applicable laws, we may be exposed to regulatory fines and penalties and other sanctions. We may also incur such penalties if our vendors or other service providers or clients or counterparties fail to comply with these laws or to maintain appropriate controls over protected data. In addition, any loss or exposure of client or other data may adversely damage our reputation and adversely affect our business.

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

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

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

#### **We depend on our risk management and control processes to avoid or limit potential losses in our businesses**

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

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

We regularly revise and strengthen our risk management and control frameworks to seek to address identified shortcomings. Nonetheless, we could suffer further losses in the future if, for example:

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

We also hold legacy risk positions, primarily in Non-core and Legacy, that, in many cases, are illiquid and may deteriorate in value. The acquisition of the Credit Suisse Group has increased, materially, the portfolio of business that is outside of our risk appetite and subject to exit that will be managed in the Non-core and Legacy segment.

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

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

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

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

The amount and structure of our employee compensation is affected not only by our business results but also by competitive factors and regulatory considerations.

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

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

**As UBS Group AG is a holding company, its operating results, financial condition and ability to pay dividends and other distributions or to pay its obligations in the future depend on funding, dividends and other distributions received directly or indirectly from its subsidiaries, which may be subject to restrictions**

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

Our capital instruments may contractually prevent us from proposing the distribution of dividends to shareholders, other than in the form of shares, and from engaging in repurchases of shares, if we do not pay interest on these instruments.

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

The credit ratings of UBS Group AG or its subsidiaries used for funding purposes could be lower than the ratings of the Group's operating subsidiaries, which may adversely affect the market value of the securities and other obligations of UBS Group AG or those subsidiaries on a standalone basis.

## **Market, credit and macroeconomic risks**

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

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

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

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

Health emergencies, including pandemics and measures taken by governmental authorities to manage them, may have effects such as labor market displacements, supply chain disruptions, and inflationary pressures, and adversely affect global and regional economic conditions, resulting in contraction in the global economy, substantial volatility in the financial markets, crises in markets for goods and services, disruptions in real estate markets, increased unemployment, increased credit and counterparty risk, and operational challenges, as we saw with the COVID-19 pandemic. Such economic or market disruptions, including inflationary pressures, may lead to reduced levels of client activity and demand for our products and services, increased utilization of lending commitments, significantly increased client defaults, continued and increasing credit and valuation losses in our loan portfolios, loan commitments and other assets, and impairments of other financial assets. A fall in equity markets and a consequent decline in invested assets would also reduce recurring fee income in our Global Wealth Management and Asset Management businesses, as we experienced in the second quarter of 2022. These factors and other consequences of a health emergency may negatively affect our financial condition, including possible constraints on capital and liquidity, as well as resulting in a higher cost of capital, and possible downgrades to our credit ratings.

**Geopolitical events:** Terrorist activity and armed conflict in the Middle East, as well as the continuing Russia–Ukraine war, may have significant impacts on global markets, exacerbate global inflationary pressures and slow global growth. In addition, the ongoing conflicts may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to the armed conflicts, including, with respect to the Russia–Ukraine war, coordinated successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts will widen and intensify, may continue to have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. If individual countries impose restrictions on cross-border payments or trade, or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the Eurozone, as a result of the imposition of sanctions on individuals, entities or countries, or escalation of trade restrictions and other actions between the US, or other countries, and China), we could suffer adverse effects on our business, losses from enforced default by counterparties, be unable to access our own assets or be unable to effectively manage our risks.

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

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

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

#### **Our credit risk exposure to clients, trading counterparties and other financial institutions would increase under adverse or other economic conditions**

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

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

#### **Interest rate trends and changes could negatively affect our financial results**

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

During 2022, interest rates increased sharply in the US and most other markets, including a shift from negative to positive central bank policy rates in the Eurozone and Switzerland, as central banks responded to higher inflation. Higher interest rates generally benefit UBS's net interest income. However, as returns on alternatives to deposits increase with rising interest rates, such as returns on money market funds, UBS experienced outflows from customer deposits and shifts of deposits from lower-interest account types to accounts bearing higher interest rates, such as savings and certificates of deposit, starting with effects in the US, where rates had rapidly increased. In addition, higher-for-longer interest rates, such as those experienced in 2023, have led to similar shifts in euro and Swiss franc deposits. Sustained higher interest rates also may adversely affect our credit counterparties. Customer deposit outflows could require UBS to obtain alternative funding, which would likely be more costly than customer deposits.

Our shareholders' equity and capital are also affected by changes in interest rates.

#### **Currency fluctuation may have an adverse effect on our profits, balance sheet and regulatory capital**

We are subject to currency fluctuation risks as a substantial portion of our assets and liabilities are denominated in currencies other than our Group presentation currency, the US dollar. In order to hedge our CET1 capital ratio, our CET1 capital must have foreign currency exposure, which leads to currency sensitivity. As a consequence, it is not possible to simultaneously fully hedge both CET1 capital and the CET1 capital ratio. Accordingly, changes in foreign exchange rates may adversely affect our profits, balance sheet, and capital, leverage and liquidity coverage ratios.

## Regulatory and legal risks

### Material legal and regulatory risks arise in the conduct of our business

As a global financial services firm operating in more than 50 countries, we are subject to many different legal, tax and regulatory regimes, including extensive regulatory oversight, and are exposed to significant liability risk. We are subject to a large number of claims, disputes, legal proceedings and government investigations, and we expect that our ongoing business activities will continue to give rise to such matters in the future. In addition, UBS inherited claims against Credit Suisse entities as part of the acquisition, including matters that may be material to the operating results of the combined Group. The extent of our financial exposure to these and other matters is material and could substantially exceed the level of provisions that we have established. We are not able to predict the financial and non-financial consequences these matters may have when resolved.

We may be subject to adverse preliminary determinations or court decisions that may negatively affect public perception and our reputation, result in prudential actions from regulators, and cause us to record additional provisions for such matters even when we believe we have substantial defenses and expect to ultimately achieve a more favorable outcome. This risk is illustrated by the award of aggregate penalties and damages of EUR 4.5bn by the court of first instance in France. This award was reduced to an aggregate of EUR 1.8bn against by the Court of Appeal, and, in a further appeal, the French Supreme Court referred the case back to the Paris Court of Appeal to reconsider the amount after a new trial.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. Among other things, a guilty plea to, or conviction of, a crime (including as a result of termination of the Deferred Prosecution Agreement Credit Suisse entered into with the US Department of Justice in 2021 to resolve its Mozambique matter) could have material consequences for UBS.

Resolution of regulatory proceedings has required us to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate our participation in them. UBS and Credit Suisse have each required waivers or exemptions in order to continue to act as investment manager to pension plans and registered investment companies in the US, among other things; failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations arising from a disqualifying event, could have material adverse consequences for us.

Our settlements with governmental authorities in connection with foreign exchange, LIBOR and other benchmark interest rates starkly illustrate the significantly increased level of financial and reputational risk now associated with regulatory matters in major jurisdictions. In connection with investigations related to LIBOR and other benchmark rates, and to foreign exchange and precious metals, very large fines and disgorgement amounts were assessed against us, and we were required to enter guilty pleas despite our full cooperation with the authorities in the investigations and despite our receipt of conditional leniency or conditional immunity from anti-trust authorities in a number of jurisdictions, including the US and Switzerland.

For a number of years, we have been, and we continue to be, subject to a very high level of regulatory scrutiny and to certain regulatory measures that constrain our strategic flexibility. We believe we have remediated the deficiencies that led to significant losses in the past and made substantial changes in our controls and conduct risk frameworks to address the issues highlighted by past regulatory resolutions. We have also undertaken extensive efforts to implement new regulatory requirements and meet heightened supervisory expectations. Prior to its acquisition by UBS, Credit Suisse was also subject to a high level of regulatory scrutiny and had significant regulatory and other remediation programs to address identified issues, including as a result of the Archegos, Mozambique, supply chain finance and cross-border tax matters. As part of the integration of Credit Suisse, UBS is addressing these matters and will likely remain under additional regulatory scrutiny until the integration is substantially completed.

Credit Suisse and UBS have become the target of lawsuits, and may become the target of further litigation, in connection with the merger transaction or the regulatory and other actions taken in connection with the merger transaction, all of which could result in substantial costs. Since the close of the acquisition, various litigation claims have been lodged against UBS under Swiss merger law alleging that Credit Suisse Group AG shareholders received disadvantaged treatment in the acquisition. In addition, numerous cases have been lodged against the Swiss Financial Market Supervisory Authority (FINMA) in respect of the write-down of the Credit Suisse Group's additional tier 1 (AT1) bonds ordered by FINMA. UBS Group AG, as the successor to Credit Suisse Group AG, is participating in proceedings as an aggrieved party. The cumulative effects of the litigations to which UBS has succeeded and the claims related to the acquisition and the circumstances surrounding it, may have material adverse consequences for the combined Group.

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



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

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

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

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

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

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

#### Developments in sustainability, climate, environmental and social standards and regulations may affect our business and impact our ability to fully realize our goals

We are subject to separate, and sometimes conflicting, ESG regulations and regulator expectations in the various jurisdictions in which UBS operates. For example, in certain jurisdictions, we are required to set diversity targets or other ESG-related goals that are considered illegal or contrary to regulatory expectations in other jurisdictions. In addition, with respect to decarbonization mandates, there is substantial uncertainty as to the scope of actions that may be required of us, governments and others to achieve the goals we have set, and many of our goals and objectives are only achievable with a combination of government and private action. National and international standards and expectations, industry and scientific practices, regulatory taxonomies, and disclosure obligations addressing these matters are relatively immature and are rapidly evolving. In addition, there are significant limitations in the data available to measure our climate and other goals. Although we have defined and disclosed our goals based on the standards existing at the time of disclosure, there can be no assurance (i) that the various ESG regulatory and disclosure regimes under which we operate will not come into further conflict with one another, (ii) that the current standards will not be interpreted differently than our understanding or change in a manner that substantially increases the cost or effort for us to achieve such goals or (iii) that additional data or methods, whether voluntary or required by regulation, may substantially change our calculation of our goals and ambitions. It is possible that such goals may prove to be considerably more difficult or even impossible to achieve. The evolving standards may also require us to substantially change the stated goals and ambitions. If we are not able to achieve the goals we have set, or can only do so at significant expense to our business, we may fail to meet regulatory expectations, incur damage to our reputation or be exposed to an increased risk of litigation or other adverse action.



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

#### Material weaknesses of Credit Suisse controls over financial reporting

In March 2023, prior to the acquisition by UBS Group AG, the Credit Suisse Group and Credit Suisse AG disclosed that their management had identified material weaknesses in internal control over financial reporting as a result of which, the Credit Suisse Group and Credit Suisse AG had concluded that, as of 31 December 2022, their internal controls over financial reporting were not effective, and for the same reasons, reached the same conclusion regarding 31 December 2021. A material weakness is a deficiency or a combination of deficiencies in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of a registrant's financial statements will not be prevented or detected on a timely basis. The material weaknesses result in a risk that a material error may not be detected by internal controls that could result in a material misstatement to the company's reported financial results. Following the acquisition and merger of Credit Suisse Group AG into UBS Group AG in June 2023, Credit Suisse AG concluded that as of 31 December 2023 its internal control over financial reporting continued to be ineffective. As permitted by SEC guidance in the year of an acquisition, UBS Group AG excluded Credit Suisse AG from its assessment of internal control over financial reporting for the year ended 31 December 2023 and concluded that its internal control over financial reporting was effective as of such date.

In June 2024 Credit Suisse AG and UBS AG merged with UBS AG as the surviving entity. Although Credit Suisse is no longer a separate legal entity, numerous of its booking, accounting and risk management systems remain in use for activities that have not yet been exited or migrated to UBS systems.

The material weaknesses that were identified by Credit Suisse related to the failure to design and maintain an effective risk assessment process to identify and analyze the risk of material misstatements in its financial statements and the failure to design and maintain effective monitoring activities relating to (i) providing sufficient management oversight over the internal control evaluation process to support Credit Suisse internal control objectives; (ii) involving appropriate and sufficient management resources to support the risk assessment and monitoring objectives; and (iii) assessing and communicating the severity of deficiencies in a timely manner to those parties responsible for taking corrective action. These material weaknesses contributed to an additional material weakness, as the Credit Suisse Group management did not design and maintain effective controls over the classification and presentation of the consolidated statement of cash flows under US GAAP.

Since the Credit Suisse acquisition, we have executed a remediation program to address the identified material weaknesses and have implemented additional controls and procedures. As of 31 December 2024, management has assessed that the changes to internal controls made to address the material weakness relating to the classification and presentation of the consolidated statement of cash flows as well as assessment and communication of the severity of deficiencies are designed and operating effectively.

The remaining material weakness relates to the risk assessment of internal controls. We have implemented an enhanced severity assessment framework and additional management oversight of severity assessments and have integrated the Credit Suisse control frameworks into the UBS internal control framework and risk assessment and evaluation processes in 2024. In addition, UBS has reviewed the processes, systems and internal control processes in connection with the integration of the financial accounting and controls environment of Credit Suisse into UBS, and implementation of updated or additional processes and controls to reflect the increase in complexity of the accounting and financial control environment following the acquisition.

Management has assessed that the risk assessment process was designed effectively. However, in light of the increased complexity of the internal accounting and control environment, the remaining migration efforts still underway and limited time to demonstrate operating effectiveness and sustainability of the post-merger integrated control environment, management has concluded that additional evidence of effective operation of the remediated controls is required to conclude that the risk assessment processes is operating effectively on a sustainable basis. In light of the above, management has concluded that there is a material weakness in internal control over financial reporting at 31 December 2024 and as a result, that our disclosure controls and procedures were also not effective as of that date.

## Our financial results may be negatively affected by changes to assumptions and valuations, as well as changes to accounting standards

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

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

## We may be unable to maintain our capital strength

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

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

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

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

The effect of taxes on our financial results is significantly influenced by tax law changes and reassessments of our deferred tax assets and, also, operating losses of certain entities with no associated tax benefit

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

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

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

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

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

**We may incur material future tax liabilities in connection with the acquisition of the Credit Suisse Group**

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

## **Liquidity and funding risk**

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

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

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

Reductions in our credit ratings may adversely affect the market value of the securities and other obligations and increase our funding costs, in particular with regard to funding from wholesale unsecured sources, and could affect the availability of certain kinds of funding. In addition, as experienced in connection with the Moody's Investors Service Ltd. downgrade of UBS AG's long-term debt rating in June 2012, rating downgrades can require us to post additional collateral or make additional cash payments under trading agreements. Our credit ratings, together with our capital strength and reputation, also contribute to maintaining client and counterparty confidence, and it is possible that rating changes could influence the performance of some of our businesses. The acquisition of the Credit Suisse Group has elevated these risks and may cause these risks to intensify. Upon the close of the acquisition in June 2023, Fitch Ratings Ireland Limited downgraded the Long-Term Issuer Default Ratings (IDRs) of UBS Group AG to "A" from "A+" and of UBS AG to "A+" from "AA-". Fitch Ratings Ltd. also upgraded Credit Suisse AG's Long-Term IDR to "A+" from "BBB+".

The requirement to maintain a liquidity coverage ratio of high-quality liquid assets to estimated stressed short-term net cash outflows, and other similar liquidity and funding requirements, oblige us to maintain high levels of overall liquidity, limit our ability to optimize interest income and expense, make certain lines of business less attractive and reduce our overall ability to generate profits. The liquidity coverage ratio and net stable funding ratio requirements are intended to ensure that we are not overly reliant on short-term funding and that we have sufficient long-term funding for illiquid assets. The relevant calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in market-wide and firm-specific stress situations. In an actual stress situation, however, our funding outflows could exceed the assumed amounts. Further, UBS is subject to increased liquidity requirements related to too-big-to-fail (TbTF) measures under the direction of FINMA, which became effective on 1 January 2024.

# Financial and operating performance

## Management report

## Accounting and financial reporting

### Critical accounting estimates and judgments

In preparing our financial statements in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (the IASB), we apply judgment and make estimates and assumptions that may involve significant uncertainty at the time they are made. We regularly reassess those estimates and assumptions, which encompass historical experience, expectations of the future and other pertinent factors, to determine their continuing relevance based on current conditions, and update them as necessary. Changes in estimates and assumptions may have significant effects on the financial statements. Furthermore, actual results may differ significantly from our estimates, which could result in significant losses to the Group, beyond what we expected or provided for.

Key areas involving a high degree of judgment and areas where estimates and assumptions are significant to the consolidated financial statements include the following (note references below are found in the “Consolidated financial statements” section of this report):

- provisional amounts of identifiable assets acquired and liabilities assumed with the acquisition of the Credit Suisse Group (refer to “Note 2 Accounting for the acquisition of Credit Suisse Group”);
- expected credit loss measurement (refer to “Note 20 Expected credit loss measurement”);
- fair value measurement (refer to “Note 21 Fair value measurement”);
- income taxes (refer to “Note 9 Income taxes”);
- provisions and contingent liabilities (refer to “Note 18 Provisions and contingent liabilities”);
- post-employment benefit plans (refer to “Note 26 Post-employment benefit plans”);
- goodwill (refer to “Note 13 Goodwill and intangible assets”); and
- consolidation of structured entities (refer to “Note 28 Interests in subsidiaries and other entities”).

› Refer to “Note 1 Summary of material accounting policies” in the “Consolidated financial statements” section of this report and to the “Risk factors” section of this report for more information

### Accounting and financial reporting changes after 2024

#### *IFRS 18, Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued a new standard, IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*, and is effective from 1 January 2027. The main changes introduced by IFRS 18 relate to the structure of income statements, new disclosure requirements for management performance measures and enhanced guidance on aggregation and disaggregation of information. UBS is assessing the impact of the new requirements on its reporting but expects it to be limited.

#### *Amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures*

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7* (the Amendments). The Amendments relate to derecognition of financial liabilities settled through electronic transfer systems and classification of financial assets, and they introduce new disclosure requirements. The Amendments are effective from 1 January 2026, with early application permitted either for the entire set of amendments or for only those that relate to classification of financial instruments. UBS is currently assessing the impact of the new requirements on its financial statements.

# Group performance

## Income statement

|                                                                                           | For the year ended |                       |               | % change from |
|-------------------------------------------------------------------------------------------|--------------------|-----------------------|---------------|---------------|
| USD m                                                                                     | 31.12.24           | 31.12.23 <sup>1</sup> | 31.12.22      | 31.12.23      |
| Net interest income                                                                       | 7,108              | 7,297                 | 6,621         | (3)           |
| Other net income from financial instruments measured at fair value through profit or loss | 14,690             | 11,583                | 7,517         | 27            |
| Net fee and commission income                                                             | 26,138             | 21,570                | 18,966        | 21            |
| Other income                                                                              | 675                | 384                   | 1,459         | 76            |
| <b>Total revenues</b>                                                                     | <b>48,611</b>      | <b>40,834</b>         | <b>34,563</b> | <b>19</b>     |
| <b>Negative goodwill</b>                                                                  |                    | 27,264                |               |               |
| <b>Credit loss expense / (release)</b>                                                    | <b>551</b>         | <b>1,037</b>          | <b>29</b>     | <b>(47)</b>   |
| Personnel expenses                                                                        | 27,318             | 24,899                | 17,680        | 10            |
| General and administrative expenses                                                       | 10,124             | 10,156                | 5,189         | 0             |
| Depreciation, amortization and impairment of non-financial assets                         | 3,798              | 3,750                 | 2,061         | 1             |
| <b>Operating expenses</b>                                                                 | <b>41,239</b>      | <b>38,806</b>         | <b>24,930</b> | <b>6</b>      |
| <b>Operating profit / (loss) before tax</b>                                               | <b>6,821</b>       | <b>28,255</b>         | <b>9,604</b>  | <b>(76)</b>   |
| Tax expense / (benefit)                                                                   | 1,675              | 873                   | 1,942         | 92            |
| <b>Net profit / (loss)</b>                                                                | <b>5,146</b>       | <b>27,382</b>         | <b>7,661</b>  | <b>(81)</b>   |
| Net profit / (loss) attributable to non-controlling interests                             | 60                 | 16                    | 32            | 272           |
| <b>Net profit / (loss) attributable to shareholders</b>                                   | <b>5,085</b>       | <b>27,366</b>         | <b>7,630</b>  | <b>(81)</b>   |

## Comprehensive income

|                                                                      |              |               |              |             |
|----------------------------------------------------------------------|--------------|---------------|--------------|-------------|
| Total comprehensive income                                           | 3,401        | 28,374        | 3,167        | (88)        |
| Total comprehensive income attributable to non-controlling interests | 13           | 22            | 18           | (39)        |
| <b>Total comprehensive income attributable to shareholders</b>       | <b>3,388</b> | <b>28,352</b> | <b>3,149</b> | <b>(88)</b> |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information about the relevant adjustments.



## Selected financial information of our business divisions and Group Items

| USD m                                                               | For the year ended 31.12.24 |                              |                  |                 |                     |             | Total  |
|---------------------------------------------------------------------|-----------------------------|------------------------------|------------------|-----------------|---------------------|-------------|--------|
|                                                                     | Global Wealth Management    | Personal & Corporate Banking | Asset Management | Investment Bank | Non-core and Legacy | Group Items |        |
| Total revenues as reported                                          | 24,516                      | 9,334                        | 3,182            | 10,948          | 1,605               | (975)       | 48,611 |
| of which: PPA effects and other integration items <sup>1</sup>      | 891                         | 1,038                        |                  | 989             |                     | (41)        | 2,877  |
| of which: loss related to an investment in an associate             | (21)                        | (59)                         |                  |                 |                     |             | (80)   |
| Total revenues (underlying)                                         | 23,646                      | 8,355                        | 3,182            | 9,958           | 1,605               | (933)       | 45,814 |
| Credit loss expense / (release)                                     | (16)                        | 404                          | (1)              | 97              | 69                  | (2)         | 551    |
| Operating expenses as reported                                      | 20,608                      | 5,741                        | 2,663            | 8,934           | 3,512               | (220)       | 41,239 |
| of which: integration-related expenses and PPA effects <sup>2</sup> | 1,807                       | 749                          | 351              | 717             | 1,154               | (12)        | 4,766  |
| of which: items related to the Swisscard transactions <sup>3</sup>  |                             | 41                           |                  |                 |                     |             | 41     |
| Operating expenses (underlying)                                     | 18,802                      | 4,951                        | 2,312            | 8,217           | 2,359               | (208)       | 36,432 |
| Operating profit / (loss) before tax as reported                    | 3,924                       | 3,189                        | 520              | 1,917           | (1,976)             | (752)       | 6,821  |
| Operating profit / (loss) before tax (underlying)                   | 4,860                       | 3,000                        | 871              | 1,644           | (822)               | (723)       | 8,831  |

| USD m                                                               | For the year ended 31.12.23 <sup>4,5</sup> |                              |                  |                 |                     |             |                   | Total  |
|---------------------------------------------------------------------|--------------------------------------------|------------------------------|------------------|-----------------|---------------------|-------------|-------------------|--------|
|                                                                     | Global Wealth Management                   | Personal & Corporate Banking | Asset Management | Investment Bank | Non-core and Legacy | Group Items | Negative goodwill |        |
| Total revenues as reported                                          | 21,556                                     | 7,687                        | 2,686            | 8,703           | 697                 | (495)       |                   | 40,834 |
| of which: PPA effects and other integration items <sup>1</sup>      | 923                                        | 783                          |                  | 583             |                     | (9)         |                   | 2,280  |
| of which: loss related to an investment in an associate             | (190)                                      | (317)                        |                  |                 |                     |             |                   | (508)  |
| Total revenues (underlying)                                         | 20,823                                     | 7,222                        | 2,686            | 8,120           | 697                 | (486)       |                   | 39,062 |
| Negative goodwill                                                   |                                            |                              |                  |                 |                     |             | 27,264            | 27,264 |
| Credit loss expense / (release)                                     | 166                                        | 482                          | 0                | 190             | 193                 | 6           |                   | 1,037  |
| Operating expenses as reported                                      | 17,945                                     | 4,394                        | 2,353            | 8,585           | 5,091               | 438         |                   | 38,806 |
| of which: integration-related expenses and PPA effects <sup>2</sup> | 1,018                                      | 398                          | 205              | 697             | 1,775               | 451         |                   | 4,543  |
| of which: acquisition-related costs                                 |                                            |                              |                  |                 |                     | 202         |                   | 202    |
| Operating expenses (underlying)                                     | 16,927                                     | 3,996                        | 2,149            | 7,889           | 3,316               | (215)       |                   | 34,061 |
| Operating profit / (loss) before tax as reported                    | 3,445                                      | 2,811                        | 332              | (72)            | (4,587)             | (938)       | 27,264            | 28,255 |
| Operating profit / (loss) before tax (underlying)                   | 3,730                                      | 2,744                        | 537              | 42              | (2,812)             | (277)       |                   | 3,963  |

<sup>1</sup> Includes accretion of PPA adjustments on financial instruments and other PPA effects, as well as temporary and incremental items directly related to the integration. <sup>2</sup> Includes temporary, incremental operating expenses directly related to the integration, as well as amortization of newly recognized intangibles resulting from the acquisition of the Credit Suisse Group. <sup>3</sup> Represents the termination fee paid to American Express related to the expected sale in 2025 of our 50% holding in Swisscard. <sup>4</sup> Comparative-period information has been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section of this report for more information about the relevant changes. <sup>5</sup> Comparative-period information has been revised to reflect measurement period adjustments impacting negative goodwill. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information about the relevant adjustments.

## Integration-related expenses, by business division and Group Items

| USD m                                                                       | For the year ended |                       |
|-----------------------------------------------------------------------------|--------------------|-----------------------|
|                                                                             | 31.12.24           | 31.12.23 <sup>1</sup> |
| Global Wealth Management                                                    | 1,845              | 1,013                 |
| Personal & Corporate Banking                                                | 654                | 338                   |
| Asset Management                                                            | 351                | 205                   |
| Investment Bank                                                             | 717                | 697                   |
| Non-core and Legacy                                                         | 1,154              | 1,775                 |
| Group Items                                                                 | 36                 | 451                   |
| <b>Total integration-related expenses</b>                                   | <b>4,757</b>       | <b>4,478</b>          |
| of which: total revenues                                                    | 104                | 0                     |
| of which: operating expenses                                                | 4,653              | 4,478                 |
| of which: personnel expenses                                                | 2,541              | 2,192                 |
| of which: general and administrative expenses                               | 1,681              | 1,436                 |
| of which: depreciation, amortization and impairment of non-financial assets | 430                | 850                   |

<sup>1</sup> Comparative-period information has been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section of this report for more information about the relevant changes.

## Underlying results

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

In 2024, underlying revenues exclude purchase price allocation (PPA) effects and other integration items. PPA effects mainly consist of PPA adjustments on financial instruments measured at amortized cost, including off-balance sheet positions, arising from the acquisition of the Credit Suisse Group. Accretion of PPA adjustments on financial instruments is accelerated when the related financial instrument is derecognized before its contractual maturity. No adjustment is made for accretion of PPA on financial instruments within Non-core and Legacy, due to the nature of its business model. Underlying revenues also exclude losses related to an investment in an associate.

In 2024, underlying expenses exclude integration-related expenses that are temporary, incremental and directly related to the integration of Credit Suisse into UBS, including costs of internal staff and contractors substantially dedicated to integration activities, retention awards, redundancy costs, incremental expenses from the shortening of useful lives of property, equipment and software, and impairment charges relating to these assets. Classification as integration-related expenses does not affect the timing of recognition and measurement of those expenses or the presentation thereof in the income statement. Underlying operating expenses also exclude items related to the Swisscard transactions.

## Results 2024 vs 2023

In 2024, reported net profit attributable to shareholders decreased by USD 22,281m to USD 5,085m, largely due to 2023 including negative goodwill of USD 27,264m relating to the acquisition of the Credit Suisse Group. There was a net tax expense of USD 1,675m in 2024.

Operating profit before tax decreased by USD 21,434m to USD 6,821m, primarily due to 2023 including negative goodwill and higher operating expenses in 2024, partly offset by an increase in total revenues and lower net credit loss expenses. Total revenues increased by USD 7,777m, or 19%, to USD 48,611m, driven by the consolidation of Credit Suisse revenues for the full period, and included an increase of USD 597m in accretion impacts resulting from PPA adjustments on financial instruments and other PPA effects. Net fee and commission income increased by USD 4,568m, total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 2,918m and other income increased by USD 291m. Operating expenses increased by USD 2,433m, or 6%, to USD 41,239m, largely due to the consolidation of Credit Suisse expenses for the full period, and included a USD 223m increase in integration-related expenses and PPA effects. This was mainly driven by a USD 2,419m increase in personnel expenses, as well as a USD 48m increase in depreciation, amortization and impairment of non-financial assets, partly offset by a USD 32m decrease in general and administrative expenses. Net credit loss expenses were USD 551m, compared with USD 1,037m in 2023.

## Underlying results 2024 vs 2023

Underlying total revenues for 2024 excluded PPA effects and other integration items of USD 2,877m, as well as USD 80m of losses related to an investment in an associate. Underlying operating expenses excluded integration-related expenses and PPA effects of USD 4,766m, as well as a USD 41m expense related to the Swisscard transactions.

On an underlying basis, profit before tax increased by USD 4,868m to USD 8,831m, reflecting a USD 6,752m increase in underlying total revenues and a USD 486m decrease in net credit loss expenses, partly offset by a USD 2,371m increase in underlying operating expenses.

## Total revenues

### 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 2,918m to USD 21,798m, largely as a result of the consolidation of Credit Suisse revenues for the full period, and included an increase of USD 363m in accretion impacts resulting from PPA adjustments on financial instruments and other PPA effects.

Global Wealth Management revenues increased by USD 547m to USD 9,031m, largely as a result of the consolidation of Credit Suisse revenues for the full period, and included a USD 37m increase in accretion of PPA adjustments on financial instruments and other PPA effects. Excluding the aforementioned effects, net interest income decreased, reflecting lower deposit and loan revenues and higher liquidity and funding costs, and transaction-based income increased, mainly driven by higher levels of client activity, particularly in the Asia Pacific and Americas regions.

Personal & Corporate Banking revenues increased by USD 940m to USD 6,479m, largely as a result of the consolidation of Credit Suisse revenues for the full period, and included a USD 266m increase in accretion of PPA adjustments on financial instruments and other PPA effects. Excluding the aforementioned effects, net interest income decreased, mainly due to lower deposit revenues, including the effect from shifts to lower-margin deposit products, and higher liquidity and funding costs.

Revenues in the Investment Bank increased by USD 1,109m to USD 6,164m, and included a USD 71m increase of accretion of PPA adjustments on financial instruments and other PPA effects. The overall increase was mainly attributable to the Derivatives & Solutions business, mostly driven by growth in Equity Derivatives and Foreign Exchange revenues. In addition, Financing revenues increased, particularly in the Capital Markets Financing business. There was also an increase in Global Banking, mainly from higher revenues across Public Capital Markets, primarily driven by Leveraged Capital Markets.

Non-core and Legacy revenues increased by USD 842m to USD 1,163m, mainly due to the consolidation of Credit Suisse revenues for the full period. Revenues included net gains from position exits, along with net interest income from securitized products and credit products. Total revenues also included a net gain of USD 272m, after accounting for the PPA adjustments recorded at the closing of the acquisition of the Credit Suisse Group, from the sale of assets from the former Credit Suisse securitized products group to Apollo Management Holdings and certain other entities.

Group Items revenues were negative USD 1,054m, compared with negative USD 513m in 2023. This included the income from Group hedging and own debt, including hedge accounting ineffectiveness, within Group Treasury. Revenues in 2024 were driven by mark-to-market effects on portfolio-level economic hedges, mainly due to cross-currency-basis widening.

- › Refer to “Note 4 Net interest income and other net income from financial instruments measured at fair value through profit or loss” in the “Consolidated financial statements” section of this report for more information

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

| USD m                                                                                                                       | For the year ended |                       |               | % change from |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------|---------------|---------------|
|                                                                                                                             | 31.12.24           | 31.12.23 <sup>1</sup> | 31.12.22      | 31.12.23      |
| Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income | 47                 | 3,527                 | 5,218         | (99)          |
| Net interest income from financial instruments measured at fair value through profit or loss and other                      | 7,061              | 3,770                 | 1,403         | 87            |
| Other net income from financial instruments measured at fair value through profit or loss                                   | 14,690             | 11,583                | 7,517         | 27            |
| <b>Total</b>                                                                                                                | <b>21,798</b>      | <b>18,880</b>         | <b>14,137</b> | <b>15</b>     |
| Global Wealth Management                                                                                                    | 9,031              | 8,484                 | 6,355         | 6             |
| <i>of which: net interest income</i>                                                                                        | <i>7,358</i>       | <i>7,082</i>          | <i>5,273</i>  | <i>4</i>      |
| <i>of which: transaction-based income from foreign exchange and other intermediary activity<sup>2</sup></i>                 | <i>1,673</i>       | <i>1,402</i>          | <i>1,082</i>  | <i>19</i>     |
| Personal & Corporate Banking                                                                                                | 6,479              | 5,539                 | 2,685         | 17            |
| <i>of which: net interest income</i>                                                                                        | <i>5,650</i>       | <i>4,878</i>          | <i>2,191</i>  | <i>16</i>     |
| <i>of which: transaction-based income from foreign exchange and other intermediary activity<sup>2</sup></i>                 | <i>829</i>         | <i>661</i>            | <i>494</i>    | <i>25</i>     |
| Asset Management                                                                                                            | 16                 | (5)                   | (23)          |               |
| Investment Bank                                                                                                             | 6,164              | 5,055                 | 5,769         | 22            |
| Non-core and Legacy                                                                                                         | 1,163              | 321                   | 118           | 262           |
| Group Items                                                                                                                 | (1,054)            | (513)                 | (767)         | 105           |

<sup>1</sup> Comparative-period information has been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. Refer to “Note 3 Segment reporting” in the “Consolidated financial statements” section of this report for more information about the relevant changes. <sup>2</sup> 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 of Global Wealth Management and Personal & Corporate Banking in the “Global Wealth Management” and “Personal & Corporate Banking” sections of this report, respectively.

#### Net fee and commission income

Net fee and commission income increased by USD 4,568m to USD 26,138m, largely as a result of the consolidation of Credit Suisse revenues for the full period, and included an increase of USD 257m in accretion of PPA adjustments on financial instruments and other PPA effects, predominantly in the Investment Bank.

Fees for portfolio management and related services increased by USD 1,650m to USD 12,323m and investment fund fees increased by USD 930m to USD 5,767m, predominantly in Global Wealth Management and Asset Management, respectively, both largely as a result of the consolidation of Credit Suisse revenues for the full period. Global Wealth Management also benefited from positive market performance. The increase in Asset Management was also due to positive market performance and foreign currency effects, as well as the revaluation of a real estate fund co-investment, partly offset by effects of continued margin compression and the impact of exits from non-strategic businesses.

Net brokerage fees increased by USD 1,009m to USD 4,224m, reflecting an increase across all regions in Cash Equities in Execution Services in the Investment Bank, as well as an increase in Global Wealth Management that was due to higher levels of client activity, particularly in the Asia Pacific and Americas regions.

Underwriting fee income increased by USD 218m to USD 786m, mainly due to an increase in debt underwriting revenues from public offerings in Global Banking in the Investment Bank, reflecting higher levels of client activity.

- › Refer to “Note 5 Net fee and commission income” in the “Consolidated financial statements” section of this report for more information

#### Other income

Other income was USD 675m compared with USD 384m in 2023, mainly due to a USD 492m increase in the share of net profits from associates and joint ventures. In addition, there was a USD 135m gain related to the sale of our investment in an associate, with half of the gain being recognized within the Investment Bank and the other half in Non-core and Legacy, and USD 113m net gains in Asset Management from the sale of non-strategic businesses. These increases were partly offset by a USD 139m reduction in gains recognized on repurchases of UBS’s own debt instruments. 2024 also included losses of USD 75m relating to insurance and similar contracts, compared with gains of USD 41m in 2023. The insurance and similar contracts are hedged with derivative instruments, with offsetting gains and losses in the income statement within *Other net income from financial instruments measured at fair value through profit or loss*.

- › Refer to “Note 6 Other income” in the “Consolidated financial statements” section of this report for more information
- › Refer to “Note 29 Changes in organization and acquisitions and disposals of subsidiaries and businesses” in the “Consolidated financial statements” section of this report for more information about disposals of subsidiaries and businesses

## Credit loss expense / release

Total net credit loss expenses in 2024 were USD 551m, reflecting net releases of USD 99m related to performing positions and net expenses of USD 651m on credit-impaired positions. Net credit loss expenses were USD 1,037m in 2023.

- › Refer to “**Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement**” and “**Note 20 Expected credit loss measurement**” in the “**Consolidated financial statements**” section of this report for more information about credit loss expenses / releases
- › Refer to the “**Risk factors**” section of this report for more information

### Credit loss expense / (release)

|                              | Performing positions |         | Credit-impaired positions |  |       |
|------------------------------|----------------------|---------|---------------------------|--|-------|
| USD m                        | Stages 1 and 2       | Stage 3 | Purchased                 |  | Total |
| For the year ended 31.12.24  |                      |         |                           |  |       |
| Global Wealth Management     | (60)                 | 41      | 3                         |  | (16)  |
| Personal & Corporate Banking | (63)                 | 487     | (21)                      |  | 404   |
| Asset Management             | (1)                  | 0       | 0                         |  | (1)   |
| Investment Bank              | 56                   | 42      | 0                         |  | 97    |
| Non-core and Legacy          | (30)                 | 42      | 57                        |  | 69    |
| Group Items                  | (2)                  | 0       | 0                         |  | (2)   |
| Total                        | (99)                 | 612     | 39                        |  | 551   |
| For the year ended 31.12.23  |                      |         |                           |  |       |
| Global Wealth Management     | 127                  | 27      | 13                        |  | 166   |
| Personal & Corporate Banking | 271                  | 183     | 27                        |  | 482   |
| Asset Management             | 1                    | (1)     | 0                         |  | 0     |
| Investment Bank              | 110                  | 78      | 2                         |  | 190   |
| Non-core and Legacy          | 78                   | 91      | 25                        |  | 193   |
| Group Items                  | 5                    | 0       | 0                         |  | 6     |
| Total                        | 593                  | 378     | 67                        |  | 1,037 |
| For the year ended 31.12.22  |                      |         |                           |  |       |
| Global Wealth Management     | (5)                  | 5       |                           |  | 0     |
| Personal & Corporate Banking | 27                   | 12      |                           |  | 39    |
| Asset Management             | 0                    | 0       |                           |  | 0     |
| Investment Bank              | 6                    | (18)    |                           |  | (12)  |
| Non-core and Legacy          | 0                    | 2       |                           |  | 2     |
| Group Items                  | 1                    | 0       |                           |  | 1     |
| Total                        | 29                   | 0       |                           |  | 29    |

## Operating expenses

### Personnel expenses

Personnel expenses increased by USD 2,419m to USD 27,318m, largely due to the consolidation of Credit Suisse expenses for the full period, partly offset by the impact of a smaller workforce. Salaries and variable compensation increased by USD 2,205m, including a USD 744m increase in financial advisor compensation as a result of higher compensable revenues. Personnel expenses included a USD 349m increase in integration-related expenses largely related to higher salaries, partly offset by lower costs related to post-employment benefit plans and variable compensation.

- › Refer to the “**Compensation**” section of this report for more information
- › Refer to “**Note 7 Personnel expenses**”, “**Note 26 Post-employment benefit plans**” and “**Note 27 Employee benefits: variable compensation**” in the “**Consolidated financial statements**” section of this report for more information

### General and administrative expenses

General and administrative expenses decreased by USD 32m to USD 10,124m, primarily due to a USD 937m decrease in expenses for litigation, regulatory and similar matters, mainly reflecting USD 665m higher expenses in 2023 related to the US residential mortgage-backed securities litigation matter, as well as a USD 300m release in 2024 of IFRS 3 acquisition-related contingent liabilities following settlements. These decreases were largely offset by a USD 505m increase in technology costs, mainly reflecting higher cloud computing usage and the consolidation of Credit Suisse expenses for the full period, as well as a USD 245m increase in integration-related expenses, mainly driven by increases in outsourcing and marketing costs.

- › Refer to “**Note 8 General and administrative expenses**” and “**Note 18 Provisions and contingent liabilities**” in the “**Consolidated financial statements**” section of this report for more information

## Depreciation, amortization and impairment of non-financial assets

Depreciation, amortization and impairment of non-financial assets increased by USD 48m to USD 3,798m, mainly due to an increase in underlying expenses of USD 468m reflecting higher amortization of internally generated capitalized software, as a result of the consolidation of Credit Suisse expenses for the full period and a higher cost basis of software assets. These expenses were partly offset by a USD 420m decrease in integration-related expenses, primarily due to a USD 206m impairment of a software project in progress in 2023, resulting from a reprioritization of software development activity, as well as a USD 171m decrease associated with real estate leases, reflecting higher levels of impairment and accelerated depreciation in 2023.

### Operating expenses

| USD m                                                                 | For the year ended |               |               | % change from |
|-----------------------------------------------------------------------|--------------------|---------------|---------------|---------------|
|                                                                       | 31.12.24           | 31.12.23      | 31.12.22      | 31.12.23      |
| Personnel expenses                                                    | 27,318             | 24,899        | 17,680        | 10            |
| of which: salaries                                                    | 12,178             | 10,997        | 7,045         | 11            |
| of which: variable compensation                                       | 10,870             | 9,845         | 7,954         | 10            |
| of which: performance awards                                          | 4,456              | 3,986         | 3,205         | 12            |
| of which: financial advisors <sup>1</sup>                             | 5,293              | 4,549         | 4,508         | 16            |
| of which: other                                                       | 1,121              | 1,310         | 241           | (14)          |
| of which: other personnel expenses <sup>2</sup>                       | 4,270              | 4,058         | 2,681         | 5             |
| General and administrative expenses                                   | 10,124             | 10,156        | 5,189         | 0             |
| of which: net expenses for litigation, regulatory and similar matters | (128)              | 809           | 348           |               |
| Depreciation, amortization and impairment of non-financial assets     | 3,798              | 3,750         | 2,061         | 1             |
| <b>Total operating expenses</b>                                       | <b>41,239</b>      | <b>38,806</b> | <b>24,930</b> | <b>6</b>      |

<sup>1</sup> Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. <sup>2</sup> Consists of expenses related to contractors, social security, post-employment benefit plans, and other personnel expenses. Refer to "Note 7 Personnel expenses" in the "Consolidated financial statements" section of this report for more information.

## Tax

Income tax expenses of USD 1,675m were recognized for the Group in 2024, representing an effective tax rate of 24.6%, compared with USD 873m for 2023, which represented an effective tax rate of 3.1%. The income tax expenses for 2024 included a net Swiss tax expense of USD 968m and a net non-Swiss tax expense of USD 707m.

The net Swiss tax expense included current tax expenses of USD 672m in respect of taxable profits of UBS Switzerland AG and other Swiss entities and deferred tax expenses of USD 361m that primarily related to the amortization of deferred tax assets (DTAs) previously recognized in relation to deductible temporary differences, partly offset by a benefit of USD 65m in respect of a net upward revaluation of DTAs.

The net non-Swiss tax expense included current tax expenses of USD 831m that mainly related to US corporate alternative minimum tax with an equivalent deferred tax benefit for DTAs recognized in respect of tax credits carried forward and USD 667m in respect of other taxable profits of non-Swiss subsidiaries and branches. These current tax expenses were partly offset by a net non-Swiss deferred tax benefit, which reflected benefits of USD 831m related to the aforementioned deferred tax benefit and USD 417m in respect of a net upward revaluation of DTAs, partly offset by an expense of USD 457m that primarily related to the amortization of DTAs previously recognized in relation to tax losses carried forward and deductible temporary differences.

The Group's effective tax rate for the year would have been 31.6% without the aforementioned deferred tax benefits from DTA revaluations. This is higher than the Group's structural rate of 23% mainly because its net profit includes operating losses of certain entities, mostly reflecting expenses related to the integration of the legacy operations of Credit Suisse into the UBS Group, which include restructuring costs and other expenses resulting from the ongoing integration activities that did not result in any tax benefits, because they cannot be offset with profits of other entities in the Group, and did not result in any DTA recognition. We expect that the 2025 full year effective tax rate for the UBS Group will be materially less than the structural rate of 23% due to projected reorganization-related tax benefits.

- › Refer to "Note 9 Income taxes" in the "Consolidated financial statements" section of this report for more information
- › Refer to the "Risk factors" section of this report for more information

## Total comprehensive income attributable to shareholders

In 2024, total comprehensive income attributable to shareholders was USD 3,388m, reflecting net profit of USD 5,085m and negative other comprehensive income (OCI), net of tax, of USD 1,698m.

Foreign currency translation OCI was negative USD 1,754m, mainly due to the strengthening of the US dollar against the Swiss franc and the euro.

Defined benefit plan OCI, net of tax, was negative USD 261m. Total pre-tax OCI related to the Swiss pension plans was negative USD 184m, reflecting losses of USD 4,017m from a remeasurement of the defined benefit obligation (DBO), largely offset by an increase in the plan assets of USD 2,596m and a decrease in the effect of the asset ceiling under IFRS Accounting Standards of USD 1,237m. The DBO remeasurement loss of USD 4,017m was mainly driven by losses due to changes in financial assumptions of USD 2,723m and an experience loss of USD 1,269m, reflecting the effects of differences between the previous actuarial assumptions and what actually occurred.



Total pre-tax OCI related to our non-Swiss pension plans was negative USD 123m, mostly driven by the Credit Suisse UK plan following a buy-in insurance transaction to mitigate inherent risks.

OCI related to cost of hedging was negative USD 146m, mainly driven by a widening of the US dollar / euro cross-currency basis that decreased the fair value of the cross-currency swaps.

OCI related to cash flow hedges was USD 481m, mainly reflecting net losses on hedging instruments that were reclassified from OCI to the income statement, partly offset by net unrealized losses on US dollar hedging derivatives resulting from increases in the relevant US dollar long-term interest rates.

- › Refer to “Statement of comprehensive income” in the “Consolidated financial statements” section of this report for more information
- › Refer to “Note 25 Hedge accounting” in the “Consolidated financial statements” section of this report for more information about cash flow hedges of forecast transactions
- › Refer to “Note 26 Post-employment benefit plans” in the “Consolidated financial statements” section of this report for more information about OCI related to defined benefit plans

## Sensitivity to interest rate movements

As of 31 December 2024, it is estimated that a parallel shift in yield curves by +100 basis points could lead to a combined increase in annual net interest income from our banking book of approximately USD 1.2bn in the first year after such a shift. Of this increase, approximately USD 0.7bn, USD 0.3bn and USD 0.1bn would result from changes in Swiss franc, US dollar and euro interest rates, respectively.

A parallel shift in yield curves by –100 basis points could lead to a combined increase in annual net interest income of approximately USD 0.6bn. Of this increase, approximately USD 1.1bn would result from changes in Swiss franc interest rates, driven by both contractual and assumed flooring benefits under negative interest rates. US dollar and euro interest rates would lead to an offsetting decrease of USD 0.4bn and USD 0.1bn, respectively.

These estimates are based on a hypothetical scenario of an immediate change in interest rates, equal across all currencies and relative to implied forward rates as of 31 December 2024 applied to our banking book. These estimates further assume no change to balance sheet size and product mix, stable foreign exchange rates, and no specific management action. These estimates do not represent net interest income forecasts.

## Seasonal characteristics

Our revenues may show seasonal patterns, notably in the Investment Bank and transaction-based revenues for Global Wealth Management, and typically reflect the highest client activity levels in the first quarter, with lower levels throughout the rest of the year, especially during the summer months and the end-of-year holiday season.

## Key figures

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, liquidity and funding, and balance sheet” section of this report.

### Cost / income ratio

The cost / income ratio was 84.8%, compared with 95.0%, and on an underlying basis the cost / income ratio was 79.5%, compared with 87.2%. Both of these decreases were as a result of higher total revenues, partly offset by higher operating expenses.

### Return on common equity tier 1 capital

The return on common equity tier 1 (CET1) capital was 6.7%, compared with 41.8%, reflecting a USD 22,281m decrease in net profit attributable to shareholders, predominantly due to the recognition of negative goodwill in 2023, as well as a USD 10.2bn increase in average CET1 capital. On an underlying basis, the return on CET1 capital was 8.7%, compared with 4.2%. This increase was as a result of an increase in net profit attributable to shareholders, partly offset by an increase in average CET1 capital.

### CET1 capital

CET1 capital decreased by USD 6.6bn to USD 71.4bn as of 31 December 2024, mainly as operating profit before tax of USD 6.8bn was more than offset by regular and voluntary amortization of the remaining transitional CET1 capital PPA adjustments of USD 4.3bn (net of tax), dividend accruals of USD 2.8bn, current tax expenses of USD 2.2bn, foreign currency translation losses of USD 1.8bn, a negative effect from compensation- and own-share-related capital components of USD 1.4bn, and share repurchases of USD 1.0bn under our 2024 share repurchase program.



### Risk-weighted assets

During 2024, RWA decreased by USD 48.0bn to USD 498.5bn, driven by a USD 32.9bn decrease resulting from asset size and other movements, a USD 14.6bn decrease from currency effects, and a decrease of USD 0.4bn resulting from model updates and methodology changes.

### CET1 capital ratio

Our CET1 capital ratio remained broadly unchanged at 14.3%, as a USD 48.0bn decrease in RWA was offset by the aforementioned decrease in CET1 capital.

### Leverage ratio denominator

During 2024, the leverage ratio denominator (LRD) decreased by USD 175.9bn to USD 1,519.5bn, mainly due to asset size and other movements of USD 102.3bn, as well as currency effects of USD 73.6bn.

### CET1 leverage ratio

Our CET1 leverage ratio increased to 4.7% from 4.6%, due to the USD 175.9bn decrease in the LRD, partly offset by the aforementioned decrease in CET1 capital.

### Personnel

The number of internal and external personnel employed was approximately 128,983 (workforce count) as of 31 December 2024, a net decrease of 9,479 compared with 31 December 2023. The number of internal personnel employed as of 31 December 2024 was 108,648 (full-time equivalents), a net decrease of 4,194 compared with 31 December 2023. The number of external staff was approximately 20,335 (workforce count), a net decrease of 5,284 compared with 31 December 2023.

### Equity, CET1 capital and returns

| USD m, except where indicated                | As of or for the year ended |                       |          |
|----------------------------------------------|-----------------------------|-----------------------|----------|
|                                              | 31.12.24                    | 31.12.23 <sup>1</sup> | 31.12.22 |
| <b>Net profit</b>                            |                             |                       |          |
| Net profit attributable to shareholders      | 5,085                       | 27,366                | 7,630    |
| <b>Equity</b>                                |                             |                       |          |
| Equity attributable to shareholders          | 85,079                      | 85,624                | 56,876   |
| less: goodwill and intangible assets         | 6,887                       | 7,515                 | 6,267    |
| Tangible equity attributable to shareholders | 78,192                      | 78,109                | 50,609   |
| less: other CET1 deductions                  | 6,825                       | 107                   | 5,152    |
| CET1 capital                                 | 71,367                      | 78,002                | 45,457   |
| <b>Return on equity</b>                      |                             |                       |          |
| Return on equity (%)                         | 6.0                         | 36.9                  | 13.3     |
| Return on tangible equity (%)                | 6.5                         | 40.8                  | 14.9     |
| Underlying return on tangible equity (%)     | 8.5                         | 4.1                   | 12.8     |
| Return on CET1 capital (%)                   | 6.7                         | 41.8                  | 17.0     |
| Underlying return on CET1 capital (%)        | 8.7                         | 4.2                   | 14.6     |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information about the relevant adjustments.

# Global Wealth Management

## Global Wealth Management<sup>1</sup>

|                                                               | As of or for the year ended |                       | % change from |
|---------------------------------------------------------------|-----------------------------|-----------------------|---------------|
| USD m, except where indicated                                 | 31.12.24                    | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Results</b>                                                |                             |                       |               |
| Net interest income                                           | 7,358                       | 7,082                 | 4             |
| Recurring net fee income <sup>3</sup>                         | 12,625                      | 10,988                | 15            |
| Transaction-based income <sup>3</sup>                         | 4,503                       | 3,623                 | 24            |
| Other income                                                  | 31                          | (137)                 |               |
| <b>Total revenues</b>                                         | <b>24,516</b>               | <b>21,556</b>         | <b>14</b>     |
| Credit loss expense / (release)                               | (16)                        | 166                   |               |
| <b>Operating expenses</b>                                     | <b>20,608</b>               | <b>17,945</b>         | <b>15</b>     |
| <b>Business division operating profit / (loss) before tax</b> | <b>3,924</b>                | <b>3,445</b>          | <b>14</b>     |

## Underlying results

|                                                                                          |               |               |           |
|------------------------------------------------------------------------------------------|---------------|---------------|-----------|
| <b>Total revenues as reported</b>                                                        | <b>24,516</b> | <b>21,556</b> | <b>14</b> |
| of which: PPA effects and other integration items <sup>4</sup>                           | 891           | 923           | (3)       |
| of which: PPA effects recognized in net interest income                                  | 910           | 873           | 4         |
| of which: PPA effects and other integration items recognized in transaction-based income | (19)          | 49            |           |
| of which: loss related to an investment in an associate                                  | (21)          | (190)         | (89)      |
| <b>Total revenues (underlying)<sup>3</sup></b>                                           | <b>23,646</b> | <b>20,823</b> | <b>14</b> |
| Credit loss expense / (release)                                                          | (16)          | 166           |           |
| <b>Operating expenses as reported</b>                                                    | <b>20,608</b> | <b>17,945</b> | <b>15</b> |
| of which: integration-related expenses and PPA effects <sup>3,5</sup>                    | 1,807         | 1,018         | 77        |
| <b>Operating expenses (underlying)<sup>3</sup></b>                                       | <b>18,802</b> | <b>16,927</b> | <b>11</b> |
| of which: expenses for litigation, regulatory and similar matters                        | 147           | 122           | 20        |
| <b>Business division operating profit / (loss) before tax as reported</b>                | <b>3,924</b>  | <b>3,445</b>  | <b>14</b> |
| <b>Business division operating profit / (loss) before tax (underlying)<sup>3</sup></b>   | <b>4,860</b>  | <b>3,730</b>  | <b>30</b> |

## Performance measures and other information

|                                                                                           |       |        |     |
|-------------------------------------------------------------------------------------------|-------|--------|-----|
| Pre-tax profit growth (year-on-year, %) <sup>3</sup>                                      | 13.9  | (30.8) |     |
| Cost / income ratio (%) <sup>3</sup>                                                      | 84.1  | 83.2   |     |
| Average attributed equity (USD bn) <sup>6</sup>                                           | 33.3  | 29.3   | 14  |
| Return on attributed equity (%) <sup>3,6</sup>                                            | 11.8  | 11.8   |     |
| Financial advisor compensation <sup>7</sup>                                               | 5,292 | 4,548  | 16  |
| Net new fee-generating assets (USD bn) <sup>3</sup>                                       | 61.7  |        |     |
| Fee-generating assets (USD bn) <sup>3</sup>                                               | 1,816 | 1,661  | 9   |
| Net new money (USD bn) <sup>3</sup>                                                       | 5.5   | 61.2   |     |
| Net new assets (USD bn) <sup>3</sup>                                                      | 96.7  | 128.3  |     |
| Invested assets (USD bn) <sup>3</sup>                                                     | 4,182 | 3,922  | 7   |
| Loans, gross (USD bn) <sup>8</sup>                                                        | 300.5 | 322.1  | (7) |
| Customer deposits (USD bn) <sup>8</sup>                                                   | 470.1 | 485.0  | (3) |
| Impaired loan portfolio as a percentage of total loan portfolio, gross (%) <sup>3,9</sup> | 0.4   | 0.5    |     |
| Advisors (full-time equivalents)                                                          | 9,803 | 10,469 | (6) |

## Underlying performance measures

|                                                      |      |        |  |
|------------------------------------------------------|------|--------|--|
| Pre-tax profit growth (year-on-year, %) <sup>3</sup> | 30.3 | (21.6) |  |
| Cost / income ratio (%) <sup>3</sup>                 | 79.5 | 81.3   |  |
| Return on attributed equity (%) <sup>3,6</sup>       | 14.6 | 12.7   |  |

1 Comparatives may differ due to 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 Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations, as well as changes in the equity attribution framework. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section and "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. 3 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 4 Includes accretion of PPA adjustments on financial instruments and other PPA effects, as well as temporary and incremental items directly related to the integration. 5 Includes temporary, incremental operating expenses directly related to the integration, as well as amortization of newly recognized intangibles resulting from the acquisition of the Credit Suisse Group. 6 Refer to "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about the equity attribution framework. 7 Relates to licensed professionals with the ability to provide investment advice to clients in the Americas. Consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. 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 1,683m as of 31 December 2024. 8 Loans and Customer deposits in this table include customer brokerage receivables and payables, respectively, which are presented in separate reporting lines on the balance sheet. 9 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures. Excludes loans to financial advisors.

## 2024 compared with 2023

### Results

Profit before tax increased by USD 479m, or 14%, to USD 3,924m, mainly due to the acquisition of the Credit Suisse Group and also due to higher total revenues, partly offset by higher operating expenses. Underlying profit before tax was USD 4,860m, an increase of 30%, after excluding from operating expenses USD 1,807m of integration-related expenses and purchase price allocation (PPA) effects, and also excluding from total revenues USD 891m of PPA effects and other integration items and a loss of USD 21m related to an investment in an associate.

#### Total revenues

Total revenues increased by USD 2,960m, or 14%, to USD 24,516m, largely driven by the consolidation of Credit Suisse revenues for the full period, as well as higher recurring net fee income and transaction-based income. Total revenues included a USD 32m decrease in PPA effects and other integration items. It also included a loss of USD 21m related to an investment in an associate. Excluding PPA effects and other integration items of USD 891m and the aforementioned loss, underlying total revenues were USD 23,646m, an increase of 14%.

Net interest income increased by USD 276m, or 4%, to USD 7,358m, largely attributable to the consolidation of Credit Suisse net interest income for the full period, and included a USD 37m increase in accretion of PPA adjustments on financial instruments and other PPA effects. The remaining variance was largely driven by lower deposit revenues, mainly as a result of lower margins, and included the effects of shifts to lower-margin deposit products. The change was also due to higher liquidity and funding costs, as well as lower loan revenues, reflecting lower average volumes. Excluding accretion and other effects of USD 910m, underlying net interest income was USD 6,448m, an increase of 4%.

Recurring net fee income increased by USD 1,637m, or 15%, to USD 12,625m, mainly driven by positive market performance and the consolidation of Credit Suisse recurring net fee income for the full period.

Transaction-based income increased by USD 880m, or 24%, to USD 4,503m, mainly driven by higher levels of client activity, particularly in the Asia Pacific and Americas regions, and the consolidation of Credit Suisse transaction-based income for the full period. Transaction-based income included USD 29m of accretion of PPA adjustments on financial instruments and other PPA effects, compared with USD 49m in 2023. 2024 also included negative USD 48m of temporary and incremental items directly related to the integration of Credit Suisse. Excluding negative USD 19m resulting from the aforementioned accretion and other effects and temporary and incremental items, underlying transaction-based income was USD 4,521m, an increase of 27%.

Other income was positive USD 31m, compared with negative USD 137m. Other income in 2024 included a loss of USD 21m related to an investment in an associate, compared with a loss of USD 190m related to an investment in an associate recognized in 2023. Excluding the aforementioned loss, underlying other income was positive USD 52m.

#### Credit loss expense / release

Net credit loss releases were USD 16m, compared with net credit loss expenses of USD 166m in 2023. Prior-year net credit loss expenses were largely driven by the initial recognition of expected credit loss allowances and provisions with respect to Credit-Suisse-related positions.

#### Operating expenses

Operating expenses increased by USD 2,663m, or 15%, to USD 20,608m, and included a USD 785m increase in integration-related expenses. The remaining variance was due to the consolidation of Credit Suisse expenses for the full period and higher personnel expenses, primarily reflecting an increase in financial advisor compensation as a result of higher compensable revenues. This was offset by 2023 including a charge of USD 60m for the special assessment by the US Federal Deposit Insurance Corporation (the FDIC). Excluding integration-related expenses and PPA effects of USD 1,807m, underlying operating expenses were USD 18,802m, an increase of 11%.

#### Cost / income ratio

The cost / income ratio increased to 84.1% from 83.2%, as the relative increase in operating expenses was higher than the relative increase in total revenues. The underlying cost / income ratio decreased to 79.5% from 81.3%, as an increase in underlying total revenues more than offset an increase in underlying operating expenses.

#### Invested assets

Invested assets increased by USD 260bn to USD 4,182bn, mainly driven by positive market performance of USD 291.9bn and net new asset inflows of USD 96.7bn, partly offset by negative foreign currency effects of USD 77.0bn and by the reclassification of USD 49.0bn of certain Credit Suisse client assets from invested assets to custody-only assets.

## Loans

Loans decreased by USD 21.6bn to USD 300.5bn, driven by negative net new loans of USD 11.8bn and negative foreign currency effects.

➤ Refer to the “Risk management and control” section of this report for more information

## Customer deposits

Customer deposits decreased by USD 14.9bn to USD 470.1bn, mainly driven by negative foreign currency effects, partly offset by net new deposit inflows of USD 0.9bn.

### Regional breakdown of performance measures

As of or for the year ended 31.12.24  
USD bn, except where indicated

|                                                                        | Americas <sup>1</sup> | Asia Pacific | EMEA  | Switzerland | Global <sup>2</sup> | Global Wealth Management |
|------------------------------------------------------------------------|-----------------------|--------------|-------|-------------|---------------------|--------------------------|
| Total revenues (USD m)                                                 | 11,263                | 3,612        | 4,677 | 4,083       | 882                 | 24,516                   |
| Operating profit / (loss) before tax (USD m)                           | 1,044                 | 1,182        | 1,234 | 1,442       | (978)               | 3,924                    |
| Operating profit / (loss) before tax (underlying) (USD m) <sup>3</sup> | 1,044                 | 1,182        | 1,234 | 1,442       | (41)                | 4,860                    |
| Cost / income ratio (%) <sup>3</sup>                                   | 90.5                  | 67.5         | 74.0  | 65.2        |                     | 84.1                     |
| Cost / income ratio (underlying) (%) <sup>3</sup>                      | 90.5                  | 67.5         | 74.0  | 65.2        |                     | 79.5                     |
| Loans, gross                                                           | 97.6 <sup>4</sup>     | 41.5         | 57.4  | 102.9       | 1.0                 | 300.5                    |
| Net new loans                                                          | 0.4                   | (2.5)        | (4.6) | (4.9)       | (0.2)               | (11.8)                   |
| Net new fee-generating assets <sup>3</sup>                             | 50.7                  | 12.0         | (2.7) | 2.2         | (0.4)               | 61.7                     |
| Fee-generating assets <sup>3</sup>                                     | 1,062                 | 172          | 364   | 217         | 1                   | 1,816                    |
| Net new money <sup>3</sup>                                             | (6.6)                 | 2.9          | (9.6) | 21.0        | (2.2)               | 5.5                      |
| Net new assets <sup>3</sup>                                            | 41.7                  | 20.7         | 3.0   | 33.5        | (2.1)               | 96.7                     |
| Net new assets growth rate (%) <sup>3</sup>                            | 2.2                   | 3.2          | 0.5   | 4.6         |                     | 2.5                      |
| Invested assets <sup>3</sup>                                           | 2,109                 | 665          | 655   | 749         | 5                   | 4,182                    |
| Advisors (full-time equivalents)                                       | 5,968                 | 924          | 1,520 | 1,311       | 79                  | 9,803                    |

<sup>1</sup> Including the following business units: United States and Canada; and Latin America. <sup>2</sup> Includes minor functions, which are not included in the four regions individually presented in this table, and also includes impacts from accretion of PPA adjustments on financial instruments and other PPA effects and integration-related expenses. <sup>3</sup> Refer to “Alternative performance measures” in the appendix to this report for the definition and calculation method. <sup>4</sup> Loans include customer brokerage receivables, which are presented in a separate reporting line on the balance sheet.

## Regional comments: 2024 compared with 2023

### Americas

Profit before tax increased by USD 12m to USD 1,044m and included an increase in provisions for litigation, regulatory and similar matters. In addition, 2023 included the aforementioned charge of USD 60m for the special assessment by the FDIC. Total revenues increased by USD 892m, or 9%, to USD 11,263m, mainly driven by higher recurring net fee income, higher transaction-based income and the consolidation of Credit Suisse revenues for the full period, partly offset by lower net interest income. The cost / income ratio increased to 90.5% from 89.9%. Loans were broadly stable compared with 2023, at USD 97.6bn. Net new asset inflows were USD 41.7bn.

### Asia Pacific

Profit before tax increased by USD 591m to USD 1,182m. Total revenues increased by USD 659m, or 22%, to USD 3,612m, mainly driven by the consolidation of Credit Suisse revenues for the full period. The remaining variance was due to increases in transaction-based income and recurring net fee income, offset by lower net interest income. The cost / income ratio decreased to 67.5% from 79.5%. Loans decreased 10% compared with 2023, to USD 41.5bn, mainly driven by negative net new loans and negative foreign currency effects. Net new asset inflows were USD 20.7bn.

### EMEA

Profit before tax increased by USD 157m to USD 1,234m. Total revenues increased by USD 337m, or 8%, to USD 4,677m, mainly driven by the consolidation of Credit Suisse revenues for the full period. The remaining variance was due to lower net interest income and lower recurring net fee income. The cost / income ratio decreased to 74.0% from 74.8%. Loans decreased 8% compared with 2023, to USD 57.4bn, mainly driven by USD 4.6bn of negative net new loans. Net new asset inflows were USD 3.0bn.

### Switzerland

Profit before tax increased by USD 329m to USD 1,442m. Total revenues increased by USD 944m, or 30%, to USD 4,083m, mostly driven by the consolidation of Credit Suisse revenues for the full period. The remaining variance was due to higher recurring net fee income and higher transaction-based income. The cost / income ratio increased to 65.2% from 63.9%. Loans decreased 11% compared with 2023, to USD 102.9bn, mainly reflecting negative foreign currency effects and USD 4.9bn of negative net new loans. Net new asset inflows were USD 33.5bn.

### Global

Operating loss before tax was USD 978m, mainly including USD 1,807m of the aforementioned integration-related expenses and PPA effects in operating expenses, partly offset by the aforementioned USD 891m related to PPA effects and other integration items and a loss of USD 21m related to an investment in an associate in total revenues.

# Personal & Corporate Banking

## Personal & Corporate Banking – in Swiss francs<sup>1</sup>

|                                                                                           | As of or for the year ended |                       | % change from |
|-------------------------------------------------------------------------------------------|-----------------------------|-----------------------|---------------|
| CHF m, except where indicated                                                             | 31.12.24                    | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Results</b>                                                                            |                             |                       |               |
| Net interest income                                                                       | 4,987                       | 4,350                 | 15            |
| Recurring net fee income <sup>3</sup>                                                     | 1,425                       | 1,137                 | 25            |
| Transaction-based income <sup>3</sup>                                                     | 1,821                       | 1,591                 | 14            |
| Other income                                                                              | 7                           | (198)                 |               |
| <b>Total revenues</b>                                                                     | <b>8,241</b>                | <b>6,880</b>          | <b>20</b>     |
| Credit loss expense / (release)                                                           | 357                         | 433                   | (18)          |
| Operating expenses                                                                        | 5,070                       | 3,919                 | 29            |
| <b>Business division operating profit / (loss) before tax</b>                             | <b>2,814</b>                | <b>2,528</b>          | <b>11</b>     |
| <b>Underlying results</b>                                                                 |                             |                       |               |
| <b>Total revenues as reported</b>                                                         | <b>8,241</b>                | <b>6,880</b>          | <b>20</b>     |
| of which: PPA effects and other integration items <sup>4</sup>                            | 915                         | 692                   | 32            |
| of which: PPA effects recognized in net interest income                                   | 841                         | 609                   | 38            |
| of which: PPA effects and other integration items recognized in transaction-based income  | 74                          | 83                    | (11)          |
| of which: loss related to an investment in an associate                                   | (54)                        | (267)                 | (80)          |
| <b>Total revenues (underlying)<sup>3</sup></b>                                            | <b>7,379</b>                | <b>6,455</b>          | <b>14</b>     |
| Credit loss expense / (release)                                                           | 357                         | 433                   | (18)          |
| <b>Operating expenses as reported</b>                                                     | <b>5,070</b>                | <b>3,919</b>          | <b>29</b>     |
| of which: integration-related expenses and PPA effects <sup>3,5</sup>                     | 662                         | 350                   | 89            |
| of which: items related to the Swisscard transactions <sup>6</sup>                        | 37                          |                       |               |
| <b>Operating expenses (underlying)<sup>3</sup></b>                                        | <b>4,371</b>                | <b>3,569</b>          | <b>22</b>     |
| of which: expenses for litigation, regulatory and similar matters                         | 1                           | (8)                   |               |
| <b>Business division operating profit / (loss) before tax as reported</b>                 | <b>2,814</b>                | <b>2,528</b>          | <b>11</b>     |
| <b>Business division operating profit / (loss) before tax (underlying)<sup>3</sup></b>    | <b>2,651</b>                | <b>2,453</b>          | <b>8</b>      |
| <b>Performance measures and other information</b>                                         |                             |                       |               |
| Pre-tax profit growth (year-on-year, %) <sup>3</sup>                                      | 11.3                        | 46.4                  |               |
| Cost / income ratio (%) <sup>3</sup>                                                      | 61.5                        | 57.0                  |               |
| Average attributed equity (CHF bn) <sup>7</sup>                                           | 19.0                        | 15.1                  | 26            |
| Return on attributed equity (%) <sup>3,7</sup>                                            | 14.8                        | 16.7                  |               |
| Net interest margin (bps) <sup>3</sup>                                                    | 201                         | 204                   |               |
| Loans, gross (CHF bn)                                                                     | 242.3                       | 251.8                 | (4)           |
| Customer deposits (CHF bn)                                                                | 254.1                       | 257.8                 | (1)           |
| Impaired loan portfolio as a percentage of total loan portfolio, gross (%) <sup>3,8</sup> | 1.3                         | 1.0                   |               |
| <b>Underlying performance measures</b>                                                    |                             |                       |               |
| Pre-tax profit growth (year-on-year, %) <sup>3</sup>                                      | 8.1                         | 42.1                  |               |
| Cost / income ratio (%) <sup>3</sup>                                                      | 59.2                        | 55.3                  |               |
| Return on attributed equity (%) <sup>3,7</sup>                                            | 13.9                        | 16.3                  |               |

1 Comparatives may differ due to 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 Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations, as well as changes in the equity attribution framework. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section and "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. 3 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 4 Includes accretion of PPA adjustments on financial instruments and other PPA effects, as well as temporary and incremental items directly related to the integration. 5 Includes temporary, incremental operating expenses directly related to the integration, as well as amortization of newly recognized intangibles resulting from the acquisition of the Credit Suisse Group. 6 Represents the termination fee paid to American Express related to the expected sale in 2025 of our 50% holding in Swisscard. 7 Refer to "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about the equity attribution framework. 8 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

## 2024 compared with 2023

### Results

Profit before tax increased by CHF 286m, or 11%, to CHF 2,814m, mainly due to the acquisition of the Credit Suisse Group. Underlying profit before tax was CHF 2,651m, an increase of 8%, after excluding from total revenues CHF 915m of purchase price allocation (PPA) effects and other integration items and a loss of CHF 54m related to an investment in an associate, and also excluding from operating expenses integration-related expenses and PPA effects of CHF 662m and a CHF 37m expense related to the Swisscard transactions.

#### Total revenues

Total revenues increased by CHF 1,361m, or 20%, to CHF 8,241m, mainly due to the consolidation of Credit Suisse revenues for the full period, and included a CHF 223m increase in PPA effects and other integration items. 2024 also included a loss of CHF 54m related to an investment in an associate. Excluding PPA effects and other integration items of CHF 915m and the aforementioned loss, underlying total revenues were CHF 7,379m, an increase of 14%.

Net interest income increased by CHF 637m, or 15%, to CHF 4,987m, largely as a result of the consolidation of Credit Suisse net interest income for the full period, and included a CHF 232m increase in accretion of PPA adjustments on financial instruments and other PPA effects. This was partly offset by lower deposit revenues, including the effect from shifts to lower-margin deposit products, and higher liquidity and funding costs. Excluding PPA effects of CHF 841m, underlying net interest income was CHF 4,146m, an increase of 11%.

Recurring net fee income increased by CHF 288m, or 25%, to CHF 1,425m, mainly due to the consolidation of Credit Suisse recurring net fee income for the full period, as well as an increase in revenues due to higher investment product levels, reflecting positive market performance and net new inflows.

Transaction-based income increased by CHF 230m, or 14%, to CHF 1,821m, largely as a result of the consolidation of Credit Suisse transaction-based income for the full period. Excluding PPA effects and other integration items of CHF 74m, underlying transaction-based income was CHF 1,747m, an increase of 16%.

Other income was positive CHF 7m, compared with negative CHF 198m. Other income in 2024 included a loss of CHF 54m related to an investment in an associate, compared with a loss of CHF 267m recognized in 2023. Excluding the aforementioned loss, underlying other income was CHF 61m, a decrease of 12%.

#### Credit loss expense / release

Net credit loss expenses were CHF 357m and reflected net expenses on credit-impaired positions, primarily in the legacy Credit Suisse corporate loan book, partly offset by net credit loss releases related to performing positions. Net credit loss expenses in 2023 were CHF 433m and were largely driven by the initial recognition of expected credit loss allowances and provisions with respect to Credit-Suisse-related positions.

#### Operating expenses

Operating expenses increased by CHF 1,151m, or 29%, to CHF 5,070m, largely due to the consolidation of Credit Suisse expenses for the full period, and included a CHF 273m increase in integration-related expenses and a CHF 37m expense related to the Swisscard transactions in 2024. Excluding integration-related expenses and PPA effects of CHF 662m, as well as the aforementioned expense of CHF 37m, underlying operating expenses were CHF 4,371m, an increase of 22%.

#### Cost / income ratio

The cost / income ratio increased to 61.5% from 57.0%, with an increase on an underlying basis to 59.2% from 55.3%, as the relative increases in operating expenses and underlying operating expenses, respectively, were higher than the relative increases in total revenues and underlying total revenues, respectively.



## Personal & Corporate Banking – in US dollars<sup>1</sup>

|                                                                                                 | As of or for the year ended |                       | % change from |
|-------------------------------------------------------------------------------------------------|-----------------------------|-----------------------|---------------|
| USD m, except where indicated                                                                   | 31.12.24                    | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Results</b>                                                                                  |                             |                       |               |
| Net interest income                                                                             | 5,650                       | 4,878                 | 16            |
| Recurring net fee income <sup>3</sup>                                                           | 1,614                       | 1,272                 | 27            |
| Transaction-based income <sup>3</sup>                                                           | 2,061                       | 1,779                 | 16            |
| Other income                                                                                    | 10                          | (241)                 |               |
| <b>Total revenues</b>                                                                           | <b>9,334</b>                | <b>7,687</b>          | <b>21</b>     |
| Credit loss expense / (release)                                                                 | 404                         | 482                   | (16)          |
| <b>Operating expenses</b>                                                                       | <b>5,741</b>                | <b>4,394</b>          | <b>31</b>     |
| <b>Business division operating profit / (loss) before tax</b>                                   | <b>3,189</b>                | <b>2,811</b>          | <b>13</b>     |
| <b>Underlying results</b>                                                                       |                             |                       |               |
| <b>Total revenues as reported</b>                                                               | <b>9,334</b>                | <b>7,687</b>          | <b>21</b>     |
| <i>of which: PPA effects and other integration items<sup>4</sup></i>                            | <i>1,038</i>                | <i>783</i>            | <i>33</i>     |
| <i>of which: PPA effects recognized in net interest income</i>                                  | <i>954</i>                  | <i>688</i>            | <i>39</i>     |
| <i>of which: PPA effects and other integration items recognized in transaction-based income</i> | <i>84</i>                   | <i>94</i>             | <i>(11)</i>   |
| <i>of which: loss related to an investment in an associate</i>                                  | <i>(59)</i>                 | <i>(317)</i>          | <i>(81)</i>   |
| <b>Total revenues (underlying)<sup>3</sup></b>                                                  | <b>8,355</b>                | <b>7,222</b>          | <b>16</b>     |
| Credit loss expense / (release)                                                                 | 404                         | 482                   | (16)          |
| <b>Operating expenses as reported</b>                                                           | <b>5,741</b>                | <b>4,394</b>          | <b>31</b>     |
| <i>of which: integration-related expenses and PPA effects<sup>3,5</sup></i>                     | <i>749</i>                  | <i>398</i>            | <i>88</i>     |
| <i>of which: items related to the Swisscard transactions<sup>6</sup></i>                        | <i>41</i>                   |                       |               |
| <b>Operating expenses (underlying)<sup>3</sup></b>                                              | <b>4,951</b>                | <b>3,996</b>          | <b>24</b>     |
| <i>of which: expenses for litigation, regulatory and similar matters</i>                        | <i>1</i>                    | <i>(9)</i>            |               |
| <b>Business division operating profit / (loss) before tax as reported</b>                       | <b>3,189</b>                | <b>2,811</b>          | <b>13</b>     |
| <b>Business division operating profit / (loss) before tax (underlying)<sup>3</sup></b>          | <b>3,000</b>                | <b>2,744</b>          | <b>9</b>      |
| <b>Performance measures and other information</b>                                               |                             |                       |               |
| Pre-tax profit growth (year-on-year, %) <sup>3</sup>                                            | 13.4                        | 55.2                  |               |
| Cost / income ratio (%) <sup>3</sup>                                                            | 61.5                        | 57.2                  |               |
| Average attributed equity (USD bn) <sup>7</sup>                                                 | 21.6                        | 16.8                  | 28            |
| Return on attributed equity (%) <sup>3,7</sup>                                                  | 14.8                        | 16.7                  |               |
| Net interest margin (bps) <sup>3</sup>                                                          | 200                         | 206                   |               |
| Loans, gross (USD bn)                                                                           | 266.9                       | 299.2                 | (11)          |
| Customer deposits (USD bn)                                                                      | 279.9                       | 306.2                 | (9)           |
| Impaired loan portfolio as a percentage of total loan portfolio, gross (%) <sup>3,8</sup>       | 1.3                         | 1.0                   |               |

### Underlying performance measures

|                                                      |      |      |
|------------------------------------------------------|------|------|
| Pre-tax profit growth (year-on-year, %) <sup>3</sup> | 9.3  | 51.5 |
| Cost / income ratio (%) <sup>3</sup>                 | 59.3 | 55.3 |
| Return on attributed equity (%) <sup>3,7</sup>       | 13.9 | 16.3 |

1 Comparatives may differ due to 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 Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations, as well as changes in the equity attribution framework. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section and "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. 3 Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. 4 Includes accretion of PPA adjustments on financial instruments and other PPA effects, as well as temporary and incremental items directly related to the integration. 5 Includes temporary, incremental operating expenses directly related to the integration, as well as amortization of newly recognized intangibles resulting from the acquisition of the Credit Suisse Group. 6 Represents the termination fee paid to American Express related to the expected sale in 2025 of our 50% holding in Swisscard. 7 Refer to "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about the equity attribution framework. 8 Refer to the "Risk management and control" section of this report for more information about (credit-)impaired exposures.

# Asset Management

## Asset Management<sup>1</sup>

|                                                                                        | As of or for the year ended |                       | % change from |
|----------------------------------------------------------------------------------------|-----------------------------|-----------------------|---------------|
| <i>USD m, except where indicated</i>                                                   | 31.12.24                    | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Results</b>                                                                         |                             |                       |               |
| Net management fees <sup>3</sup>                                                       | 2,921                       | 2,554                 | 14            |
| Performance fees                                                                       | 149                         | 104                   | 43            |
| Net gain from disposals                                                                | 113                         | 27                    | 316           |
| <b>Total revenues</b>                                                                  | <b>3,182</b>                | <b>2,686</b>          | <b>18</b>     |
| Credit loss expense / (release)                                                        | (1)                         | 0                     |               |
| <b>Operating expenses</b>                                                              | <b>2,663</b>                | <b>2,353</b>          | <b>13</b>     |
| <b>Business division operating profit / (loss) before tax</b>                          | <b>520</b>                  | <b>332</b>            | <b>56</b>     |
| <b>Underlying results</b>                                                              |                             |                       |               |
| Total revenues as reported                                                             | 3,182                       | 2,686                 | 18            |
| Total revenues (underlying) <sup>4</sup>                                               | 3,182                       | 2,686                 | 18            |
| Credit loss expense / (release)                                                        | (1)                         | 0                     |               |
| <b>Operating expenses as reported</b>                                                  | <b>2,663</b>                | <b>2,353</b>          | <b>13</b>     |
| <i>of which: integration-related expenses<sup>4</sup></i>                              | <i>351</i>                  | <i>205</i>            | <i>72</i>     |
| <b>Operating expenses (underlying)<sup>4</sup></b>                                     | <b>2,312</b>                | <b>2,149</b>          | <b>8</b>      |
| <i>of which: expenses for litigation, regulatory and similar matters</i>               | <i>7</i>                    | <i>8</i>              | <i>(18)</i>   |
| <b>Business division operating profit / (loss) before tax as reported</b>              | <b>520</b>                  | <b>332</b>            | <b>56</b>     |
| <b>Business division operating profit / (loss) before tax (underlying)<sup>4</sup></b> | <b>871</b>                  | <b>537</b>            | <b>62</b>     |
| <b>Performance measures and other information</b>                                      |                             |                       |               |
| Pre-tax profit growth (year-on-year, %) <sup>4</sup>                                   | 56.3                        | (76.2)                |               |
| Cost / income ratio (%) <sup>4</sup>                                                   | 83.7                        | 87.6                  |               |
| Average attributed equity (USD bn) <sup>5</sup>                                        | 2.7                         | 2.3                   | 15            |
| Return on attributed equity (%) <sup>4,5</sup>                                         | 19.2                        | 14.1                  |               |
| Gross margin on invested assets (bps) <sup>4</sup>                                     | 18                          | 19                    |               |
| <b>Underlying performance measures</b>                                                 |                             |                       |               |
| Pre-tax profit growth (year-on-year, %) <sup>4</sup>                                   | 62.2                        | (2.4)                 |               |
| Cost / income ratio (%) <sup>4</sup>                                                   | 72.7                        | 80.0                  |               |
| Return on attributed equity (%) <sup>4,5</sup>                                         | 32.1                        | 22.8                  |               |
| <b>Information by business line / asset class</b>                                      |                             |                       |               |
| <b>Net new money (USD bn)<sup>4</sup></b>                                              |                             |                       |               |
| Equities                                                                               | 20.7                        | (4.0)                 |               |
| Fixed Income                                                                           | 18.0                        | 17.8                  |               |
| <i>of which: money market</i>                                                          | <i>18.5</i>                 | <i>22.3</i>           |               |
| Multi-asset & Solutions                                                                | (1.5)                       | 2.2                   |               |
| Hedge Fund Businesses                                                                  | (3.5)                       | (4.2)                 |               |
| Real Estate & Private Markets                                                          | 0.1                         | 2.7                   |               |
| <b>Total net new money excluding associates</b>                                        | <b>33.8</b>                 | <b>14.6</b>           |               |
| <i>of which: net new money excluding money market</i>                                  | <i>15.4</i>                 | <i>(7.7)</i>          |               |
| Associates <sup>6</sup>                                                                | 10.8                        | 1.1                   |               |
| <b>Total net new money</b>                                                             | <b>44.6</b>                 | <b>15.7</b>           |               |
| <b>Invested assets (USD bn)<sup>4</sup></b>                                            |                             |                       |               |
| Equities                                                                               | 755                         | 644                   | 17            |
| Fixed Income                                                                           | 464                         | 445                   | 4             |
| <i>of which: money market</i>                                                          | <i>157</i>                  | <i>134</i>            | <i>18</i>     |
| Multi-asset & Solutions                                                                | 268                         | 274                   | (2)           |
| Hedge Fund Businesses                                                                  | 58                          | 57                    | 3             |
| Real Estate & Private Markets                                                          | 143                         | 156                   | (8)           |
| <b>Total invested assets excluding associates</b>                                      | <b>1,689</b>                | <b>1,577</b>          | <b>7</b>      |
| <i>of which: passive strategies</i>                                                    | <i>807</i>                  | <i>715</i>            | <i>13</i>     |
| Associates <sup>6</sup>                                                                | 84                          | 72                    | 16            |
| <b>Total invested assets</b>                                                           | <b>1,773</b>                | <b>1,649</b>          | <b>7</b>      |

## Asset Management (continued)<sup>1</sup>

|                                             | As of or for the year ended |                       | % change from |
|---------------------------------------------|-----------------------------|-----------------------|---------------|
| USD m, except where indicated               | 31.12.24                    | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Information by region</b>                |                             |                       |               |
| <b>Invested assets (USD bn)<sup>4</sup></b> |                             |                       |               |
| Americas                                    | 443                         | 402                   | 10            |
| Asia Pacific <sup>7</sup>                   | 224                         | 211                   | 6             |
| EMEA (excluding Switzerland)                | 435                         | 354                   | 23            |
| Switzerland                                 | 670                         | 682                   | (2)           |
| <b>Total invested assets</b>                | <b>1,773</b>                | <b>1,649</b>          | <b>7</b>      |
| <b>Information by channel</b>               |                             |                       |               |
| <b>Invested assets (USD bn)<sup>4</sup></b> |                             |                       |               |
| Third-party institutional                   | 1,008                       | 939                   | 7             |
| Third-party wholesale                       | 169                         | 177                   | (4)           |
| UBS's wealth management businesses          | 512                         | 461                   | 11            |
| Associates <sup>6</sup>                     | 84                          | 72                    | 16            |
| <b>Total invested assets</b>                | <b>1,773</b>                | <b>1,649</b>          | <b>7</b>      |

<sup>1</sup> Comparatives may differ due to 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. <sup>2</sup> Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations, as well as changes in the equity attribution framework. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section and "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. <sup>3</sup> 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. <sup>4</sup> Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. <sup>5</sup> Refer to "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about the equity attribution framework. <sup>6</sup> The invested assets and net new money amounts reported for associates are prepared in accordance with their local regulatory requirements and practices. <sup>7</sup> Includes invested assets from associates.

## 2024 compared with 2023

### Results

Profit before tax increased by USD 188m, or 56%, to USD 520m, mainly due to higher net gains from the sale of non-strategic businesses and the acquisition of the Credit Suisse Group. Underlying profit before tax was USD 871m, an increase of 62%, after excluding integration-related expenses of USD 351m.

#### Total revenues

Total revenues increased by USD 496m, or 18%, to USD 3,182m, primarily reflecting the consolidation of Credit Suisse revenues for the full period. Total revenues in 2024 included USD 113m of net gains from the aforementioned sales, compared with net gains on sales of USD 27m in 2023.

Net management fees increased by USD 367m, or 14%, to USD 2,921m, largely attributable to the consolidation of Credit Suisse net management fees for the full period, positive market performance and foreign currency effects, and the revaluation of a real estate fund co-investment, partly offset by continued margin compression and the impact of exits from non-strategic businesses. In addition, 2023 included negative pass-through fees, with the corresponding offset in performance fees.

Performance fees increased by USD 45m, or 43%, to USD 149m, mostly due to increases in Hedge Fund Businesses and Fixed Income, as well as the consolidation of Credit Suisse performance fees for the full period. These increases were partly offset by lower performance fees due to 2023 including both the aforementioned pass-through fees and the final distribution of fees from a legacy fund.

#### Operating expenses

Operating expenses increased by USD 310m, or 13%, to USD 2,663m, mainly reflecting the consolidation of Credit Suisse expenses for the full period. Operating expenses included integration-related expenses of USD 351m, which represented a USD 146m increase compared with the USD 205m of integration-related expenses recorded in 2023. Excluding the aforementioned integration-related expenses, underlying operating expenses were USD 2,312m, an increase of 8%.

## Cost / income ratio

The cost / income ratio decreased to 83.7% from 87.6%, with a decrease on an underlying basis to 72.7% from 80.0%, as an increase in total revenues more than offset increases in operating expenses and underlying operating expenses, respectively.

## Invested assets

Invested assets increased by USD 124bn to USD 1,773bn, reflecting positive market performance of USD 157bn, positive net new money of USD 45bn, partly offset by adverse foreign currency effects of USD 68bn. There was also a USD 10bn decrease in invested assets related to the impact of exits from non-strategic businesses. Excluding money market flows and associates, net new money was USD 15bn.

## Investment performance

As of year-end 2024, Morningstar assigned a four- or five-star rating to 65% of our traditional retail and institutional funds assets under management (AuM) (both actively managed and passive), on an AuM-weighted basis. Furthermore, 57% of our actively managed traditional open-ended retail and institutional funds AuM are ranked, on an AuM-weighted basis over a three-year investment period, above their respective peer median.

### Investment performance as of 31 December 2024

| In %                                                                                                            | Total traditional investments | Equities | Fixed Income | Multi-asset |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------|----------|--------------|-------------|
| Percentage of UBS Asset Management fund assets rated as 4- or 5-star <sup>1,2</sup>                             | 65                            | 76       | 51           | 42          |
| Percentage of UBS Asset Management fund assets above peer median over a 3-year investment period <sup>1,3</sup> | 57                            | 69       | 70           | 22          |

1 Morningstar® Essentials Quantitative Star Rating & Rankings; © Morningstar 2025, extract date 13 January 2025. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and / or its content providers; (2) may not be copied or distributed; (3) is not warranted to be accurate, complete or timely; and (4) does not constitute advice of any kind, whether investment, tax, legal or otherwise. User is solely responsible for ensuring that it complies with all laws, regulations and restrictions applicable to it. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past performance is no guarantee of future results. For more detailed information about the Morningstar Rating, including its methodology, please go to: [https://s21.q4cdn.com/198919461/files/doc\\_downloads/othe\\_disclosure\\_materials/MorningstarRatingforFunds.pdf](https://s21.q4cdn.com/198919461/files/doc_downloads/othe_disclosure_materials/MorningstarRatingforFunds.pdf). 2 Percentage of AuM to which Morningstar has assigned a four- or five-star rating. AuM reflect the AuM of Asset Management's retail and institutional funds (both actively managed and passive) across all domiciles for which Asset Management owns the investment performance, i.e. Asset Management is either the sole portfolio manager or co-portfolio manager. Universe is approximately 35% of all active and passive traditional assets of Asset Management (Equities, Fixed Income excluding money market, and Multi-asset) as of 31 December 2024. 3 Percentage of AuM above peer median over a three-year investment period. AuM reflect the AuM of Asset Management's actively managed open-ended retail and institutional funds across all domiciles for which Asset Management owns the investment performance, i.e. Asset Management is either the sole portfolio manager or co-portfolio manager. Universe is approximately 28% of all active traditional assets of Asset Management (Equities, Fixed Income excluding money market, and Multi-asset) as of 31 December 2024.

# Investment Bank

## Investment Bank<sup>1</sup>

|                                                                                  | As of or for the year ended |                       | % change from |
|----------------------------------------------------------------------------------|-----------------------------|-----------------------|---------------|
| USD m, except where indicated                                                    | 31.12.24                    | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Results</b>                                                                   |                             |                       |               |
| Advisory                                                                         | 907                         | 751                   | 21            |
| Capital Markets                                                                  | 2,547                       | 1,668                 | 53            |
| <b>Global Banking</b>                                                            | <b>3,454</b>                | <b>2,418</b>          | <b>43</b>     |
| Execution Services <sup>3</sup>                                                  | 1,719                       | 1,354                 | 27            |
| Derivatives & Solutions <sup>3</sup>                                             | 3,478                       | 2,951                 | 18            |
| Financing                                                                        | 2,297                       | 1,980                 | 16            |
| <b>Global Markets</b>                                                            | <b>7,494</b>                | <b>6,285</b>          | <b>19</b>     |
| of which: Equities                                                               | 5,588                       | 4,550                 | 23            |
| of which: Foreign Exchange, Rates and Credit                                     | 1,906                       | 1,735                 | 10            |
| Total revenues                                                                   | 10,948                      | 8,703                 | 26            |
| Credit loss expense / (release)                                                  | 97                          | 190                   | (49)          |
| Operating expenses                                                               | 8,934                       | 8,585                 | 4             |
| Business division operating profit / (loss) before tax                           | 1,917                       | (72)                  |               |
| <b>Underlying results</b>                                                        |                             |                       |               |
| Total revenues as reported                                                       | 10,948                      | 8,703                 | 26            |
| of which: PPA effects <sup>4</sup>                                               | 989                         | 583                   | 70            |
| of which: PPA effects recognized in Global Banking revenue line                  | 972                         | 580                   | 67            |
| Total revenues (underlying) <sup>5</sup>                                         | 9,958                       | 8,120                 | 23            |
| Credit loss expense / (release)                                                  | 97                          | 190                   | (49)          |
| Operating expenses as reported                                                   | 8,934                       | 8,585                 | 4             |
| of which: integration-related expenses <sup>5</sup>                              | 717                         | 697                   | 3             |
| Operating expenses (underlying) <sup>5</sup>                                     | 8,217                       | 7,889                 | 4             |
| of which: expenses for litigation, regulatory and similar matters                | 9                           | 78                    | (89)          |
| Business division operating profit / (loss) before tax as reported               | 1,917                       | (72)                  |               |
| Business division operating profit / (loss) before tax (underlying) <sup>5</sup> | 1,644                       | 42                    |               |
| <b>Performance measures and other information</b>                                |                             |                       |               |
| Pre-tax profit growth (year-on-year, %) <sup>5</sup>                             | n.m.                        | n.m.                  |               |
| Cost / income ratio (%) <sup>5</sup>                                             | 81.6                        | 98.6                  |               |
| Average attributed equity (USD bn) <sup>6</sup>                                  | 17.1                        | 15.9                  | 7             |
| Return on attributed equity (%) <sup>5,6</sup>                                   | 11.2                        | (0.5)                 |               |
| <b>Underlying performance measures</b>                                           |                             |                       |               |
| Pre-tax profit growth (year-on-year, %) <sup>5</sup>                             | n.m.                        | (97.9)                |               |
| Cost / income ratio (%) <sup>5</sup>                                             | 82.5                        | 97.1                  |               |
| Return on attributed equity (%) <sup>5,6</sup>                                   | 9.6                         | 0.3                   |               |

<sup>1</sup> Comparatives may differ due to 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. <sup>2</sup> Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations, as well as changes in the equity attribution framework. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section and "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. <sup>3</sup> Comparative figures for the year ended 31 December 2023 have been restated as a result of the shift of the foreign exchange products that are traded over electronic platforms from Execution Services to Derivatives & Solutions. The restatement had no effect on total Global Markets revenues. <sup>4</sup> Includes accretion of PPA adjustments on financial instruments and other PPA effects. <sup>5</sup> Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. <sup>6</sup> Refer to "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about the equity attribution framework.

## 2024 compared with 2023

### Results

Profit before tax was USD 1,917m, compared with a loss before tax of USD 72m, mainly due to higher total revenues, partly offset by higher operating expenses. Underlying profit before tax was USD 1,644m, after excluding USD 989m of purchase price allocation (PPA) effects and USD 717m of integration-related expenses.

#### Total revenues

Total revenues increased by USD 2,245m, or 26%, to USD 10,948m, with higher revenues for both Global Markets and Global Banking, and included a USD 406m increase in PPA effects. Excluding these effects, underlying total revenues were USD 9,958m, an increase of 23%.

#### Global Banking

Global Banking revenues increased by USD 1,036m, or 43%, to USD 3,454m, and included a USD 392m increase in accretion of PPA adjustments on financial instruments and other PPA effects. Excluding such accretion and other effects, underlying Global Banking revenues were USD 2,482m, an increase of 35%.

Advisory revenues increased by USD 156m, or 21%, to USD 907m, mainly due to higher merger and acquisition transaction revenues.

Capital Markets revenues increased by USD 879m, or 53%, to USD 2,547m, and included a USD 392m increase in accretion of PPA adjustments on financial instruments and other PPA effects. Excluding such accretion and other effects, underlying Capital Markets revenues increased by USD 487m, or 45%, with increases across all products, led by Leveraged Capital Markets.

#### Global Markets

Global Markets revenues increased by USD 1,209m, or 19%, to USD 7,494m, driven by higher Derivatives & Solutions, Execution Services and Financing revenues.

Execution Services revenues increased by USD 365m, or 27%, to USD 1,719m, mainly driven by increases in Cash Equities across all regions.

Derivatives & Solutions revenues increased by USD 527m, or 18%, to USD 3,478m, with increases largely in Equity Derivatives and Foreign Exchange.

Financing revenues increased by USD 317m, or 16%, to USD 2,297m, mainly from Capital Markets Financing, and included a USD 67m gain from the sale of our investment in an associate.

#### Equities

Global Markets Equities revenues increased by USD 1,038m, or 23%, to USD 5,588m, mainly driven by increases in Cash Equities, Equity Derivatives and Financing, as well as by the aforementioned gain from sale.

#### Foreign Exchange, Rates and Credit

Global Markets Foreign Exchange, Rates and Credit revenues increased by USD 171m, or 10%, to USD 1,906m, mainly driven by increases in Foreign Exchange.

#### Credit loss expense / release

Net credit loss expenses were USD 97m, reflecting net credit loss expenses on performing and credit-impaired positions, including the impact of model updates. This compared with net credit loss expenses of USD 190m in 2023, largely driven by the initial recognition of expected credit loss allowances and provisions with respect to Credit-Suisse-related positions.

#### Operating expenses

Operating expenses increased by USD 349m, or 4%, to USD 8,934m, and included a USD 20m increase in integration-related expenses. Excluding integration-related expenses, underlying operating expenses were USD 8,217m, an increase of 4%, mainly due to higher variable compensation and higher technology expenses.

#### Return on attributed equity

Return on attributed equity was 11.2%, compared with negative 0.5% in 2023. The underlying return on attributed equity was 9.6%, compared with 0.3% in 2023.

#### Cost / income ratio

The cost / income ratio decreased to 81.6% from 98.6%, with a decrease on an underlying basis to 82.5% from 97.1%, as increases in total revenues and underlying total revenues, respectively, more than offset increases in operating expenses and underlying operating expenses.



# Non-core and Legacy

## Non-core and Legacy<sup>1</sup>

|                                                                   | As of or for the year ended |                       | % change from |
|-------------------------------------------------------------------|-----------------------------|-----------------------|---------------|
| <i>USD m, except where indicated</i>                              | <b>31.12.24</b>             | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Results</b>                                                    |                             |                       |               |
| Total revenues                                                    | <b>1,605</b>                | 697                   | 130           |
| Credit loss expense / (release)                                   | <b>69</b>                   | 193                   | (64)          |
| Operating expenses                                                | <b>3,512</b>                | 5,091                 | (31)          |
| Operating profit / (loss) before tax                              | <b>(1,976)</b>              | (4,587)               | (57)          |
| <b>Underlying results</b>                                         |                             |                       |               |
| Total revenues as reported                                        | <b>1,605</b>                | 697                   | 130           |
| Total revenues (underlying) <sup>3</sup>                          | <b>1,605</b>                | 697                   | 130           |
| Credit loss expense / (release)                                   | <b>69</b>                   | 193                   | (64)          |
| Operating expenses as reported                                    | <b>3,512</b>                | 5,091                 | (31)          |
| of which: integration-related expenses <sup>3</sup>               | <b>1,154</b>                | 1,775                 | (35)          |
| Operating expenses (underlying) <sup>3</sup>                      | <b>2,359</b>                | 3,316                 | (29)          |
| of which: expenses for litigation, regulatory and similar matters | <b>(300)</b>                | 637                   |               |
| Operating profit / (loss) before tax as reported                  | <b>(1,976)</b>              | (4,587)               | (57)          |
| Operating profit / (loss) before tax (underlying) <sup>3</sup>    | <b>(822)</b>                | (2,812)               | (71)          |
| <b>Performance measures and other information</b>                 |                             |                       |               |
| Average attributed equity (USD bn) <sup>4</sup>                   | <b>9.5</b>                  | 6.0                   | 59            |
| Risk-weighted assets (USD bn)                                     | <b>41.4</b>                 | 74.0                  | (44)          |
| Leverage ratio denominator (USD bn)                               | <b>53.5</b>                 | 168.5                 | (68)          |

<sup>1</sup> Comparatives may differ due to 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. <sup>2</sup> Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations, as well as changes in the equity attribution framework. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section and "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. <sup>3</sup> Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method. <sup>4</sup> Refer to "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about the equity attribution framework.

## Composition of Non-core and Legacy

|                            | RWA             |          | Total assets    |                       | LRD             |          |
|----------------------------|-----------------|----------|-----------------|-----------------------|-----------------|----------|
| <i>USD bn</i>              | <b>31.12.24</b> | 31.12.23 | <b>31.12.24</b> | 31.12.23 <sup>1</sup> | <b>31.12.24</b> | 31.12.23 |
| <b>Exposure category</b>   |                 |          |                 |                       |                 |          |
| Equities                   | <b>0.9</b>      | 3.4      | <b>2.6</b>      | 20.5                  | <b>2.0</b>      | 14.3     |
| Macro                      | <b>4.4</b>      | 9.9      | <b>26.3</b>     | 56.7                  | <b>10.2</b>     | 26.2     |
| Loans                      | <b>2.8</b>      | 11.6     | <b>3.2</b>      | 14.0                  | <b>4.0</b>      | 16.4     |
| Securitized products       | <b>5.2</b>      | 14.1     | <b>7.4</b>      | 27.5                  | <b>8.8</b>      | 29.7     |
| Credit                     | <b>0.3</b>      | 3.1      | <b>0.2</b>      | 5.4                   | <b>0.2</b>      | 5.5      |
| High-quality liquid assets |                 |          | <b>27.2</b>     | 74.4                  | <b>27.2</b>     | 74.4     |
| Operational risk           | <b>27.1</b>     | 30.0     |                 |                       |                 |          |
| Other                      | <b>0.7</b>      | 1.9      | <b>1.4</b>      | 2.6                   | <b>1.1</b>      | 1.9      |
| <b>Total</b>               | <b>41.4</b>     | 74.0     | <b>68.3</b>     | 201.1                 | <b>53.5</b>     | 168.5    |

<sup>1</sup> Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section of this report for more information.

## 2024 compared with 2023

### Results

Loss before tax was USD 1,976m, compared with a loss before tax of USD 4,587m. Underlying loss before tax was USD 822m, after excluding integration-related expenses of USD 1,154m.

### Total revenues

Total revenues were USD 1,605m, which was USD 908m higher than the total revenues recorded in 2023, and included the impact of the consolidation of Credit Suisse revenues for the full period. Total revenues reflected net gains from position exits, along with net interest income from securitized products and credit products. Total revenues also included a net gain of USD 272m, after accounting for the purchase price allocation adjustments recorded at the closing of the acquisition of the Credit Suisse Group, from the sale of assets from the former Credit Suisse securitized products group to Apollo Management Holdings and certain other entities (collectively, Apollo). In addition, total revenues included a USD 67m gain from the sale of our investment in an associate.

- › Refer to “Note 2 Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial statements” section of this report for information about the conclusion of an investment management agreement with Apollo and the transfer of senior secured asset-based financing

### Credit loss expense / release

Net credit loss expenses were USD 69m, mainly reflecting net credit loss expenses on credit-impaired positions with a small number of corporate counterparties, partly offset by net credit loss releases related to performing positions. These compared with net credit loss expenses of USD 193m in 2023, largely driven by the initial recognition of expected credit loss allowances and provisions with respect to Credit-Suisse-related positions.

### Operating expenses

Operating expenses were USD 3,512m, which was USD 1,579m lower than the amount recorded for 2023, mainly due to a USD 621m decrease in integration-related expenses, lower litigation expenses and lower outsourcing expenses. In addition, operating expenses in 2024 included releases of USD 300m of IFRS 3 acquisition-related contingent liabilities following settlements reached in 2024. 2023 included USD 665m of expenses related to the US residential mortgage-backed securities litigation matter, which was settled in the third quarter of 2023. Excluding integration-related expenses of USD 1,154m, underlying operating expenses in 2024 were USD 2,359m, a decrease of 29%.

### Risk-weighted assets and leverage ratio denominator

Risk-weighted assets (RWA) decreased by USD 32.6bn to USD 41.4bn, and the leverage ratio denominator (the LRD) decreased by USD 115.0bn to USD 53.5bn. The active unwinding of Non-core and Legacy assets resulted in a decrease in RWA, mainly related to the securitized product, loan and macro portfolios, and a decrease in the LRD, mainly driven by reductions in the high-quality liquid asset, securitized product, macro and loan portfolios.

# Group Items

## Group Items<sup>1</sup>

|                                                                   | As of or for the year ended |                       | % change from |
|-------------------------------------------------------------------|-----------------------------|-----------------------|---------------|
| USD m                                                             | 31.12.24                    | 31.12.23 <sup>2</sup> | 31.12.23      |
| <b>Results</b>                                                    |                             |                       |               |
| Total revenues                                                    | (975)                       | (495)                 | 97            |
| Credit loss expense / (release)                                   | (2)                         | 6                     |               |
| Operating expenses                                                | (220)                       | 438                   |               |
| Operating profit / (loss) before tax                              | (752)                       | (938)                 | (20)          |
| <b>Underlying results</b>                                         |                             |                       |               |
| Total revenues as reported                                        | (975)                       | (495)                 | 97            |
| of which: PPA effects and other integration items <sup>3</sup>    | (41)                        | (9)                   | 373           |
| Total revenues (underlying) <sup>4</sup>                          | (933)                       | (486)                 | 92            |
| Credit loss expense / (release)                                   | (2)                         | 6                     |               |
| Operating expenses as reported                                    | (220)                       | 438                   |               |
| of which: integration-related expenses <sup>4</sup>               | (12)                        | 451                   |               |
| of which: acquisition-related costs                               |                             | 202                   |               |
| Operating expenses (underlying) <sup>4</sup>                      | (208)                       | (215)                 | (3)           |
| of which: expenses for litigation, regulatory and similar matters | 9                           | (27)                  |               |
| Operating profit / (loss) before tax as reported                  | (752)                       | (938)                 | (20)          |
| Operating profit / (loss) before tax (underlying) <sup>4</sup>    | (723)                       | (277)                 | 161           |

<sup>1</sup> Comparatives may differ due to 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. <sup>2</sup> Comparative figures have been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations, as well as changes in the equity attribution framework. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section and "Capital management" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information. <sup>3</sup> Includes accretion of PPA adjustments on financial instruments and other PPA effects, as well as temporary and incremental items directly related to the integration. <sup>4</sup> Refer to "Alternative performance measures" in the appendix to this report for the definition and calculation method.

## 2024 compared with 2023

### Results

Loss before tax decreased by USD 186m, or 20%, to USD 752m. Underlying loss before tax was USD 723m, after excluding from total revenues negative USD 41m of purchase price allocation (PPA) effects and other integration items and also excluding from operating expenses negative USD 12m of integration-related expenses. This compared with an underlying loss before tax of USD 277m in 2023, after excluding from operating expenses USD 451m of integration-related expenses and USD 202m of acquisition-related costs and also excluding from total revenues negative USD 9m of PPA effects and other integration items.

Income from Group hedging and own debt, including hedge accounting ineffectiveness, was net negative USD 175m, compared with net positive income of USD 247m. The losses in 2024 were driven by mark-to-market effects on portfolio-level economic hedges, mainly due to cross-currency-basis widening.

# Risk, capital, liquidity and funding, and balance sheet

Management report

## Audited information according to IFRS 7 and IAS 1

Risk and capital disclosures provided in line with the requirements of IFRS 7, *Financial Instruments: Disclosures*, and IAS 1, *Presentation of Financial Statements*, form part of the financial statements included in the "Consolidated financial statements" section of this report and are audited by the independent registered public accounting firm Ernst & Young Ltd, Basel. This information is marked as "Audited" within this section of the report.

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### Signposts

The **Audited** signpost that is displayed at the beginning of a section, table or chart indicates that those items have been audited. A triangle symbol – ▲ – indicates the end of the audited section, table or chart.

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# Risk management and control

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# Risk management and control

With regard to the ongoing integration of Credit Suisse, we have substantially completed the initial phases of the integration, focusing on the alignment of governance structures and frameworks (aligning Credit Suisse policies to UBS standards) and the merger or reparenting of key legal entities, including the merger of Credit Suisse AG with UBS AG, the merger of Credit Suisse (Schweiz) AG with UBS Switzerland AG and the reparenting of Credit Suisse Holdings (USA), Inc. in connection with the transition to a single US intermediate holding company. These steps set the stage for the next critical phase of client account and data migrations. In 2024, we completed client account migrations in Hong Kong, Singapore and Japan, and in some locations in Europe. Our goal is to ensure a smooth and seamless transition for our clients, minimizing any disruption. We are also working toward a fully integrated risk framework, which is expected to be achieved by the end of 2025, and a single-model risk management framework by retiring and / or integrating legacy Credit Suisse models into the UBS risk management framework.

## Top and emerging risks

An overview of our top and emerging risks, from a risk management perspective, is disclosed below. Investors should also carefully review all information set out in the “Risk factors” section of this report, where we discuss these and other material risks that could have an effect on our ability to execute our strategy and may affect our business activities, financial condition, results of operations and business prospects.

| Top and emerging risk                                                                                                    | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Geopolitical uncertainty</b><br>    | <p>We remain watchful of a range of geopolitical developments and political changes in a number of countries, as well as international tensions arising from the Russia–Ukraine war and global trade relations, and we continue to monitor conflicts in the Middle East. Geopolitical tensions will continue to create uncertainty and complicate the energy price outlook.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Macroeconomic risks</b><br>        | <p>We are exposed to a number of macroeconomic risks, as well as general market conditions. As noted in “Market, credit and macroeconomic risks” in the “Risk factors” section of this report, these external pressures may have a significant adverse effect on our business activities and related financial results, primarily through reduced margins and revenues, asset impairments and other valuation adjustments, and exit prices for our Non-core and Legacy portfolio. Accordingly, these macroeconomic factors are considered in the development of stress-testing scenarios for our ongoing risk management activities.</p> <p>Inflation has abated to some extent in major Western economies, though there are still concerns that inflation could return, including upward pressure on interest rates. Central banks’ monetary policy remains in the spotlight. In China, stress in the property sector and strained local government finances continue to have an adverse impact on economic growth, raising the risk of financial instability. This combination of factors translates into a more uncertain and volatile environment, which increases the risk of financial market disruption.</p> <p>The commercial real estate sector continues to be a source of concerns, especially the office sector in the US, given structural changes (higher interest rates and the shift to remote working).</p> <p>We remain focused on non-bank financial intermediation and growth in private markets, given their significance and interconnectivity across the financial sector, with the potential to create spillover effects into the broader financial system. Across our business divisions we undertake a broad range of private-markets-related activities, including financing, advisory services, investment facilitation and asset management.</p> |
| <b>Regulatory and legal risks</b><br> | <p>We are exposed to substantial changes in the regulation of our businesses that could have a material adverse effect on our business, as discussed in the “Regulatory and legal developments” section of this report and in “Regulatory and legal risks” in the “Risk factors” section of this report.</p> <p>As a global financial services firm, we are subject to many different legal, tax and regulatory regimes and extensive regulatory oversight. We are exposed to significant liability risk, and we are subject to various claims, disputes, legal proceedings and government investigations, as noted in “Regulatory and legal risks” in the “Risk factors” section of this report. Information about litigation, regulatory and similar matters we consider significant is disclosed in “Note 18 Provisions and contingent liabilities” in the “Consolidated financial statements” section of this report.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Cyber risks</b><br>                | <p>Global geopolitical trends increase the likelihood of external state-driven cyber activity. Alongside a general trend toward more sophisticated forms of ransomware and other cyber threats, there is a risk of operational disruption to business activities at our locations and those of third-party suppliers or corruption or loss of data. Additionally, as a result of the dynamic and material nature of recent geopolitical and environmental events and the operational complexity of all our businesses, we are continually exposed to operational resilience scenarios such as process error, failed execution, system failures, loss of third-party service and fraud.</p> <p>➤ Refer to “Non-financial risk” and “Cybersecurity and information security” in this section for more information</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Conduct risks</b><br>              | <p>Conduct risks are inherent in our businesses. Achieving fair outcomes for our clients, upholding market integrity and cultivating the highest standards of employee conduct are of critical importance to us. Management of conduct risks is an integral part of our risk management framework.</p> <p>➤ Refer to “Non-financial risk” in this section and “Strategy, management and operational risks” in the “Risk factors” section of this report for more information</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |



| Top and emerging risk                                                                                                        | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial crime risks</b><br>            | <p>Financial crime (including money laundering, terrorist financing, sanctions violations, fraud, bribery, and corruption) presents significant risk and is subject to heightened regulatory expectations and attention. This requires investment in people and systems, while emerging technologies and changing geopolitical risks further increase the complexity of identifying and preventing financial crime, in particular managing the continuously evolving sanctions environment.</p> <p>› Refer to “Non-financial risk” in this section for more information</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Sustainability and climate risks</b><br> | <p>Sustainability and climate risks continue to be in focus for UBS, for regulators and for stakeholders. To address these emerging risks, UBS has further enhanced its transition and physical risk methodologies and updated its guidelines on sustainable finance and on carbon and environmental markets.</p> <p>› Refer to “Sustainability and climate risk” in this section for more information<br/>         › Refer to “Appendix 1 – Governance” to the UBS Group Sustainability Report 2024, available under “Annual reporting” at <a href="https://ubs.com/investors">ubs.com/investors</a>, for a full description of our sustainability and climate risk policy framework</p> <p>Regulatory requirements and industry guidelines are emerging simultaneously in various jurisdictions, leading to an increased risk of divergence, which in turn increases the risk that UBS may not comply with all relevant regulations.</p>                                                                                                                   |
| <b>New technologies</b><br>                 | <p>New risks related to client demand for distributed ledger technology, blockchain-based assets and virtual currencies continue to emerge. Our exposure to these risks is currently limited, and relevant control frameworks are continuously being enhanced and implemented. Furthermore, technological developments in the areas of artificial intelligence (AI) and digitization will have a significant impact and create not only opportunities but also heightened operational risks.</p> <p>As the digitalization of our business and the marketplace results in the adoption of new technologies, the responsible use of AI and the increasing regulatory and client expectations on ensuring ethical data usage are becoming more important. With rapidly advancing technology and changing communication preferences, there is heightened focus on electronic communications, including the use of approved communication channels and appropriate recordkeeping.</p> <p>› Refer to “Non-financial risk” in this section for more information</p> |

## Risk oversight

### Risk governance

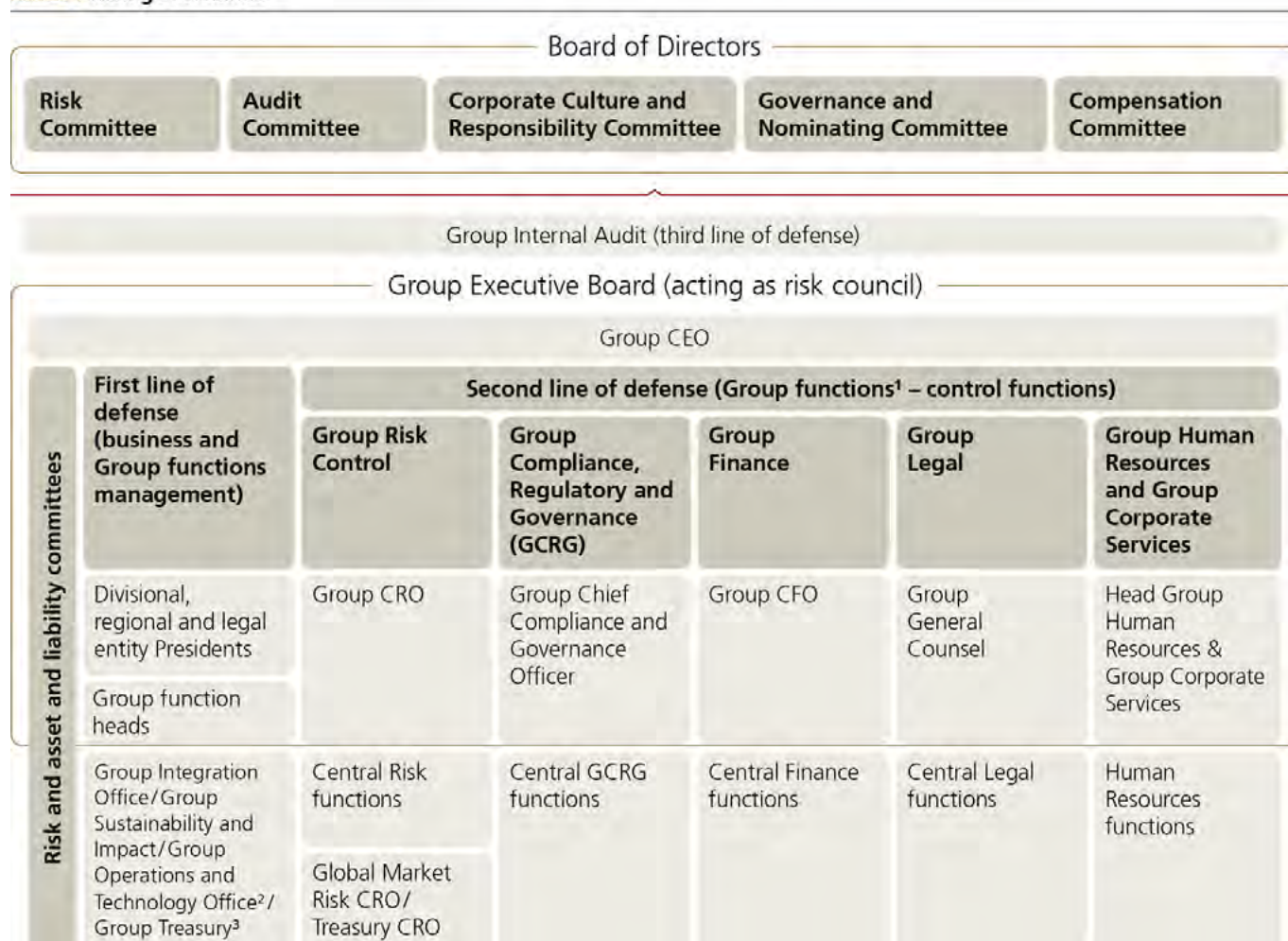
Our risk governance framework operates along three lines of defense.

Our first line of defense, business and Group functions management, owns its risks and is accountable for maintaining effective processes and systems to manage them in compliance with applicable laws, rules and regulations, as well as internal standards, including identifying control weaknesses and inadequate processes.

Our second line of defense, control functions, is separate from the business and reports directly to the Group Chief Executive Officer (the Group CEO). Control functions provide independent oversight, challenge financial and non-financial risks arising from the firm’s business activities, and establish independent frameworks for risk assessment, measurement, aggregation, control and reporting, protecting against non-compliance with applicable laws, rules and regulations.

Our third line of defense, Group Internal Audit (GIA), reports to the Chairman and to the Audit Committee. This function assesses the design and operating effectiveness and sustainability of processes to define risk appetite, governance, risk management, internal controls, remediation activities and processes to comply with legal and regulatory requirements and internal governance standards.

The key roles and responsibilities for risk management and control are shown in the chart below and described further below.



<sup>1</sup> Our Group functions are support and control functions that provide services for the business divisions and include the following major areas: Group Services (which consists of the Group Operations and Technology Office (GOTO), Corporate Services, Compliance, Regulatory and Governance, Finance, Risk Control, Human Resources, Communications & Branding, Legal, the Group Integration Office, Group Sustainability and Impact, and Chief Strategy Office) and Group Treasury.

<sup>2</sup> Including the Cyber Information Security Office. <sup>3</sup> Group Treasury reports to the Group CFO. 🟡

**Audited |** The Board of Directors (the BoD) approves the risk management and control framework of the Group, including the Group and business division overall risk appetite. The BoD is supported by its Risk Committee, which monitors and oversees the Group's risk profile and the implementation of the risk framework approved by the BoD and approves the Group's risk appetite methodology.

› Refer to the "Corporate governance" section of this report for more information about the responsibilities of the Risk Committee and other BoD committees

The Group Executive Board (the GEB) has overall responsibility for establishing and implementing a risk management and control framework in the Group, managing the risk profile of the Group as a whole.

The Group CEO has responsibility and accountability for the management and performance of the Group, has risk authority over transactions, positions and exposures, and allocates risk authority delegated by the BoD to the business divisions and Group functions.

The business division Presidents and Group function heads are responsible for the operation and management of their business divisions and Group functions, including controlling the risk appetite of the business divisions.

The regional Presidents ensure cross-divisional collaboration in their regions and are mandated to inform the GEB about any regional activities and issues that may give rise to actual or potentially material regulatory or reputational concerns.

The Group Chief Risk Officer (the Group CRO) is responsible for developing the Group's risk management and control framework (including risk principles and risk appetite) for credit, market, country, treasury, model and sustainability and climate risks. This includes risk measurement and aggregation, portfolio controls, risk reporting, and taking decisions on transactions, positions, exposures, portfolio limits, and allowances in accordance with the risk control authorities delegated to the Group CRO.

The Group Chief Compliance and Governance Officer is responsible for developing the Group's risk management and control framework (including taxonomies and risk appetite) for non-financial risks. This includes implementing independent control frameworks for compliance and conduct, financial crime, and operational risks. The Group Chief Compliance and Governance Officer is also responsible for managing governmental and regulatory affairs, investigations, and interactions with governments, regulators and international standard setters.

The Group Chief Financial Officer (the Group CFO) is responsible for transparency in assessing the financial performance of the Group and the business divisions and for managing the Group's financial accounting, controlling, forecasting, planning and reporting.

The Group Chief Operations and Technology Officer is responsible for driving digitalization, delivering technology services, infrastructure and operations, including cybersecurity and information security, and providing Group-wide data governance.

The Group General Counsel manages the Group's legal affairs, including effective and timely assessment of legal matters impacting the Group or its businesses, and managing and reporting all litigation matters.

The Head Group Human Resources & Group Corporate Services defines and executes a human resources strategy aligned to UBS's objectives, supplies real estate infrastructure and controls supply and demand management activities.

The Group Integration Officer develops UBS's integration strategy with regard to Credit Suisse within agreed design principles and in accordance with UBS's strategy.

Some of these roles and responsibilities are replicated on the level of the business divisions, regions and / or significant entities of the Group. Designated entity risk officers oversee and control financial and non-financial risks for significant entities of UBS as part of the entity control framework, which complements the Group's risk management and control framework. ▲

## **Risk identification**

Risk identification at UBS is the process of systematically identifying, assessing and cataloguing risks across all business activity and risk categories. It is a fundamental component of our risk management approach, ensuring that the firm maintains a comprehensive understanding of its risk exposure. Our structured risk identification framework integrates both bottom-up and top-down risk identification approaches and enhances our ability to capture, measure, monitor and control risks, in alignment with global regulatory expectations. The process involves subject matter experts from both the first and second lines of defense, including senior management across the organization, and is conducted periodically, complementing day-to-day risk identification and risk management frameworks. By anchoring to a common risk taxonomy and risk materiality approach, we ensure consistent categorization and prioritization of risks across business divisions and significant Group entities. Additionally, documenting root-cause drivers and early warning signs strengthens our ability to monitor emerging risks.

Various review and approval steps are embedded throughout the process to maximize risk transparency, including presentation at senior governance bodies for each business division, applicable significant Group entities and at the Group level. The output of the process helps ensure that UBS stress-testing exercises take into account the firm's key vulnerabilities, while also supporting broader risk management activity.

## **Internal risk reporting**

Comprehensive and transparent reporting of risks is central to our risk governance framework's control and oversight responsibilities and required by our risk management and control principles. Accordingly, risks are reported at a frequency and level of detail commensurate with the extent and variability of the risk and the needs of the various governance bodies, regulators and risk authority holders. Data used to produce risk reports is generally aligned with that used by both the business divisions and control functions for managing and monitoring risks. This alignment ensures consistency in risk assessment and decision-making across the organization.

The Group Risk Report provides a detailed qualitative and quantitative monthly overview of developments in financial and non-financial risks at the firm-wide level, including the status of our risk appetite objectives and the results of firm-wide stress testing. The Group Risk Report is distributed internally to the BoD, the GEB and senior members of Risk Control, GIA, Finance and Legal. Risk reports are also produced covering significant Group entities and branches (i.e. entities and branches subject to enhanced standards of corporate governance).

Monthly divisional risk reports are supplemented with daily or weekly reports, at various levels of granularity, covering market and credit risks of the business divisions to enable risk officers and senior management to monitor and control the Group's risk profile.

Our internal risk reporting covers financial and non-financial risks and is supported by risk data and measurement systems that are used for risk management and monitoring purposes and also for external disclosure and regulatory reporting. Dedicated units within Risk Control assume responsibility for measurement, analysis and reporting of risk and for overseeing the quality and integrity of risk-related data. Our risk data and measurement systems are subject to periodic review by GIA, which applies a risk-based audit approach.

# Risk categories

We categorize our risk exposures as outlined in the table below. Our risk appetite framework is designed to capture all risk categories.

› Refer to “Risk appetite framework” in this section for more information

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Risk managed by                       | Independent oversight by |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------|
| <b>Financial risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                       |                          |
| <p><b>Audited   Credit risk:</b> the risk of loss resulting from the failure of a client or counterparty (including an issuer) to meet its contractual obligations toward UBS. This includes loan underwriting risk and settlement risk.</p> <p><b>Loan underwriting risk:</b> the risk of loss arising during the holding period of financing transactions that are intended for further distribution.</p> <p><b>Settlement risk:</b> the short-term form of credit risk arising when UBS delivers its side of an agreed-upon transaction but does not receive an expected value in return from the counterparty. ▲</p> <p>› Refer to “Credit risk” in this section for more information</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Business divisions                    | Risk Control             |
| <p><b>Audited   Market risk:</b> the risk of loss resulting from adverse movements in market variables. Market risks are actively taken as part of trading activities but can also arise from non-trading activities. Market variables include observable variables, such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity (including precious metal) prices, as well as variables that may be unobservable or only indirectly observable, such as volatilities and correlations. Market risk includes issuer risk and investment risk.</p> <p><b>Issuer risk:</b> the risk of loss that would occur if an issuer to which we are exposed through tradable securities or derivatives referencing the issuer was subject to a credit-related event.</p> <p><b>Investment risk:</b> the risk associated with positions held as financial investments. ▲</p> <p>› Refer to “Market risk” in this section for more information</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Business divisions and Group Treasury | Risk Control             |
| <p><b>Treasury risk:</b> the risks associated with asset and liability management and our liquidity and funding positions, as well as structural exposures, including pension risks.</p> <p><b>Audited   Liquidity risk:</b> the risk that UBS is unable to meet business-as-usual or stress cash / collateral flows. ▲</p> <p><b>Audited   Funding risk:</b> the risk that UBS is unable to borrow funds to support its current business and desired strategy. ▲</p> <p>› Refer to “Liquidity and funding management” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information</p> <p><b>Interest rate risk in the banking book:</b> the risk to the firm’s capital and earnings arising from the adverse effects of interest rate movements on the firm’s banking book positions. The risk is transferred from the originating business divisions, i.e. Global Wealth Management and Personal &amp; Corporate Banking, to Group Treasury to risk manage this centrally and benefit from Group-wide netting while leaving the business divisions with margin management.</p> <p>› Refer to “Market risk” in this section for more information</p> <p><b>Structural foreign exchange risk:</b> the risk of decreases in our capital due to changes in foreign exchange rates with an adverse translation effect on capital held in currencies other than the US dollar.</p> <p><b>Pension risk:</b> the risk of a negative impact on our capital as a result of deteriorating funded status from decreases in the fair value of assets held in defined benefit pension funds and / or changes in the value of defined benefit pension obligations due to changes in actuarial assumptions (e.g. discount rate, life expectancy and rate of pension increase) and / or changes to plan designs.</p> | Group Treasury                        | Risk Control             |
| <p><b>Country risk:</b> the risk of loss resulting from country-specific events. This includes the risk of sovereign default and also transfer risk, which involves a country’s authorities preventing or restricting the payment of an obligation, as well as systemic risk events arising from country-specific political or macroeconomic developments.</p> <p>› Refer to “Country risk” in this section for more information</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Business divisions                    | Risk Control             |
| <p><b>Sustainability and climate risk:</b> the risk that UBS negatively impacts, or is impacted by, climate change, natural capital, human rights, and other environmental and social matters. Sustainability and climate risks may manifest as credit, market, liquidity, business and non-financial risks for UBS resulting in potential adverse financial, liability and reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g. real estate). Sustainability and climate risk includes transition risk and physical risk.</p> <p><b>Transition risk:</b> climate-driven transition risks arise from global efforts to mitigate the effects of climate change. They cover the financial impact on our clients or on UBS itself as reflected in the creditworthiness of UBS’s counterparties or the value of collateral held by UBS.</p> <p><b>Physical risk:</b> climate-driven physical risks arise from acute hazards, which are increasing in severity and frequency, and from chronic climate risks, which arise from an incrementally changing climate. These effects may include increased temperature and sea-level rise, and the gradual changes may affect productivity and property values and increase the severity and frequency of acute hazards.</p> <p>› Refer to “Sustainability and climate risk” in this section for more information</p>                                                                                                                                                                                                                                                                                                                                                                                                                    | Business divisions                    | Risk Control             |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Risk managed by                                                                                     | Independent oversight by                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| <b>Financial risks (continued)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                     |                                                                 |
| <b>Capital risk:</b> the risk that UBS does not maintain adequate capital to support its activities and maintain the minimum capital requirements.<br>› Refer to “Capital management” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Group Treasury                                                                                      | Risk Control and Finance                                        |
| <b>Business risk:</b> the potential negative impact on earnings from lower-than-expected business volumes and / or margins, to the extent they are not offset by a decrease in expenses. For example, changes in the competitive landscape, client behavior or market conditions can have a negative impact.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Business divisions                                                                                  | Risk Control and Finance                                        |
| <b>Strategic risk:</b> the idiosyncratic risk arising from the impact of strategic decisions on UBS, which can be driven by exogenous factors, such as changes in the industry environment, or by endogenous factors, such as constraints related to or execution of strategic decisions.<br>› Refer to “Strategy, management and operational risks” in the “Risk factors” section of this report for more information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Business divisions and Group functions                                                              | Finance, Chief Strategy Office and Risk Control                 |
| <b>Non-financial risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                     |                                                                 |
| <b>Compliance risk:</b> the risk of failure to comply with laws, rules and regulations, internal policies and procedures, and the firm’s Code of Conduct and Ethics.<br>› Refer to “Non-financial risk” in this section for more information<br><br><b>Employment risk:</b> the risk arising from acts inconsistent with laws, rules and regulations or the firm’s human resources policies governing employment practices, discrimination, compensation and employee-related taxes and benefits.<br><br><b>Conduct risk:</b> the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, undermines the integrity of the financial system or impairs effective competition to the detriment of consumers.<br><br><b>Market conduct risk:</b> the risk of failure to maintain appropriate standards to ensure fair and effective markets and meet legal / regulatory requirements and expectations governing activities undertaken on or through a market or in pricing- / transaction-related bilateral interactions between counterparties.<br><br><b>Client suitability risk:</b> the risk arising from an inability to demonstrate adherence to applicable investment suitability standards, laws, rules and regulations. | Business divisions                                                                                  | GCRG<br><br>Human Resources<br><br>GCRG<br><br>GCRG<br><br>GCRG |
| <b>Financial crime risk:</b> the risk of failure to prevent financial crime (including money laundering, terrorist financing, sanctions or embargo violations, internal and external fraud, bribery, and corruption).<br>› Refer to “Non-financial risk” in this section for more information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Business divisions and Financial Crime Prevention                                                   | GCRG                                                            |
| <b>Operational risk:</b> the risk resulting from inadequate or failed internal processes, people or systems, or from external causes (deliberate, accidental or natural).<br>› Refer to “Non-financial risk” in this section for more information<br><br><b>Cybersecurity and information-security risk:</b> the risk of a malicious internal or external act, or a failure of IT hardware or software, or human error, leading to a material impact on confidentiality, integrity or availability of UBS’s data or information systems.<br>› Refer to “Non-financial risk” in this section for more information<br><br><b>Model risk:</b> the risk of adverse consequences (e.g. financial loss, due to legal matters, operational loss, biased business decisions, or reputational damage) resulting from decisions based on incorrect / inadequate or misused model outputs and reports.<br>› Refer to “Model risk” in this section for more information                                                                                                                                                                                                                                                                                                            | Business divisions<br><br>Business divisions and GOTO<br><br>Business divisions and Group functions | GCRG<br><br>GCRG<br><br>Risk Control                            |
| <b>Legal risk:</b> the risk of: (i) being held liable for a breach of applicable laws, rules or regulations; (ii) being held liable for a breach of contractual or other legal obligations; (iii) an inability or failure to enforce or protect contractual rights or non-contractual rights sufficiently to protect UBS’s interests; and (iv) being party to a claim or investigated by a regulator or public authority in respect of any of the above (and the risk of loss of attorney–client privilege in the context of any such claim).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Business divisions                                                                                  | Legal                                                           |
| <b>Reputational risk:</b> the risk of an unfavorable perception of UBS or a decline in the firm’s reputation from the point of view of clients, shareholders, regulators, employees or society, which may lead to potential financial loss and / or loss of market share.<br>› Refer to “Non-financial risk” in this section for more information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | All business divisions and Group functions                                                          | All control functions                                           |



## Overview of risks arising from our business activities

### Key risks by business division and Group functions

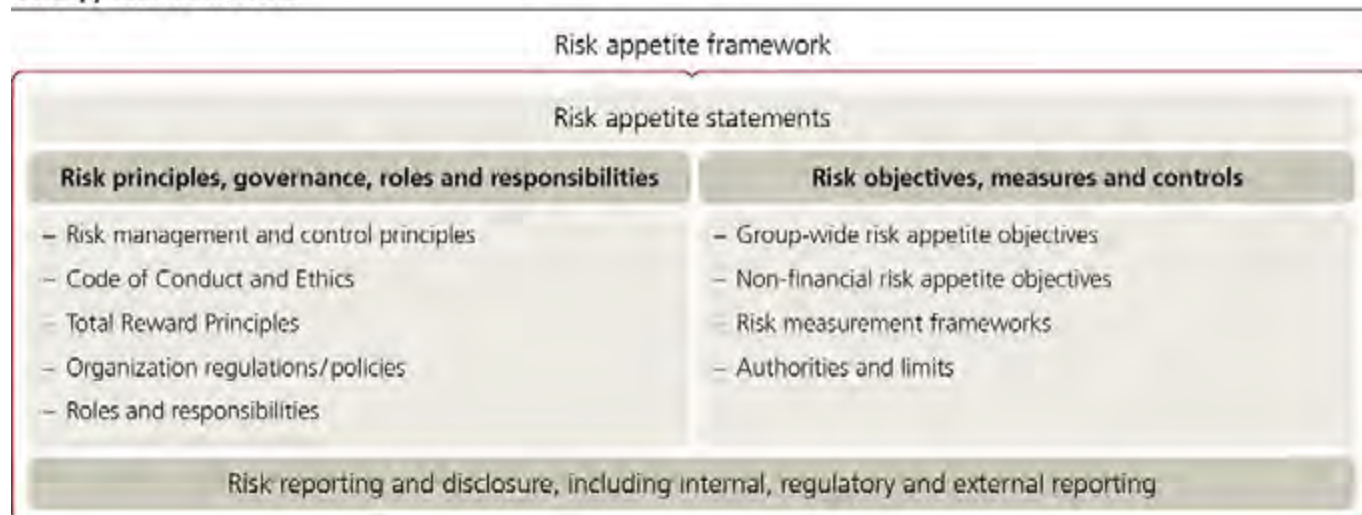
| Business divisions and Group functions  | Key financial risks arising from business activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Global Wealth Management</b>         | <p><b>Credit risk</b> from collateralized lending primarily against securities, residential and commercial real estate, other real assets (such as ships and aircraft), private equity and hedge fund interest, and investors' uncalled capital commitments, as well as from collateralized clients' derivatives trading. Also includes unsecured lending, i.e. cash-flow-based corporate lending to entities owned and controlled by our Global Wealth Management clients, and recourse-based lending.</p> <p>Limited contribution to <b>market risk</b> from municipal securities and taxable fixed-income securities. Interest rate risk in the banking book related to Global Wealth Management is transferred to and managed by Group Treasury.</p> |
| <b>Personal &amp; Corporate Banking</b> | <p><b>Credit risk</b> from mortgages (owner-occupied and income-producing), secured and unsecured corporate lending, commodity trade finance, trade and export finance, consumer finance, and lending to banks and other regulated clients, as well as a small amount of derivatives trading activity.</p> <p>Minimal contribution to <b>market risk</b>. Interest rate risk in the banking book related to Personal &amp; Corporate Banking is transferred to and managed by Group Treasury.</p>                                                                                                                                                                                                                                                        |
| <b>Asset Management</b>                 | <p>Limited exposure to <b>credit risk</b> and <b>market risk</b> from on-balance sheet positions such as seed capital and co-investments in funds managed by Asset Management.</p> <p>Indirect exposure to credit risk and market risk from client assets invested in Asset Management funds, which can adversely impact management and performance fees and cause heightened fund outflows and liquidity risk.</p>                                                                                                                                                                                                                                                                                                                                      |
| <b>Investment Bank</b>                  | <p><b>Credit risk</b> from lending (take-and-hold, as well as temporary loan underwriting activities), derivatives trading and securities financing.</p> <p><b>Market risk</b> from primary underwriting activities and secondary trading.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Non-core and Legacy</b>              | <p><b>Credit risk</b> arising from large, less-liquid structured financing transactions, including some with residential and commercial real estate collateral, a material corporate loan portfolio and a counterparty credit trading portfolio with lending against securities collateral and derivatives.</p> <p><b>Market risk</b> from structured trades, large portfolios of loans and securitized products, and both complex and simple credit, interest rate and equity derivative transactions.</p>                                                                                                                                                                                                                                              |
| <b>Group functions</b>                  | <p><b>Credit risk, market risk and treasury risk</b> arising from Group Treasury's management of the Group's balance sheet (asset and liability management), capital, profit or loss, and liquidity and funding.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

All business divisions and the Group functions are exposed to **country risk, sustainability and climate risk** and **non-financial risk**. Non-financial risk is an inevitable consequence of being an operating firm and can arise as a result of our past and current business activities.

## Risk appetite framework

Our risk appetite is defined at the aggregate Group level and reflects the risk that we are willing to accept or wish to avoid. It is set via complementary qualitative and quantitative risk appetite statements defined at a firm-wide level and is embedded throughout our business divisions and legal entities by Group, business division and legal entity policies, limits and authorities. Our risk appetite is reviewed and recalibrated annually, with the aim of ensuring that risk-taking at every level of the organization is in line with our strategic priorities, our capital and liquidity plans, our *Pillars, Principles and Behaviors*, and minimum regulatory requirements. It is governed by a single overarching policy and conforms to the Financial Stability Board's Principles for an Effective Risk Appetite Framework. The "Risk appetite framework" chart below shows the key elements of the framework, which is described in detail in this section.

### Risk appetite framework





## Risk principles and risk culture

Qualitative risk appetite statements aim to ensure we maintain the desired risk culture. Maintaining a strong risk culture is a prerequisite for success in today's highly complex operating environment and a source of sustainable competitive advantage.

Our risk appetite framework combines all the important elements of our risk culture, expressed in our *Pillars, Principles and Behaviors*, our risk management and control principles, our Code of Conduct and Ethics, and our Total Reward Principles. They help to create a solid foundation for promoting risk awareness, leading to appropriate risk-taking and the establishing of robust risk management and control processes.

- › Refer to "Employees" in the "How we create value for our stakeholders" section of this report for more information about our Pillars, Principles and Behaviors
- › Refer to the Code of Conduct and Ethics of UBS, available at [ubs.com/code](https://ubs.com/code), for more information

## Risk management and control principles

|                                           |                                                                                                                                                                                                                                                     |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Protection of financial strength</b>   | Protecting our financial strength by controlling our risk exposure and avoiding potential risk concentrations at individual exposure levels, at specific portfolio levels and at an aggregate firm-wide level across all risk types.                |
| <b>Protection of reputation</b>           | Protecting our reputation through a sound risk culture characterized by a holistic and integrated view of risk, performance and reward, and through full compliance with our standards and principles, particularly our Code of Conduct and Ethics. |
| <b>Business management accountability</b> | Maintaining management accountability, whereby business management owns all risks assumed throughout the Group and is responsible for the continuous and active management of all risk exposures to provide for balanced risk and return.           |
| <b>Independent controls</b>               | Independent control functions that monitor the effectiveness of the businesses' risk management and oversee risk-taking activities.                                                                                                                 |
| <b>Risk disclosure</b>                    | Disclosure of risks to senior management, the BoD, investors, regulators, credit rating agencies and other stakeholders with an appropriate level of comprehensiveness and transparency.                                                            |

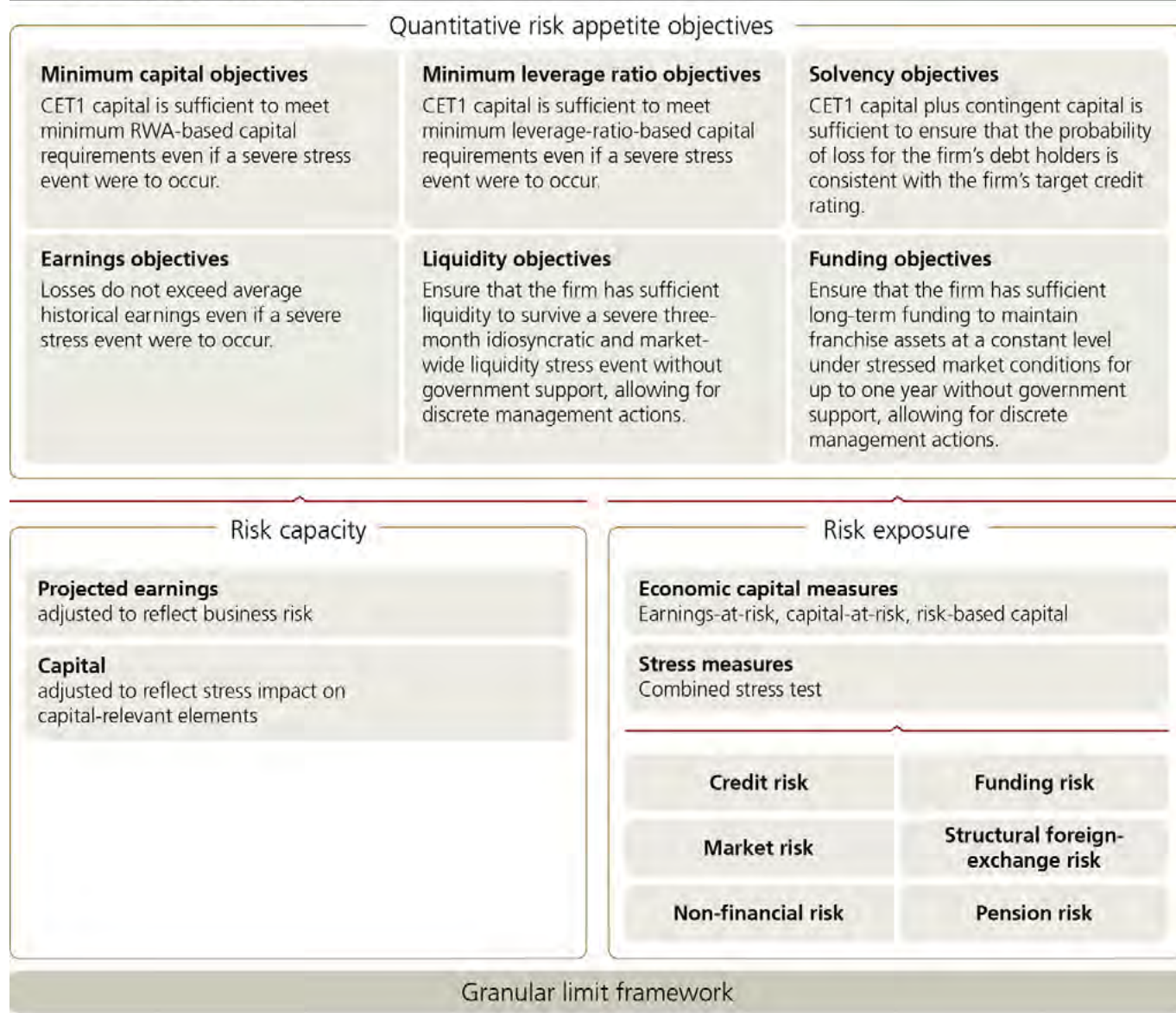
## Quantitative risk appetite objectives

### Risk appetite objective framework



We use both scenario-based stress tests and economic capital risk measurement techniques to stress test our business activities. The quantitative risk appetite objectives are supported by a comprehensive suite of risk limits set at a portfolio level to monitor specific portfolios and to identify potential risk concentrations. The portfolio limits and associated approval authorities are subject to periodic reviews and changes, particularly in the context of our annual business planning process. The status of our quantitative risk appetite objectives and portfolio limits is evaluated each month and reported to the BoD and the GEB.

- › Refer to "Risk measurement" in this section for more information about our stress testing and economic capital measures



These objectives are complemented by a standardized set of quantitative firm-wide non-financial risk appetite objectives established at the Group and business-division levels. Non-financial risk events exceeding predetermined risk tolerances, expressed as percentages of UBS's total revenue and operational risk regulatory capital, trigger a review of key loss drivers and required mitigation measures, and are reported in the Group Risk Report.

Risk appetite statements at the business-division level are derived from the firm-wide risk appetite. They may also include business-division-specific strategic goals related to that business division's activities and risks. Risk appetite statements are also set for certain legal entities, which must be consistent with the firm-wide risk appetite framework and approved in accordance with Group and legal entity regulations. Differences may exist that reflect the specific nature, size, complexity and regulations applicable to the relevant legal entity.

### Portfolio and position limits

We maintain a comprehensive set of risk limits across our major risk portfolios. These portfolio limits are set based on our risk appetite and periodically reviewed and adjusted as part of the business planning process.

Firm-wide stress and statistical metrics are complemented by more granular portfolio and position limits, triggers and targets. Combining these measures provides a comprehensive framework for control of the key risks of our business divisions, as well as significant legal entities.

We apply limits to a variety of exposures at the portfolio level, using statistical and stress-based measures, such as value-at-risk, liquidity-adjusted stress, loan underwriting limits, economic value sensitivity and portfolio default simulations for loan books. These are complemented with a set of controls for net interest income sensitivity, mark-to-market losses on available-for-sale portfolios, and the effect of foreign exchange movements on capital and capital ratios.

Portfolio measures are supplemented with counterparty- and position-level controls. Risk measures for position controls are based on market risk sensitivities and counterparty-level credit risk exposures. Market risk sensitivities include sensitivities to changes in general market risk factors (e.g. equity indices, foreign exchange rates and interest rates) and sensitivities to issuer-specific factors (e.g. changes in an issuer's credit spread or default risk). We monitor numerous market and treasury risk controls on a daily basis. Counterparty measures capture the current and potential future exposure to an individual counterparty, considering collateral and legally enforceable netting agreements.

Since the merger of UBS AG and Credit Suisse AG on 31 May 2024, UBS has significantly extended its set of combined portfolio limits applied to the UBS Group to oversee the aggregate risk profile. Only certain market risk limits continue to be separately monitored on the legacy Credit Suisse infrastructure until these positions are migrated to UBS infrastructure.

› Refer to **"Credit risk"** in this section for more information about counterparty limits

## Risk measurement

**Audited I** We apply a variety of methodologies and measurements to quantify the risks of our portfolios and potential risk concentrations. Risks that are not fully reflected within standard measures are subject to additional controls, which may include preapproval of specific transactions and the application of specific restrictions. Models to quantify risk are generally developed by dedicated units within control functions and are subject to independent validation. ▲

› Refer to **"Credit risk"**, **"Market risk"** and **"Non-financial risk"** in this section for more information about model confirmation procedures

### Stress testing

We perform stress testing to estimate losses that could result from extreme yet plausible macroeconomic and geopolitical stress events to identify, better understand and manage our potential vulnerabilities and risk concentrations. Stress testing has a key role in our limits framework at the firm-wide, business division, legal entity and portfolio levels. Stress test results are regularly reported to the BoD and the GEB. We also provide detailed stress loss analyses to the Swiss Financial Market Supervisory Authority (FINMA) and regulators of our legal entities in accordance with their requirements. As described in "Risk appetite framework", stress testing, along with economic capital measures, has a central role in our risk appetite and business planning processes.

Our stress-testing framework has three pillars: (i) combined stress tests; (ii) an extensive set of portfolio- and risk-type-specific stress tests; and (iii) reverse stress testing.

The combined stress-testing (CST) framework is scenario based and aims to quantify overall firm-wide losses that could result from various potential global systemic events. The framework captures all material risks, as covered in "Risk categories".

Scenarios are forward looking and encompass macroeconomic and geopolitical stress events calibrated to different levels of severity. In each scenario we assume changes in a wide range of macroeconomic and market variables to stress the key risk drivers of our portfolios. We also capture the business risk resulting from lower fee, interest and trading income net of lower expenses. These effects are measured for all businesses and material risk types to calculate the aggregate estimated effect of the given scenario on profit or loss, other comprehensive income, risk-weighted assets, the leverage ratio denominator and, ultimately, capital and leverage ratios. The assumed changes in macroeconomic and market variables are updated periodically to account for changes in the current and possible future market environment.

At least once a year, the Risk Committee approves the most relevant scenario, known as the binding scenario, for use as the main scenario for regular CST reporting and for monitoring risk exposure against our minimum capital, earnings and leverage ratio objectives in our risk appetite framework. In 2024, the binding scenario for CST was the internal stagflationary geopolitical crisis scenario. This scenario assumes that a geopolitical event leads to economic regionalization and fears of prolonged stagflation. Central banks signal a firm commitment to price stability and continue to tighten monetary policy, triggering a broad rise in interest rates and impacting economic activity and asset values.

As part of the CST framework, we routinely monitored the following three additional stress scenarios throughout 2024:

- The *global crisis* scenario assumes a fall in global trade, which particularly hits China and leads to a hard landing. Combined with political, solvency and liquidity concerns, this results in a sharp sell-off of emerging markets sovereign debt and some emerging markets default. The macroeconomic and market impacts amplify concerns about peripheral European sovereign debt, causing Greece and Cyprus to default.
- The *global depression* scenario explores a global risk-off market with a combination of political, solvency and liquidity concerns around emerging markets sovereign debt, causing several large emerging markets to default. Several European economies also default, and some leave the Eurozone. A negative feedback loop between collapsing demand, declining asset values and commodity prices, and disruption in the banking system leads to a deep and prolonged recession across the globe.
- The *US monetary crisis* scenario explores a loss of confidence in the US, which leads to a sell-off of US dollar-denominated assets, sparking an abrupt and substantial depreciation of the US dollar. The US economy is hit hard, financial markets enter a period of high volatility and other industrialized countries replicate the cyclical pattern of the US. Regional inflation trends diverge as the US experiences significant inflationary pressures while other developed markets experience deflation.

Portfolio-specific stress tests are measures tailored to the risks of specific portfolios. Our portfolio stress loss measures are derived from data on past events, but also include forward-looking elements (e.g. we derive the expected market movements in our liquidity-adjusted stress metric using a combination of historical market behavior, based on an analysis of historical events, and forward-looking analysis, including consideration of defined scenarios that have never occurred). Results of portfolio-specific stress tests may be subject to limits to explicitly control risk-taking or may be monitored without limits to identify vulnerabilities.

Reverse stress testing starts from a defined stress outcome (e.g. a specified loss amount, reputational damage, a liquidity shortfall or a breach of minimum capital ratios) and works backward to identify macroeconomic scenarios and / or idiosyncratic events that could result in such an outcome. As such, reverse stress testing is intended to complement scenario-based stress tests by assuming “what if” outcomes that could extend beyond the range normally considered, and thereby potentially challenge assumptions regarding severity and plausibility.

With regard to treasury risk, we routinely analyze the effect of movements in interest rates and changes in the structure of yield curves. We also perform stress testing to determine the optimal asset and liability structure, enabling us to maintain an appropriately balanced liquidity and funding position under various scenarios. These scenarios differ from those outlined above, because they focus on specific situations that could generate liquidity and funding stress, as opposed to the scenarios used in the CST framework, which focus on the effect on profit or loss and capital.

- › Refer to “Credit risk” and “Market risk” in this section for more information about stress loss measures
- › Refer to the “Capital, liquidity and funding, and balance sheet” section of this report for more information about stress testing
- › Refer to “Note 20 Expected credit loss measurement” in the “Consolidated financial statements” section of this report for more information about scenarios used for expected credit loss measurement

## Economic capital measures

We complement the scenario-based CST measures with economic capital stress measures to calculate and aggregate risks using statistical techniques to derive stress events at chosen confidence levels.

This framework is used to derive a loss distribution, considering effects on both income and expenses, based on the simulation of historically observed financial and economic risk factors in combination with the firm’s actual earnings and relevant risk exposures. From that, we determine earnings-at-risk (EaR), measuring the potential shortfall in earnings (i.e. the deviation from forecast earnings) at a 95% confidence level and evaluated over a one-year horizon. EaR is used for the assessment of the earnings objectives in our risk appetite framework.

We extend the EaR measure, incorporating the effects of gains and losses recognized through other comprehensive income, to derive a distribution of potential effects of stress events on common equity tier 1 capital. From this distribution, we derive our capital-at-risk (CaR) buffer measure at a 95% confidence level to assess our capital and leverage ratio risk appetite objectives, and we derive our CaR solvency measure at a 99.9% confidence level to assess our solvency risk appetite objective.

We use the CaR solvency measure as a basis for deriving the contributions of the business divisions to risk-based capital (RBC). RBC measures the potential capital impairment from an extreme stress event at a 99.9% confidence level.



## Risk concentrations

**Audited |** Risk concentrations may exist where one or several positions within or across different risk categories could result in significant losses relative to UBS's financial strength. Identifying such risk concentrations and assessing their potential impact is a critical component of our risk management and control process.

For financial risks, we consider a number of elements, such as shared characteristics of positions, the size of the portfolio and the sensitivity of positions to changes in the underlying risk factors. Also important in our assessment is the liquidity of the markets where the positions are traded, as well as the availability and effectiveness of hedges or other potential risk-mitigating factors. Particular attention is given to identification of wrong-way risk and risk on risk. Wrong-way risk is defined as a positive correlation between the size of the exposure and the likelihood of a loss. Risk on risk refers to a situation where a position and its risk mitigation can be impacted by the same event.

For non-financial risks, risk concentrations may result from, for example, a single operational risk issue that is large on its own (i.e. it has the potential to produce a single high-impact loss or a number of losses that together are high impact) or related risk issues that may link together to create a high impact.

Risk concentrations are subject to increased oversight by Group Risk Control and Group Compliance, Regulatory & Governance, and assessed to determine whether they should be reduced or mitigated, depending on the available means to do so. It is possible that material losses could occur on financial or non-financial risks, particularly if the correlations that emerge in a stressed environment differ markedly from those envisaged by risk models. ▲

- › Refer to **"Credit risk"** and **"Market risk"** in this section for more information about the composition of our portfolios and how risk concentrations are monitored and mitigated
- › Refer to the **"Risk factors"** section of this report for more information

## Credit risk

### **Audited | Main sources of credit risk**

- In Global Wealth Management, credit risk arises from collateralized lending, primarily against securities, residential and commercial real estate, other real assets (such as ships and aircraft), private equity and hedge fund interest, and investors' uncalled capital commitments, as well as from collateralized clients' derivatives trading. In addition, credit risk also arises from unsecured lending, i.e. cash-flow-based corporate lending to entities owned and controlled by our Global Wealth Management clients, and recourse-based lending.
- A substantial portion of our credit risk arises from Personal & Corporate Banking's lending exposure, including mortgage loans, secured mainly by owner-occupied properties and income-producing real estate, as well as corporate loans, that depends on the performance of the Swiss economy and real estate market.
- The Investment Bank's credit risk arises mainly from lending, derivatives trading and securities financing. Derivatives trading and securities financing are mainly investment grade. Loan underwriting activity can be lower rated and gives rise to temporary concentrated exposure.
- Credit risk in Non-core and Legacy relates to large, less-liquid structured financing transactions, including some with residential and commercial real estate collateral, a corporate loan portfolio and a counterparty credit trading portfolio with lending against securities collateral and derivatives. ▲

### **Audited | Overview of measurement, monitoring and management techniques**

- Credit risk from transactions with individual counterparties is based on our estimates of probability of default (PD), exposure at default (EAD) and loss given default (LGD). Limits are established for individual counterparties and groups of related counterparties covering banking and traded products, and for settlement amounts. Risk authorities are approved by the Board of Directors and are delegated to the Group CEO, the Group Chief Risk Officer (the Group CRO) and divisional CROs, based on risk exposure amounts, internal credit rating and potential for losses.
- Limits apply not only to the current outstanding amount but also to contingent commitments and the potential future exposure of traded products.
- The Investment Bank monitoring, measurement and limit framework distinguishes between exposures intended to be held to maturity (take-and-hold exposures) and those intended for distribution or risk transfer (temporary exposures).
- We use models to derive portfolio credit risk measures of expected loss, statistical loss and stress loss at Group-wide and business division levels, and to establish portfolio limits.
- Credit risk concentrations can arise if clients are engaged in similar activities, located in the same geographical region or have comparable economic characteristics, e.g. if their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. To avoid credit risk concentrations, we establish limits and operational controls that constrain risk concentrations at portfolio, sub-portfolio or counterparty levels for sector exposure, country risk exposure and specific product exposures. ▲

## Credit risk profile of the Group

The exposures detailed in this section are based on management's view of credit risk, which differs in certain respects from the expected credit loss (ECL) measurement requirements of IFRS Accounting Standards.

Internally, we classify credit risk exposures into two broad categories: banking products and traded products. Banking products include drawn loans, guarantees and loan commitments, amounts due from banks, balances at central banks, and other financial assets at amortized cost. Traded products include over-the-counter (OTC) derivatives, exchange-traded derivatives (ETD) and securities financing transactions (SFTs), consisting of securities borrowing and lending, and repurchase and reverse repurchase agreements.

### Banking and traded products exposure in our business divisions and Group Items

|                                                                           | 31.12.24                       |                                    |                     |                    |                        |                |           |
|---------------------------------------------------------------------------|--------------------------------|------------------------------------|---------------------|--------------------|------------------------|----------------|-----------|
| USD m                                                                     | Global<br>Wealth<br>Management | Personal &<br>Corporate<br>Banking | Asset<br>Management | Investment<br>Bank | Non-core<br>and Legacy | Group<br>Items | Total     |
| <b>Banking products exposure, gross<sup>1,2</sup></b>                     | 452,053                        | 424,994                            | 1,530               | 72,964             | 33,150                 | 17,478         | 1,002,169 |
| of which: loans and advances to customers (on-balance sheet)              | 295,856                        | 266,869                            | 9                   | 17,497             | 1,163                  | 551            | 581,944   |
| of which: guarantees and irrevocable loan commitments (off-balance sheet) | 18,978                         | 46,986                             | 5                   | 34,516             | 2,211                  | 17,164         | 119,859   |
| <b>Committed unconditionally revocable credit lines<sup>3</sup></b>       | 79,460                         | 65,749                             | 0                   | 452                | 4                      | 0              | 145,665   |
| <b>Traded products exposure, gross<sup>2,4</sup></b>                      | 14,900                         | 5,034                              | 0                   | 0                  | 46,076                 | 0              | 66,009    |
| of which: over-the-counter derivatives                                    | 11,705                         | 4,594                              | 0                   | 0                  | 17,371                 | 0              | 33,670    |
| of which: securities financing transactions                               | 186                            | 0                                  | 0                   | 0                  | 18,352                 | 0              | 18,538    |
| of which: exchange-traded derivatives                                     | 3,009                          | 440                                | 0                   | 0                  | 10,353                 | 0              | 13,802    |
| <b>Total credit-impaired exposure, gross<sup>1</sup></b>                  | 1,397                          | 3,714                              | 0                   | 595                | 930                    | 0              | 6,637     |
| of which: stage 3                                                         | 1,324                          | 3,358                              | 0                   | 549                | 69                     | 0              | 5,300     |
| of which: PCI                                                             | 73                             | 356                                | 0                   | 46                 | 861                    | 0              | 1,337     |
| <b>Total allowances and provisions for expected credit losses</b>         | 292                            | 1,512                              | 0                   | 379                | 318                    | 6              | 2,507     |
| of which: stage 1                                                         | 97                             | 269                                | 0                   | 110                | 4                      | 6              | 487       |
| of which: stage 2                                                         | 68                             | 247                                | 0                   | 142                | 2                      | 0              | 459       |
| of which: stage 3                                                         | 121                            | 960                                | 0                   | 124                | 48                     | 0              | 1,253     |
| of which: PCI                                                             | 7                              | 36                                 | 0                   | 2                  | 264                    | 0              | 309       |
|                                                                           | 31.12.23 <sup>5,6</sup>        |                                    |                     |                    |                        |                |           |
| USD m                                                                     | Global<br>Wealth<br>Management | Personal &<br>Corporate<br>Banking | Asset<br>Management | Investment<br>Bank | Non-core<br>and Legacy | Group<br>Items | Total     |
| <b>Banking products exposure, gross<sup>1,2</sup></b>                     | 495,846                        | 482,822                            | 1,699               | 115,203            | 72,770                 | 10,555         | 1,178,895 |
| of which: loans and advances to customers (on-balance sheet)              | 317,137                        | 299,150                            | 13                  | 16,993             | 7,942                  | 131            | 641,367   |
| of which: guarantees and irrevocable loan commitments (off-balance sheet) | 22,706                         | 57,494                             | 59                  | 36,230             | 3,235                  | 18,109         | 137,834   |
| <b>Committed unconditionally revocable credit lines<sup>3</sup></b>       | 83,077                         | 75,334                             | 0                   | 4,714              | 5                      | 126            | 163,256   |
| <b>Traded products exposure, gross<sup>2,4,7</sup></b>                    | 11,812                         | 4,748                              | 0                   | 0                  | 47,630                 | 0              | 64,191    |
| of which: over-the-counter derivatives                                    | 8,397                          | 4,116                              | 0                   | 0                  | 12,400                 | 0              | 24,913    |
| of which: securities financing transactions                               | 371                            | 19                                 | 0                   | 0                  | 23,044                 | 0              | 23,434    |
| of which: exchange-traded derivatives                                     | 3,045                          | 613                                | 0                   | 0                  | 12,186                 | 0              | 15,844    |
| <b>Total credit-impaired exposure, gross<sup>1</sup></b>                  | 1,662                          | 3,066                              | 0                   | 469                | 1,002                  | 1              | 6,200     |
| of which: stage 3                                                         | 1,022                          | 2,632                              | 0                   | 408                | 290                    | 1              | 4,352     |
| of which: PCI                                                             | 640                            | 434                                | 0                   | 61                 | 712                    | 0              | 1,848     |
| <b>Total allowances and provisions for expected credit losses</b>         | 392                            | 1,231                              | 1                   | 358                | 271                    | 8              | 2,261     |
| of which: stage 1                                                         | 176                            | 364                                | 1                   | 133                | 20                     | 7              | 700       |
| of which: stage 2                                                         | 63                             | 259                                | 0                   | 78                 | 16                     | 0              | 416       |
| of which: stage 3                                                         | 98                             | 590                                | 0                   | 146                | 158                    | 0              | 993       |
| of which: PCI                                                             | 55                             | 19                                 | 0                   | 1                  | 77                     | 0              | 153       |

<sup>1</sup> IFRS 9 gross exposure for banking products includes the following financial instruments in scope of expected credit loss measurement: balances at central banks, amounts due from banks, loans and advances to customers, other financial assets at amortized cost, guarantees and irrevocable loan commitments. <sup>2</sup> Internal management view of credit risk, which differs in certain respects from IFRS Accounting Standards.

<sup>3</sup> Commitments that can be canceled by UBS at any time but expose UBS to credit risk if the client has the ability to draw the facility before UBS can take action. These commitments are subject to expected credit loss requirements. <sup>4</sup> As counterparty risk for traded products is managed at counterparty level, no further split between exposures in the Investment Bank, Non-core and Legacy, and Group Items is provided.

<sup>5</sup> Comparative-period information has been restated for changes in business division perimeters and Group Treasury allocations. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section of this report for more information. <sup>6</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting of the integration of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information. <sup>7</sup> Credit Suisse traded products are presented before reflection of the impact of the purchase price allocation performed under IFRS 3, Business Combinations, following the acquisition of the Credit Suisse Group by UBS. The acquisition date adjustment is less than USD 1bn and, if applied, would lead to a reduction in our reported traded products exposure.



## Banking products

- › Refer to “Note 1 Summary of material accounting policies” in the “Consolidated financial statements” section of this report for more information about our accounting policy for allowances and provisions for ECL
- › Refer to “Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement” and “Note 20 Expected credit loss measurement” in the “Consolidated financial statements” section of this report for more information about ECL measurement requirements under IFRS Accounting Standards
- › Refer to “Note 14 Other assets” in the “Consolidated financial statements” section of this report for more details

### Global Wealth Management, Personal & Corporate Banking, and Investment Bank: banking products exposure, by internal UBS ratings<sup>1,2</sup>

| Business divisions           | 31.12.24                      |                                 |              |                             |                                  | 31.12.23 <sup>3</sup>         |                                 |              |                             |                                  |
|------------------------------|-------------------------------|---------------------------------|--------------|-----------------------------|----------------------------------|-------------------------------|---------------------------------|--------------|-----------------------------|----------------------------------|
|                              | Investment grade / Rating 1–5 | Sub-investment grade Rating 6–9 | Rating 10–13 | Defaulted / Credit-impaired | Banking products exposure, gross | Investment grade / Rating 1–5 | Sub-investment grade Rating 6–9 | Rating 10–13 | Defaulted / Credit-impaired | Banking products exposure, gross |
| Global Wealth Management     | 277,091                       | 46,664                          | 2,154        | 1,397                       | 327,307                          | 255,734                       | 51,020                          | 3,393        | 1,681                       | 311,828                          |
| Personal & Corporate Banking | 227,099                       | 84,197                          | 8,547        | 3,714                       | 323,556                          | 293,090                       | 93,684                          | 15,400       | 3,419                       | 405,592                          |
| Investment Bank              | 26,347                        | 16,692                          | 15,582       | 595                         | 59,216                           | 28,309                        | 18,956                          | 14,574       | 462                         | 62,301                           |

<sup>1</sup> Excluding balances at central banks and Group Treasury reallocations. <sup>2</sup> The ratings of the major credit rating agencies, and their mapping to our internal rating scale, are shown in the “Internal UBS rating scale and mapping of external ratings” table in this section. <sup>3</sup> Comparative-period information has not been restated for business perimeter changes. For the Investment Bank and Personal & Corporate Banking, legacy Credit Suisse exposure includes only loans and advances to customers and guarantees and loan commitments, before reflection of the impact of the purchase price allocation adjustments.

### Global Wealth Management

Gross banking products exposure decreased by USD 44bn to USD 452bn as of 31 December 2024, due to a decrease in balances at central banks, currency effects and negative net new loans.

Our Global Wealth Management loan portfolio is mainly secured by securities (Lombard loans) and by residential real estate. As of 31 December 2024, most of our USD 179bn of Lombard loans, including traded products collateralized by securities, were of high quality, with 92% rated as investment grade based on our internal ratings. Moreover, Lombard loans are typically uncommitted, short-term in nature and can be canceled immediately if the collateral quality deteriorates and margin calls are not met. Lending values in the Lombard book are derived by applying discounts (haircuts) to the pledged collateral’s market value in line with a possible adverse change in market value over a given close-out period and confidence level. Less-liquid or more volatile collateral will typically have larger haircuts. In 2024, the Lombard book, including traded products, remained stable, with an overall decrease of approximately 3%.

The residential real estate portfolio decreased by approximately 7% in 2024, mainly driven by our Swiss mortgage book, in line with a 7% strengthening of the US dollar over the year.

Specialized financings as of 31 December 2024 accounted for approximately 13% of the total banking products exposure. This portfolio mainly consists of commercial real estate loans, financing for ships, yachts and aircraft, unsecured lending, and loans collateralized with uncalled capital commitments. These financings decreased by approximately 12% in 2024, mainly driven by a decrease in unsecured loans originated by legacy Credit Suisse entities and the termination of our municipal bond issuer program in the US.

- › Refer to “Lending secured by real estate” and “Lombard lending” in this section for further information about these types of lending

### Collateralization of Loans and advances to customers<sup>1</sup>

|                                                                                                                    | Global Wealth Management |                       | Personal & Corporate Banking |                       |
|--------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|------------------------------|-----------------------|
| USD m, except where indicated                                                                                      | 31.12.24                 | 31.12.23 <sup>2</sup> | 31.12.24                     | 31.12.23 <sup>2</sup> |
| Secured by collateral                                                                                              | 290,053                  | 308,120               | 232,913                      | 259,734               |
| Residential real estate                                                                                            | 106,124                  | 111,755               | 184,404                      | 204,184               |
| Commercial / industrial real estate                                                                                | 9,312                    | 10,860                | 36,682                       | 42,560                |
| Cash                                                                                                               | 28,418                   | 36,813                | 2,624                        | 3,269                 |
| Equity and debt instruments                                                                                        | 120,223                  | 122,079               | 2,778                        | 3,666                 |
| Other collateral <sup>3</sup>                                                                                      | 25,977                   | 26,613                | 6,424                        | 6,055                 |
| Subject to guarantees                                                                                              | 1,715                    | 1,048                 | 6,886                        | 8,132                 |
| Uncollateralized and not subject to guarantees                                                                     | 4,088                    | 7,969                 | 27,070                       | 31,284                |
| <b>Total loans and advances to customers, gross</b>                                                                | <b>295,856</b>           | <b>317,137</b>        | <b>266,869</b>               | <b>299,150</b>        |
| <b>Allowances</b>                                                                                                  | <b>(221)</b>             | <b>(181)</b>          | <b>(1,271)</b>               | <b>(987)</b>          |
| <b>Total loans and advances to customers, net of allowances</b>                                                    | <b>295,635</b>           | <b>316,957</b>        | <b>265,598</b>               | <b>298,163</b>        |
| Collateralized loans and advances to customers as a percentage of total loans and advances to customers, gross (%) | 98.0                     | 97.2                  | 87.3                         | 86.8                  |

<sup>1</sup> Collateral arrangements generally incorporate a range of collateral, including cash, equity and debt instruments, real estate and other collateral. For the purpose of this disclosure, UBS applies a risk-based approach that generally prioritizes collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is first allocated to the funded element. For legacy Credit Suisse a risk-based approach is applied that generally prioritizes real estate collateral and prioritizes other collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is proportionately allocated. <sup>2</sup> Comparative-period information has been restated for changes in business division parameters. Refer to “Note 3 Segment reporting” in the “Consolidated financial statements” section of this report for more information. <sup>3</sup> Includes but is not limited to life insurance contracts, rights in respect of subscription or capital commitments from fund partners, inventory, gold and other commodities.

## Personal & Corporate Banking

Gross banking products exposure decreased by USD 58bn to USD 425bn as of 31 December 2024, predominantly due to strengthening of the US dollar versus the Swiss franc and negative net new loans.

The exposure is mainly driven by our Swiss mortgage portfolio, our Swiss corporate banking portfolio and, to a lesser extent, our commodity trade finance portfolio. As of 31 December 2024, the majority of the banking products exposure was rated investment grade, and 87% of loans and advances to customers were secured by collateral, mainly residential and commercial property. The total unsecured amount mainly consists of cash-flow-based lending to corporate counterparties.

Our Swiss corporate banking products take-and-hold portfolio exposure was USD 73bn (CHF 66bn) as of 31 December 2024 and decreased by USD 20bn compared with 31 December 2023, due to strengthening of the US dollar versus the Swiss franc and negative net new loans. The portfolio consists of loans, guarantees and loan commitments to multi-national and domestic counterparties. The small and medium-sized entity portfolio, in particular, is well diversified across industries. However, such companies are reliant on the domestic economy and the economies to which they export, in particular the EU and the US.

Our commodity trade finance portfolio focuses on energy and base-metal trading companies, where the related commodity price risk is hedged to a large extent by the commodity trader. The majority of limits in this business are uncommitted, transactional and short-term in nature. Our portfolio size was USD 9bn (CHF 8bn) as of 31 December 2024, compared with USD 11bn (CHF 9bn) as of 31 December 2023, primarily driven by lower market activity. A considerable part of the exposure correlates with commodity prices.

## Swiss mortgage loan portfolio

Our Swiss mortgage loan portfolio secured by residential and commercial real estate in Switzerland continued to be our largest loan portfolio. These mortgage loans (including loans on owner-occupied commercial real estate), totaling USD 313bn (CHF 284bn) as of 31 December 2024, mainly originated from Personal & Corporate Banking, with contributions also from Global Wealth Management Region Switzerland.

Of the aggregate amount of Swiss residential mortgages, 99.9% would continue to be covered by the real estate collateral even if the collateral value were to decrease 20%, and more than 99% would remain covered by the real estate collateral if the collateral value were to decrease 30%.

### Swiss mortgages: exposure by exposure segments and loan-to-value (LTV) buckets<sup>1</sup>

| USD bn, except where indicated     |                          | 31.12.24    |        |        |        |        |         |       | 31.12.23 |       |
|------------------------------------|--------------------------|-------------|--------|--------|--------|--------|---------|-------|----------|-------|
|                                    |                          | LTV buckets |        |        |        |        |         |       |          |       |
| Exposure segment                   |                          | ≤30%        | 31–50% | 51–60% | 61–70% | 71–80% | 81–100% | >100% | Total    | Total |
| Residential mortgages              | Exposure                 | 154.4       | 61.8   | 14.1   | 5.5    | 1.5    | 0.3     | 0.1   | 237.6    | 261.6 |
| Income-producing real estate       | Exposure                 | 39.4        | 14.3   | 2.7    | 1.0    | 0.2    | 0.1     | 0.1   | 57.7     | 70.0  |
| Corporates                         | Exposure                 | 10.7        | 3.4    | 0.7    | 0.4    | 0.2    | 0.1     | 0.2   | 15.7     | 19.8  |
| Other segments                     | Exposure                 | 1.4         | 0.5    | 0.1    | 0.1    | 0.0    | 0.0     | 0.0   | 2.2      | 1.1   |
| <b>Mortgage-covered exposure</b>   | Exposure                 | 206.0       | 80.0   | 17.7   | 6.9    | 1.9    | 0.5     | 0.3   | 313.2    | 352.3 |
|                                    | as a percentage of total | 66          | 26     | 6      | 2      | 1      | 0       | 0     | 100      | 100   |
| Mortgage-covered exposure 31.12.23 | Exposure                 | 220.4       | 93.4   | 24.5   | 10.7   | 2.5    | 0.4     | 0.5   | 352.3    |       |
|                                    | as a percentage of total | 63          | 27     | 7      | 3      | 1      | 0       | 0     | 100      |       |

<sup>1</sup> The amount of each mortgage loan is allocated across the LTV buckets to indicate the portion at risk at the various value levels shown; for example, a loan of 75 with an LTV ratio of 75% (i.e. a collateral value of 100) would result in allocations of 30 in the less-than-or-equal-to-30% LTV bucket, 20 in the 31–50% bucket, 10 in the 51–60% bucket, 10 in the 61–70% bucket and 5 in the 71–80% bucket.

## Investment Bank

The Investment Bank's lending activities are largely associated with corporate and non-bank financial institutions. The business is broadly diversified across industry sectors but concentrated in North America.

Gross banking products exposure decreased by USD 42bn to USD 73bn as of 31 December 2024, due to a decrease in balances at central banks. The banking products exposure is almost equally distributed between investment grade and sub-investment grade rating, with a slight predominance of the latter.

Mandated loan underwriting commitments on a notional basis were USD 4.6bn as of 31 December 2024 (31 December 2023: USD 2.1bn), reflecting new mandates during the year. As of 31 December 2024, USD 0.2bn of these commitments had not yet been distributed as originally planned. The loan underwriting commitments reported as of the end of 2023 were fully syndicated or canceled in 2024.

Loan underwriting exposures are classified as held for trading, with fair values reflecting the market conditions at the end of 2024. Credit hedges are in place to help protect against fair value movements in the portfolio.

› Refer to "Credit risk models" in this section for more information about rating grades and rating agency mappings

## Investment Bank: banking products exposure, by geographical region<sup>1</sup>

|                        | 31.12.24      |              | 31.12.23 <sup>2</sup> |              |
|------------------------|---------------|--------------|-----------------------|--------------|
|                        | USD m         | %            | USD m                 | %            |
| Asia Pacific           | 5,813         | 9.8          | 5,405                 | 8.7          |
| Latin America          | 778           | 1.3          | 791                   | 1.3          |
| Middle East and Africa | 392           | 0.7          | 413                   | 0.7          |
| North America          | 37,568        | 63.4         | 40,542                | 65.1         |
| Switzerland            | 132           | 0.2          | 168                   | 0.3          |
| Rest of Europe         | 14,533        | 24.5         | 14,983                | 24.0         |
| <b>Exposure</b>        | <b>59,216</b> | <b>100.0</b> | <b>62,301</b>         | <b>100.0</b> |

<sup>1</sup> Excluding balances at central banks and Group Treasury reallocations. <sup>2</sup> Legacy Credit Suisse exposure includes only loans and advances to customers and guarantees and loan commitments presented before reflection of the impact of the purchase price allocation adjustments.

## Investment Bank: banking products exposure, by industry sector<sup>1</sup>

|                                         | 31.12.24      |              | 31.12.23 <sup>2</sup> |              |
|-----------------------------------------|---------------|--------------|-----------------------|--------------|
|                                         | USD m         | %            | USD m                 | %            |
| Banks                                   | 6,895         | 11.6         | 5,281                 | 8.5          |
| Chemicals                               | 2,403         | 4.1          | 1,752                 | 2.8          |
| Electricity, gas, water supply          | 443           | 0.7          | 843                   | 1.4          |
| Financial institutions, excluding banks | 21,278        | 35.9         | 17,543                | 28.2         |
| Manufacturing                           | 5,168         | 8.7          | 8,220                 | 13.2         |
| Mining                                  | 1,461         | 2.5          | 1,548                 | 2.5          |
| Public authorities                      | 587           | 1.0          | 1,356                 | 2.2          |
| Real estate and construction            | 2,226         | 3.8          | 2,491                 | 4.0          |
| Retail and wholesale                    | 5,238         | 8.8          | 5,667                 | 9.1          |
| Technology and communications           | 7,274         | 12.3         | 8,234                 | 13.2         |
| Transport and storage                   | 838           | 1.4          | 1,160                 | 1.9          |
| Other                                   | 5,405         | 9.1          | 8,206                 | 13.2         |
| <b>Exposure</b>                         | <b>59,216</b> | <b>100.0</b> | <b>62,301</b>         | <b>100.0</b> |

<sup>1</sup> Excluding balances at central banks and Group Treasury reallocations. <sup>2</sup> Legacy Credit Suisse exposure includes only loans and advances to customers and guarantees and loan commitments presented before reflection of the impact of the purchase price allocation adjustments.

## Non-core and Legacy

Gross banking products exposure decreased by USD 40bn to USD 33bn as of 31 December 2024, mainly due to a decrease in balances at central banks and also due to reductions in all other banking product exposures, reflecting portfolio de-risking.

As of 31 December 2024, Non-core and Legacy had no mandated loan underwriting commitments, compared with commitments of USD 1.0bn on a notional basis as of 31 December 2023.

- › Refer to “Balance sheet assets” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information
- › Refer to the “Our businesses” section of this report for more information
- › Refer to the “Non-core and Legacy” section of this report for more information

## Group Items

Gross banking products exposure, which arises primarily in connection with treasury activities, increased by USD 7bn to USD 17bn as of 31 December 2024, due to an increase in balances at central banks, partly offset by a decrease in other financial assets at amortized cost.

- › Refer to “Balance sheet assets” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information
- › Refer to the “Group Items” section of this report for more information

## Traded products

**Audited** | Counterparty credit risk (CCR) arising from traded products, which include OTC derivatives, ETD exposures and SFTs originating in the Investment Bank, Non-core and Legacy, and Group Treasury, is generally managed on a close-out basis. This takes into account possible effects of market movements on the exposure and any associated collateral over the time it would take to close out our positions. Limits are applied to the potential future exposure per counterparty, with the size of the limit dependent on the counterparty's creditworthiness (as determined by Risk Control). Limit frameworks are also used to control overall exposure to specific sectors. Such portfolio limits are monitored and reported to senior management.

Trading in OTC derivatives is conducted through central counterparties where practicable. Where central counterparties are not used, we have clearly defined policies and processes for trading on a bilateral basis. Trading is typically conducted under bilateral International Swaps and Derivatives Association agreements or similar master netting agreements, which generally permit close-out and netting of transactions in case of default, subject to applicable law. For certain counterparties, initial margin is taken to cover some or all of the calculated close-out exposure. This is in addition to the variation margin taken to settle changes in market value of transactions. For most major market participant counterparties, we use two-way collateral agreements under which either party can be required to provide collateral in the form of cash or marketable securities when the exposure exceeds specified levels. Non-cash collateral typically consists of well-rated government debt or other collateral acceptable to Risk Control and permitted by applicable regulations. ▲

In the tables below, OTC derivatives exposures are generally presented as net positive replacement values after the application of legally enforceable netting agreements and the deduction of cash and marketable securities held as collateral. SFT exposures are reported taking into account collateral received, and ETD exposures take into account collateral margin calls.

- ▶ Refer to “Note 11 Derivative instruments” in the “Consolidated financial statements” section of this report for more information about OTC derivatives settled through central counterparties
- ▶ Refer to “Note 22 Offsetting financial assets and financial liabilities” in the “Consolidated financial statements” section of this report for more information about the effect of netting and collateral arrangements on derivative exposures

#### Investment Bank, Non-core and Legacy, and Group Treasury: traded products exposure, by internal UBS ratings<sup>1</sup>

| Product                                          | 31.12.24                      |              |              |                             |                                            | 31.12.23                      |              |              |                             |                                            |
|--------------------------------------------------|-------------------------------|--------------|--------------|-----------------------------|--------------------------------------------|-------------------------------|--------------|--------------|-----------------------------|--------------------------------------------|
|                                                  | Sub-investment grade          |              |              |                             |                                            | Sub-investment grade          |              |              |                             |                                            |
|                                                  | Investment grade / Rating 1–5 | Rating 6–9   | Rating 10–13 | Defaulted / Credit-impaired | Traded products exposure, net <sup>2</sup> | Investment grade / Rating 1–5 | Rating 6–9   | Rating 10–13 | Defaulted / Credit-impaired | Traded products exposure, net <sup>2</sup> |
| OTC derivatives                                  | 16,266                        | 841          | 40           | 211                         | 17,357                                     | 10,708                        | 1,081        | 165          | 95                          | 12,049                                     |
| ETD                                              | 10,245                        | 109          | 0            | 0                           | 10,353                                     | 12,108                        | 73           | 5            | 0                           | 12,186                                     |
| SFTs                                             | 18,063                        | 289          | 0            | 0                           | 18,352                                     | 22,807                        | 227          | 10           | 0                           | 23,044                                     |
| <b>Traded products exposure, net<sup>2</sup></b> | <b>44,573</b>                 | <b>1,239</b> | <b>40</b>    | <b>211</b>                  | <b>46,062</b>                              | <b>45,623</b>                 | <b>1,381</b> | <b>181</b>   | <b>95</b>                   | <b>47,279</b>                              |

<sup>1</sup> The ratings of the major credit rating agencies, and their mapping to our internal rating scale, are shown in the “Internal UBS rating scale and mapping of external ratings” table in this section. <sup>2</sup> After credit valuation adjustments and hedges.

#### Investment Bank, Non-core and Legacy, and Group Treasury: net OTC derivatives and SFT exposure, by geographical region

|                        | Net OTC derivatives exposure |              |               |              | Net SFT exposure |              |               |              |
|------------------------|------------------------------|--------------|---------------|--------------|------------------|--------------|---------------|--------------|
|                        | 31.12.24                     |              | 31.12.23      |              | 31.12.24         |              | 31.12.23      |              |
|                        | USD m                        | %            | USD m         | %            | USD m            | %            | USD m         | %            |
| Asia Pacific           | 5,126                        | 29.5         | 1,638         | 13.6         | 2,307            | 12.6         | 2,840         | 12.3         |
| Latin America          | 88                           | 0.5          | 349           | 2.9          | 27               | 0.1          | 67            | 0.3          |
| Middle East and Africa | 111                          | 0.6          | 236           | 2.0          | 511              | 2.8          | 437           | 1.9          |
| North America          | 4,165                        | 24.0         | 4,555         | 37.8         | 4,946            | 27.0         | 3,243         | 14.1         |
| Switzerland            | 2,522                        | 14.5         | 1,029         | 8.5          | 494              | 2.7          | 3,939         | 17.1         |
| Rest of Europe         | 5,345                        | 30.8         | 4,243         | 35.2         | 10,066           | 54.9         | 12,517        | 54.3         |
| <b>Exposure</b>        | <b>17,357</b>                | <b>100.0</b> | <b>12,049</b> | <b>100.0</b> | <b>18,352</b>    | <b>100.0</b> | <b>23,044</b> | <b>100.0</b> |

#### Investment Bank, Non-core and Legacy, and Group Treasury: net OTC derivatives and SFT exposure, by industry sector

|                                         | Net OTC derivatives exposure |              |               |              | Net SFT exposure |              |               |              |
|-----------------------------------------|------------------------------|--------------|---------------|--------------|------------------|--------------|---------------|--------------|
|                                         | 31.12.24                     |              | 31.12.23      |              | 31.12.24         |              | 31.12.23      |              |
|                                         | USD m                        | %            | USD m         | %            | USD m            | %            | USD m         | %            |
| Banks                                   | 1,673                        | 9.6          | 1,829         | 15.2         | 1,577            | 8.6          | 3,008         | 13.1         |
| Chemicals                               | 7                            | 0.0          | 19            | 0.2          | 0                | 0.0          | 0             | 0.0          |
| Electricity, gas, water supply          | 138                          | 0.8          | 116           | 1.0          | 0                | 0.0          | 0             | 0.0          |
| Financial institutions, excluding banks | 14,804                       | 85.3         | 8,577         | 71.2         | 16,357           | 89.1         | 16,143        | 70.1         |
| Manufacturing                           | 32                           | 0.2          | 51            | 0.4          | 0                | 0.0          | 0             | 0.0          |
| Mining                                  | 65                           | 0.4          | 17            | 0.1          | 0                | 0.0          | 0             | 0.0          |
| Public authorities                      | 446                          | 2.6          | 993           | 8.2          | 417              | 2.3          | 3,890         | 16.9         |
| Retail and wholesale                    | 9                            | 0.1          | 20            | 0.2          | 0                | 0.0          | 0             | 0.0          |
| Transport, storage and communication    | 24                           | 0.1          | 174           | 1.4          | 0                | 0.0          | 3             | 0.0          |
| Other                                   | 159                          | 0.9          | 255           | 2.1          | 0                | 0.0          | 0             | 0.0          |
| <b>Exposure</b>                         | <b>17,357</b>                | <b>100.0</b> | <b>12,049</b> | <b>100.0</b> | <b>18,352</b>    | <b>100.0</b> | <b>23,044</b> | <b>100.0</b> |

## Credit risk mitigation

**Audited I** We actively manage credit risk in our portfolios by taking collateral against exposures and by utilizing credit hedging. ▲

### Lending secured by real estate

**Audited I** We use a scoring model as part of a standardized front-to-back process for credit decisions on originating or modifying Swiss mortgage loans. The model's two key factors are the LTV ratio and an affordability calculation. ▲

The calculation of affordability takes into account interest payments, minimum amortization requirements and potential property maintenance costs in relation to gross income or rental income for rental properties. The imputed interest rate is set at 5% per annum, independently of the current interest rate environment.

For residential properties occupied by the borrower, the maximum LTV for the standard approval process is 80%. For income-producing real estate (IPRE), the maximum LTV allowed within the standard approval process ranges from 30% to 75%, depending on the type and age of the property, and the amount of renovation work needed.

**Audited I** The value we assign to each property is based on the lowest value determined from model-derived valuations, the purchase price, an asset value for IPRE and, in some cases, an additional external valuation. ▲

To take market developments into account for external valuation models, an external vendor regularly updates the parameters and / or refines the architecture for each model. Model changes and parameter updates are subject to the same validation procedures as our internally developed models.

**Audited I** We similarly apply underwriting guidelines for our Global Wealth Management Region Americas mortgage loan portfolio, taking into account loan affordability and collateral sufficiency. LTV standards are defined for the various mortgage types, such as residential mortgages or investment properties, based on associated risk factors, such as property type and loan size and purpose. The maximum LTV allowed within the standard approval process ranges from 45% to 80%. In addition to LTV, other credit risk metrics, such as debt-to-income ratios, credit scores and required client reserves, are also part of our underwriting guidelines.

A risk limit framework is applied to the Global Wealth Management Region Americas mortgage loan portfolio. Limits are set to govern exposures within LTV categories, geographic concentrations, portfolio growth and high-risk mortgage segments, such as interest-only loans. These limits are monitored by a specialized credit risk monitoring team and reported to senior management. Supplementing this limit framework is a real estate lending policy and procedures framework, set up to govern real estate lending activities. Quality assurance and quality control programs monitor compliance with mortgage underwriting and documentation requirements.

For our mortgage loan portfolio in the Global Wealth Management regions of EMEA and Asia Pacific, we apply global underwriting guidelines with regional variations to allow for regulatory and market differentials. As in other regions, the underwriting guidelines take into account affordability and collateral sufficiency. Affordability is assessed at a stressed interest rate using, for residential real estate, the borrowers' sustainable income and declared liabilities, and for commercial real estate the quality and sustainability of rental income. For interest-only loans, a declared and evidenced repayment strategy must be in place. The applicable LTV for each mortgage is based on the quality and liquidity of the property and assessed against valuations from bank-appointed third-party valuers. Maximum LTV varies from 30% to 70%, depending on the type and location of the property, as well as other factors. Serviceability may be further supported by personal guarantees from related third parties. The overall portfolio is centrally assessed against a number of stress scenarios to ensure that exposures remain within predefined stress limits. ▲

› Refer to "Swiss mortgage loan portfolio" in this section for more information about LTV in our Swiss mortgage portfolio

### Lombard lending

**Audited I** Lombard loans are secured by pledges of marketable securities, guarantees and other forms of collateral. Eligible financial securities are primarily liquid and actively traded transferable securities (such as bonds, equities and certain hybrid securities), and other transferable securities, such as approved structured products for which regular prices are available and the issuer of the security provides a market. To a lesser degree, less-liquid collateral is also used.

We derive lending values by applying discounts (haircuts) to the pledged collateral's market value. Haircuts for marketable securities are calculated to cover a possible adverse change in market value over a given close-out period and confidence level. Less-liquid or more volatile collateral will typically have larger haircuts.

We assess concentration and correlation risks across collateral posted at a counterparty level, and at a divisional level across counterparties. We also perform targeted Group-wide reviews of concentration. Concentration of collateral in single securities, issuers or issuer groups, industry sectors, countries, regions or currencies may result in higher risk and reduced liquidity. In such cases, the lending value of the collateral, margin call and close-out levels are adjusted accordingly. ▲

Exposures and collateral market values are monitored daily, with the aim of ensuring that the credit exposure always remains within the established risk tolerance. A shortfall occurs when the lending value drops below the exposure; if it exceeds a defined trigger level, a margin call is initiated, requiring the client to provide additional collateral, reduce the exposure or take other action to bring exposure in line with the agreed lending value of the collateral. If a shortfall is not corrected within the required period, a close-out is initiated, through which collateral is liquidated, open derivative positions are closed and guarantees are called.

We conduct stress testing of collateralized exposures to simulate market events that reduce collateral market value, increase exposure of traded products, or do both. For certain classes of counterparties, limits on such calculated stress exposures are applied and controlled at a counterparty level. Also, portfolio limits are applied across certain businesses or collateral types.

› Refer to “Stress loss” in this section for more information about our stress testing

## Credit hedging

**Audited I** We use single-name credit default swaps (CDSs), credit-index CDSs, structured portfolio hedges (SPHs), bespoke protection and other instruments to actively manage credit risk. The aim is to reduce concentrations of risk from specific counterparties, sectors or portfolios and, for CCR, the profit or loss effect arising from changes in credit valuation adjustments.

We have strict guidelines with regard to taking credit hedges into account for credit risk mitigation purposes. For example, when monitoring exposures against counterparty limits, we do not usually apply certain credit risk mitigants, such as proxy hedges (credit protection on a correlated but different name) or credit-index CDSs, to reduce counterparty exposures. SPHs are structured to achieve true risk transfer by providing explicit protection against events that could cause a loss in the referenced hedged positions, with the hedge payoff matched to the actual loss incurred on those positions (i.e. no basis risk). Buying credit protection, if unfunded, also creates credit exposure with regard to the protection provider. We monitor and limit exposures to credit protection providers and also monitor the effectiveness of credit hedges. ▲

› Refer to “Note 11 Derivative instruments” in the “Consolidated financial statements” section of this report for more information

› Refer to the 31 December 2024 Pillar 3 Report, available under “Pillar 3 disclosures” at [ubs.com/investors](https://ubs.com/investors), for more information about risk transfer through synthetic securitizations

## Mitigation of settlement risk

To mitigate settlement risk, we reduce actual settlement volumes by using multi-lateral and bilateral agreements with counterparties, including payment netting. In relation to the exchange of cash or securities, transactions can be settled on a delivery-versus-payment basis.

Foreign exchange transactions are our most significant source of settlement risk. We are a member of CLS Settlement (operated by CLS, formerly known as Continuous Linked Settlement), an industry utility that provides a multi-lateral framework to settle transactions on a payment-versus-payment basis, thus reducing foreign-exchange-related settlement risk relative to the volume of business. However, mitigation of settlement risk through CLS and other means does not fully eliminate credit risk in foreign exchange transactions resulting from changes in exchange rates prior to settlement, which is managed as part of our overall credit risk management of OTC derivatives.

## Credit risk models

### Basel III – A-IRB credit risk models

**Audited I** We have developed tools and models to estimate future credit losses that may be implicit in our current portfolio.

Exposures to individual counterparties are measured using three generally accepted parameters: PD, EAD and LGD. For a given credit facility, the product of these three parameters results in the expected loss (the EL). These parameters are the basis for the majority of our internal measures of credit risk, and key inputs for regulatory capital calculation under the advanced internal ratings-based (A-IRB) approach of the Basel III framework. We also use models to derive the portfolio credit risk measures of EL, statistical loss and stress loss. ▲

› Refer to the 31 December 2024 Pillar 3 Report, available under “Pillar 3 disclosures” at [ubs.com/investors](https://ubs.com/investors), for more information about the regulatory capital calculation under the A-IRB approach and our key credit risk models

**Audited I**

### Internal UBS rating scale and mapping of external ratings

| Internal UBS rating        | 1-year PD range, in % | Description          | Moody's Investors<br>Service mapping | S&P mapping | Fitch mapping |
|----------------------------|-----------------------|----------------------|--------------------------------------|-------------|---------------|
| 0 and 1                    | 0.00–0.02             | Investment grade     | Aaa                                  | AAA         | AAA           |
| 2                          | 0.02–0.05             |                      | Aa1 to Aa3                           | AA+ to AA–  | AA+ to AA–    |
| 3                          | 0.05–0.12             |                      | A1 to A3                             | A+ to A–    | A+ to A–      |
| 4                          | 0.12–0.25             |                      | Baa1 to Baa2                         | BBB+ to BBB | BBB+ to BBB   |
| 5                          | 0.25–0.50             |                      | Baa3                                 | BBB–        | BBB–          |
| 6                          | 0.50–0.80             | Sub-investment grade | Ba1                                  | BB+         | BB+           |
| 7                          | 0.80–1.30             |                      | Ba2                                  | BB          | BB            |
| 8                          | 1.30–2.10             |                      | Ba3                                  | BB–         | BB–           |
| 9                          | 2.10–3.50             |                      | B1                                   | B+          | B+            |
| 10                         | 3.50–6.00             |                      | B2                                   | B           | B             |
| 11                         | 6.00–10.00            |                      | B3                                   | B–          | B–            |
| 12                         | 10.00–17.00           |                      | Caa1 to Caa2                         | CCC+ to CCC | CCC+ to CCC   |
| 13                         | >17                   |                      | Caa3 to C                            | CCC– to C   | CCC– to C     |
| Counterparty is in default | Default               | Defaulted            |                                      | D           | D             |

▲



### *Probability of default*

PD estimates the likelihood of a counterparty defaulting on its contractual obligations over the next 12 months and is assessed using rating tools tailored to the various categories of counterparties.

The ratings of major credit rating agencies, and their mapping to the UBS masterscale and internal PD bands, are shown in the “Internal UBS rating scale and mapping of external ratings” table above. For Moody’s and S&P, the mapping is based on the long-term average of one-year default rates available from these rating agencies, with Fitch ratings being mapped to the equivalent S&P ratings. For each external rating category, the average default rate is compared with our internal PD bands to derive a periodically reviewed mapping to our internal rating scale.

### *Exposure at default*

EAD is the amount we expect to be owed by a counterparty at the time of possible default. We derive EAD from current exposure to the counterparty and possible future exposure development.

The EAD of an on-balance sheet loan is its notional amount, while for off-balance sheet commitments that are not drawn, credit conversion factors (CCFs) are used in order to obtain an expected on-balance sheet amount.

For traded products under the internal model method for derivatives and the repo value-at-risk approach for SFTs, we derive EAD by modeling the range of possible exposure outcomes at various points in time using a simulation based on a scenario-consistent technique. We assess the net amount that may be owed to us or that we may owe to others, taking into account the effect of market movements over the potential time it would take to close out positions.

We assess exposures where there is a material correlation between the factors driving the credit quality of the counterparty and those driving the potential future value of our traded products exposure (wrong-way risk), and we have established specific controls to mitigate such risks.

### *Loss given default*

LGD is the magnitude of the likely loss if there is a default. Our LGD estimates, which consider downturn conditions, include loss of principal, interest and other amounts less recovered amounts. We determine LGD based on the likely recovery rate of claims against defaulted counterparties, which depends on the type of counterparty and any credit mitigation due to collateral or guarantees. Our estimates are supported by internal loss data and external information, where available. If we hold collateral, such as marketable securities or a mortgage on a property, LTV ratios are typically a key parameter in determining LGD. For risk-weighted asset (RWA) calculation, floors are applied to LGD in line with regulation.

### *Expected loss*

We use the concept of EL to quantify future credit losses that may be implicit in our current portfolio. The EL for a given credit facility is the product of the three components described above, i.e. PD, EAD and LGD. We aggregate the EL for individual counterparties to derive expected portfolio credit losses.

## *IFRS 9 – ECL credit risk models*

### *Expected credit loss*

ECL is defined as the difference between contractual cash flows and those UBS expects to receive, discounted at the effective interest rate (EIR) or contractual interest rate. For loan commitments and other credit facilities in scope of ECL requirements, expected cash shortfalls are determined by considering expected future drawdowns. Rather than focusing on an average through-the-cycle (TTC) expected annual loss, the purpose of ECL is to estimate the amount of losses inherent in a portfolio based on current conditions and future outlook (a point-in-time (PIT) measure), whereby such a forecast has to be unbiased (i.e. exclude conservative adjustments) and include all information available without undue cost and effort, and address multiple scenarios where there is perceived non-linearity between changes in economic conditions and their effect on credit losses. From a credit risk modeling perspective, ECL parameters are generally derivations of the factors assessed for regulatory Basel III EL.

### *Comparison of Basel III EL and IFRS 9 ECL credit risk models*

The IFRS 9 ECL concept has a number of key differences from our Basel III credit risk models, both in the loss estimation process and the result thereof. Most notably, regulatory Basel III EL parameters are TTC / downturn estimates, which might include a margin of conservatism, while IFRS 9 ECL parameters are typically PIT, reflecting current economic conditions and future outlook. The table below summarizes the main differences. Stage 1 and 2 ECL releases in 2024 were USD 99m, and the respective allowances and provisions as of 31 December 2024 were USD 946m. This included ECL allowances and provisions of USD 838m related to positions under the Basel III A-IRB approach. Basel III EL for non-defaulted positions was USD 1,406m.

- › Refer to “**Note 1 Summary of material accounting policies**” in the “**Consolidated financial statements**” section of this report for more information about our accounting policy for allowances and provisions for ECL including key definitions relevant for the ECL calculation under IFRS 9

The table below shows the main differences between the two expected loss measures.

|                                               | Basel III EL (A-IRB approach)                                                                                                                                                                                                                                                                                                                                                                       | IFRS 9 ECL                                                                                                                                                                                                                                                          |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scope</b>                                  | The Basel III A-IRB approach applies to most credit risk exposures. It includes transactions measured at amortized cost, at fair value through profit or loss and at fair value through OCI, including loan commitments and financial guarantees.                                                                                                                                                   | The IFRS 9 ECL calculation mainly applies to financial assets measured at amortized cost and debt instruments measured at fair value through OCI, as well as loan commitments and financial guarantees not at fair value through profit or loss.                    |
| <b>12-month versus lifetime expected loss</b> | The Basel III A-IRB approach takes into account expected losses resulting from expected default events occurring within the next 12 months.                                                                                                                                                                                                                                                         | In the absence of a significant increase in credit risk (an SICR), a maximum 12-month ECL is recognized. Once an SICR event has occurred, a lifetime ECL is recognized considering expected default events over the life of the transaction.                        |
| <b>Exposure at default (EAD)</b>              | EAD is the amount we expect a counterparty to owe us at the time of a possible default. For banking products, EAD equals the book value as of the reporting date; for traded products, the vast majority of EAD is modeled. For lending, EAD is expected to remain constant over a 12-month period. For loan commitments, a credit conversion factor is applied to model expected future drawdowns. | EAD is generally calculated on the basis of the cash flows that are expected to be outstanding at the individual points in time during the life of the transaction. For loan commitments, a credit conversion factor is applied to model expected future drawdowns. |
| <b>Probability of default (PD)</b>            | PD estimates are determined on a through-the-cycle (TTC) basis. They represent historical average PDs, taking into account observed losses over a prolonged historical period, and therefore are less sensitive to movements in the underlying economy.                                                                                                                                             | PD estimates are determined on a point-in-time (PIT) basis, based on current conditions and incorporating forecasts for future economic conditions at the reporting date.                                                                                           |
| <b>Loss given default (LGD)</b>               | LGD includes prudential adjustments, such as downturn LGD assumptions and floors. Similar to PD, LGD is determined on a TTC basis.                                                                                                                                                                                                                                                                  | LGD should reflect the losses that are reasonably expected and prudential adjustments should therefore not be applied. Similar to PD, LGD is determined on the basis of a PIT approach.                                                                             |
| <b>Use of scenarios</b>                       | No use of scenarios.                                                                                                                                                                                                                                                                                                                                                                                | Multiple forward-looking scenarios have to be taken into account to determine a probability-weighted ECL.                                                                                                                                                           |

## Further key aspects of credit risk models

### Stress loss

We complement our statistical modeling approach with scenario-based stress loss measures. Stress tests are run regularly to monitor potential effects of extreme, but nevertheless plausible, events on our portfolios, under which key credit risk parameters are assumed to deteriorate substantially. Where we consider it appropriate we apply limits on this basis.

Stress scenarios and methodologies are tailored to portfolios' natures, ranging from regionally focused to global systemic events and varying in time horizon.

› Refer to "Stress testing" in this section for more information about our stress-testing framework

### Credit risk model confirmation

Our approach to model confirmation involves both quantitative methods, such as monitoring compositional changes in portfolios and results of backtesting, and qualitative assessments, such as feedback from users on model output as a practical indicator of a model's performance and reliability. In addition, changes in market, regulatory and business practices are assessed.

Material changes in portfolio composition may invalidate the conceptual soundness of a model. We therefore perform regular analyses of the evolution of portfolios to identify such changes in the structure and credit quality of portfolios.

› Refer to "Model risk" in this section for more information

### Backtesting

We monitor the performance of models by backtesting and benchmarking them, with model outcomes compared with actual results, based on our internal experience and externally observed results. To assess the predictive power of credit exposure models for traded products, such as OTC derivatives and ETD products, we statistically compare predicted future exposure distributions at different forecast horizons with realized values.

For PD, we derive a predicted distribution of the number of defaults. The observed number of defaults is compared with the upper tail of the predicted distribution. If the observed number of defaults is higher than a given upper tail quantile, we conclude there is evidence that the model may underpredict the number of defaults. Based on historical long-run average default rates and, if required, additional margin of conservatism, we also derive PD calibration targets and a lower boundary. As a general rule, follow-up actions, such as a recalibration of the rating tool, are defined if the portfolio average PD lies below the derived lower boundary.

For LGD, backtesting statistically tests whether the mean difference between the observed and predicted LGD is zero. If the test fails, there is evidence that our predicted LGD is too low. In such cases, and where these differences are outside expectations, follow-up actions, such as a recalibration of the models, are taken.

CCFs, used for the calculation of EAD for undrawn facilities, are dependent on several credit facility contractual dimensions. We compare the predicted amount drawn with observed historical use of such facilities by defaulted counterparties. If any statistically significant deviation is observed, follow-up actions, such as an update of the relevant CCFs, are performed.

### Changes to models and model parameters during the period

As part of our continuous efforts to enhance models to reflect market developments and newly available data, we updated several models in 2024.

In Personal & Corporate Banking and Global Wealth Management, we implemented a new Swiss corporate PD model and updated the retail and corporate LGD parameters of the Swiss LGD model. In addition, we implemented an RWA add-on for IPRE mortgages to private clients in Switzerland as an alternative to recalibrating the PD model. In Global Wealth Management, the conservative fixed RWA add-on for concentrated equity lending and lending against concentrated hedge fund and private equity collateral was replaced by a dynamic RWA buffer calculation based on a detailed transactional risk assessment that will be in place until the expected go-live of dedicated models in the second half of 2025.

In the Investment Bank, new PD models for broker-dealers and mortgage originators went live, and PD models for banks and hedge funds were recalibrated. In addition, certain RWA multipliers were adjusted as a result of improvements to models, and the majority of the mortgage originators portfolio has been switched from the A-IRB approach to the securitization standardized approach framework. Furthermore, we deployed a new US commercial real estate LGD model across the Investment Bank and Global Wealth Management, and in Global Wealth Management we implemented a supervisory slotting model for the commercial real estate portfolio outside the US and Switzerland.

For the sovereign portfolio on the legacy Credit Suisse infrastructure, we rolled out the UBS sovereign PD model, replacing the previous Credit Suisse model. In addition, the Credit Suisse PD model for fund-linked products and the equity REIT supervisory slotting model were decommissioned, as there was no remaining exposure on the legacy Credit Suisse infrastructure. The Credit Suisse models for hedge funds and broker-dealers were also decommissioned, due to the reduced remaining materiality of the respective portfolios on the legacy Credit Suisse infrastructure, with the remaining exposure now subject to the standardized approach for the calculation of risk-weighted assets. For positions that have migrated from Credit Suisse to UBS infrastructure, UBS models have been adopted accordingly.

Where required, changes to models and model parameters were approved by the Swiss Financial Market Supervisory Authority (FINMA) before implementation.

- › Refer to “Risk-weighted assets” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information about the effect of the changes to models and model parameters on credit risk RWA

### Credit-risk-model-related regulatory capital developments

In Switzerland, the amendments to the Capital Adequacy Ordinance that incorporate the final Basel III standards into Swiss law entered into force on 1 January 2025, together with implementing ordinances issued by FINMA in 2024. The adoption of the final Basel III standards led to a number of revisions to the internal ratings-based (IRB) approaches, namely: (i) removing the option of using the A-IRB approach for certain asset classes (including general corporates with consolidated annual revenues greater than EUR 500m, and banks and other financial institutions); (ii) placing floors on certain model inputs under the IRB approach, e.g. PD and LGD; and (iii) introducing various requirements to reduce RWA variability (e.g. for LGD). In addition, the removal of the internal model approach for credit valuation adjustment became effective on 1 January 2025. The aforementioned revisions have been adopted for all FINMA-regulated entities, including the UBS Group.

- › Refer to “Capital management objectives, planning and activities” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information about the development of RWA
- › Refer to “Risk measurement” in this section for more information about our approach to model confirmation procedures
- › Refer to the “Regulatory and legal developments” and “Risk factors” sections of this report for more information

### Credit policies for distressed assets

#### Non-performing

**Audited** | In line with the regulatory definition, we report a claim as non-performing when: (i) it is more than 90 days past due; (ii) it is subject to restructuring proceedings, where preferential conditions concerning interest rates, subordination, tenor, etc. have been granted in order to avoid default of the counterparty (forbearance); (iii) the counterparty is subject to bankruptcy / enforced liquidation proceedings in any form, even if there is sufficient collateral to cover the due payment; or (iv) there is other evidence that payment obligations will not be fully met without recourse to collateral.

#### Default and credit impaired

UBS uses a single definition of default for classifying assets and determining the PD of its obligors for risk modeling purposes. The definition of default is based on quantitative and qualitative criteria. A counterparty is classified as defaulted when material payments of interest, principal or fees are overdue for more than 90 days, or more than 180 days for certain exposures in relation to loans to private and commercial clients in Personal & Corporate Banking and to private clients of Global Wealth Management Region Switzerland. UBS does not consider the general 90-day presumption for default recognition appropriate for those portfolios, given the cure rates, which show that strict application of the 90-day criterion would not accurately reflect the inherent credit risk. Counterparties are also classified as defaulted when: bankruptcy, insolvency proceedings or enforced liquidation have commenced; obligations have been restructured on preferential terms (forbearance); or there is other evidence that payment obligations will not be fully met without recourse to collateral. The latter may be the case even if, to date, all contractual payments have been made when due. If one claim against a counterparty is defaulted on, generally all claims against the counterparty are treated as defaulted.

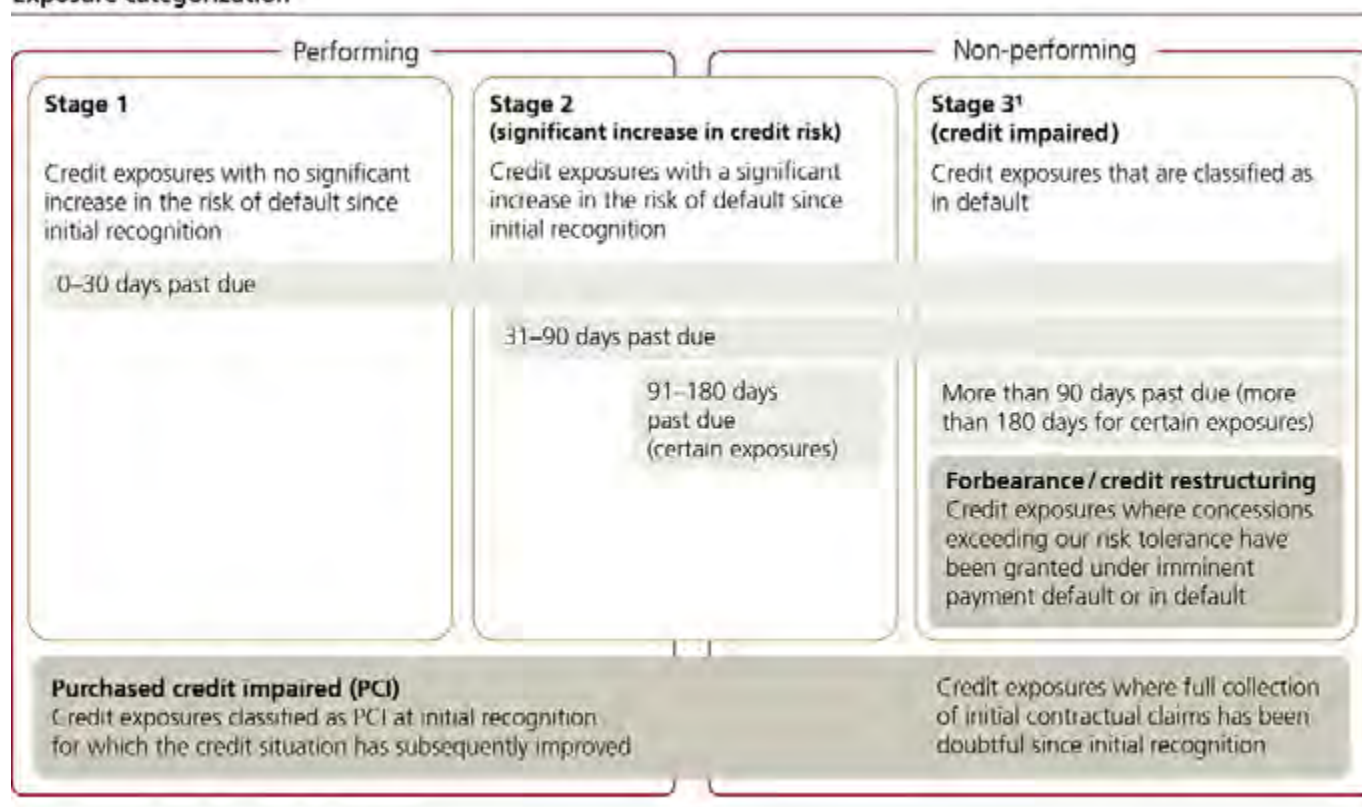
An instrument is classified as credit impaired if the counterparty is classified as defaulted and / or the instrument is identified as purchased credit impaired (PCI). An instrument is PCI if it has been purchased at a deep discount to its carrying amount following a risk event of the issuer or originated with a defaulted counterparty. Once a financial asset is classified as defaulted / credit impaired (except PCI), it is reported as a stage 3 instrument and remains as such unless all past due amounts have been rectified, additional payments have been made on time, the position is not classified as credit-restructured, and there is general evidence of credit recovery. A three-month probation period is applied before a transfer back to stages 1 or 2 can be triggered. However, most instruments remain in stage 3 for a longer period of time. ▲

### Forbearance (credit restructuring)

**Audited I** If payment default is imminent or default has already occurred, we may grant concessions to borrowers in financial difficulties that we would otherwise not consider in the normal course of business, such as offering preferential interest rates, extending maturity, modifying the schedule of repayments, debt / equity swap, subordination, etc. When a forbearance measure takes place, each case is considered individually, and the exposure is generally classified as defaulted. Forbearance classification remains until the loan is repaid or written off, non-preferential conditions are granted that supersede the preferential conditions or the counterparty has recovered, and the preferential conditions no longer exceed our risk tolerance.

Contractual adjustments when there is no evidence of imminent payment default, or where changes to terms and conditions are within our usual risk tolerance, are not considered to be forbore. ▲

### Exposure categorization



<sup>†</sup> Excluding purchased credit-impaired instruments.

### Loss history statistics

An instrument is classified as credit impaired if the counterparty has defaulted. This also includes credit-impaired exposures for which no loss has occurred or for which no allowance has been recognized (e.g. where we expect to fully recover the exposures via collateral held).

Coverage ratios are calculated for the core loan portfolio by taking ECL allowances and provisions divided by the gross carrying amount of the exposures. Core loan exposure is defined as the sum of Loans and advances to customers and Loans to financial advisors.

The total combined on- and off-balance sheet coverage ratio was 27 basis points as of 31 December 2024, 5 basis points higher than the ratio as of 31 December 2023. The combined stage 1 and 2 ratio of 10 basis points, 1 basis point lower than the ratio as of 31 December 2023; the stage 3 ratio was 22%, 1 percentage point higher than the ratio as of 31 December 2023, and the PCI ratio was 21%.

- › Refer to "Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement" and "Note 20 Expected credit loss measurement" in the "Consolidated financial statements" section of this report for more information about ECL measurement and the calculation of the coverage ratio
- › Refer to "Note 14 Other assets" in the "Consolidated financial statements" section of this report for more details
- › Refer to the "Group performance" section of this report for more information about credit loss expense / release



## Loss history statistics

|                                                                                                               |          |                       |          |
|---------------------------------------------------------------------------------------------------------------|----------|-----------------------|----------|
| <i>USD m, except where indicated</i>                                                                          | 31.12.24 | 31.12.23 <sup>1</sup> | 31.12.22 |
| Banking products, core exposure and off-balance sheet, gross <sup>2</sup>                                     | 869,171  | 966,279               | 509,024  |
| <i>of which: amounts due from banks and loans and advances to customers, gross</i>                            | 600,884  | 662,525               | 402,801  |
| Credit-impaired exposure, gross (stage 3 and PCI)                                                             | 6,637    | 6,200                 | 2,455    |
| <i>of which: credit-impaired amounts due from banks and loans and advances to customers (stage 3 and PCI)</i> | 5,793    | 5,367                 | 2,012    |
| Non-performing amounts due from banks and loans and advances to customers                                     | 6,044    | 5,806                 | 2,333    |
| ECL allowances and provisions for credit losses <sup>3</sup>                                                  | 2,507    | 2,261                 | 1,091    |
| <i>of which: core loan exposure (all stages)</i>                                                              | 2,339    | 2,097                 | 1,043    |
| <i>of which: amounts due from banks and loans and advances to customers (all stages)</i>                      | 2,014    | 1,710                 | 789      |
| <i>of which: amounts due from banks and loans and advances to customers (stage 3 and PCI)</i>                 | 1,408    | 990                   | 474      |
| Write-offs (stage 3 and PCI)                                                                                  | 348      | 93                    | 95       |
| <i>of which: write-offs for amounts due from banks and loans and advances to customers</i>                    | 329      | 78                    | 74       |
| Credit loss expense / (release) <sup>4</sup>                                                                  | 551      | 1,037                 | 29       |
| <b>Ratios</b>                                                                                                 |          |                       |          |
| Credit-impaired lending assets as a percentage of total lending assets, gross (%) <sup>5</sup>                | 1.0      | 0.8                   | 0.5      |
| Non-performing lending assets as a percentage of total lending assets, gross (%) <sup>5</sup>                 | 1.0      | 0.9                   | 0.6      |
| ECL allowances for lending assets as a percentage of total lending assets, gross (%) <sup>5</sup>             | 0.3      | 0.3                   | 0.2      |
| Write-offs as a percentage of average gross lending assets outstanding during the period (%) <sup>5</sup>     | 0.1      | 0.0                   | 0.0      |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

<sup>2</sup> Includes amounts due from banks, core loan exposure (Loans and advances to customers and Loans to financial advisors) and off-balance sheet items defined as guarantees and loan commitments. <sup>3</sup> Includes provisions for ECL of guarantees and loan commitments and allowances for securities financing transactions. <sup>4</sup> Includes credit loss expense / (release) for other financial assets at amortized cost, guarantees, loan commitments, and securities financing transactions. <sup>5</sup> Lending assets include amounts due from banks and loans and advances to customers.

## Market risk

### Audited | Main sources of market risk

Market risks arise from both trading and non-trading business activities.

- Trading market risks arise primarily in the Investment Bank, Non-core and Legacy and, to a lesser extent, Global Wealth Management. In the Investment Bank these risks are mainly connected with primary debt and equity underwriting, as well as securities and derivatives trading for market-making and client facilitation. In Non-core and Legacy, market risks arise mainly from structured trades, portfolios of loans and securitized products, and both complex and simple credit, interest rate and equity derivative transactions. A limited contribution to market risk in Global Wealth Management comes from municipal securities and taxable fixed-income securities.
- Non-trading market risks arise predominantly in the form of interest rate and foreign exchange risks connected with personal banking and lending in our wealth management businesses, the Swiss business of our Personal & Corporate Banking business division, the Investment Bank's lending business, and treasury activities.
- Group Treasury assumes market risks in the process of managing interest rate risk, structural foreign exchange risk and the Group's liquidity and funding profile, including high-quality liquid assets (HQLA).
- Equity and debt investments can also give rise to market risks, as can some aspects of employee benefits, such as defined benefit pension schemes. ▲

### Audited | Overview of measurement, monitoring and management techniques

- Market risk limits are set for the Group, the business divisions and Group Treasury at granular levels in the various business lines, reflecting the nature and magnitude of the market risks.
- Management value-at-risk (VaR) measures exposures under the market risk framework, including trading market risks and some non-trading market risks. Non-trading market risks not included in VaR are covered in the risks controlled by the Market and Treasury Risk Control functions.
- Our primary portfolio measures of market risk are liquidity-adjusted stress loss and VaR. Both are subject to limits that are approved by the Board of Directors (the BoD). Market risk measurement for certain legacy Credit Suisse components can differ from the UBS Group excluding the aforementioned legacy Credit Suisse components, as set out below. These positions continue to be managed on legacy Credit Suisse infrastructure until full migration of these positions to UBS infrastructure or the liquidation of the positions.
- These measures are complemented by concentration and granular limits for general and specific market risk factors. Our trading businesses are subject to multiple market risk limits, which take into account the extent of market liquidity and volatility, business outlook and growth, and, for our single-name exposures, issuer credit quality.
- Trading market risks are managed at portfolio level. As risk factor sensitivities change due to new transactions, transaction expiries or changes in market levels, risk factors are dynamically rehedge to remain within limits. We do not generally seek to distinguish in the trading portfolio between specific positions and associated hedges.
- Issuer risk for credit products is controlled by limits applied at the business division level based on jump-to-zero measures, which estimate maximum default exposure (the default event loss assuming zero recovery).
- Non-trading foreign exchange risks are managed under market risk limits, with the exception of Group Treasury management of consolidated capital activity.

Our CRO Treasury function applies a holistic risk framework, setting the appetite for treasury-related risk-taking activities across the Group. Key elements of the framework include an overarching regulatory (interest rate risk in the banking book (IRRBB)) delta economic value of equity (EVE) target, set by the BoD. Limits are also set by the BoD to balance the effect of foreign exchange movements on our common equity tier 1 (CET1) capital and CET1 capital ratio. Non-trading interest rate and foreign exchange risks are included in Group-wide statistical and stress-testing metrics, which flow into our risk appetite framework.

Equity and debt investments are subject to a range of risk controls, including preapproval of new investments for commercial purposes by business management and Risk Control and regular monitoring and reporting by Group Finance. They are also included in Group-wide statistical and stress-testing metrics. ▲

- › Refer to “Currency management” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information about Group Treasury’s management of foreign exchange risks
- › Refer to the “Capital, liquidity and funding, and balance sheet” section of this report for more information about the sensitivity of our CET1 capital and CET1 capital ratio to currency movements

## Market risk stress loss

The measurement and management of market risks include an extensive set of stress tests and scenario analyses, continuously evaluated to ensure that losses resulting from an extreme yet plausible event do not exceed our risk appetite.

### Liquidity-adjusted stress

Liquidity-adjusted stress is our primary stress loss measure for Group-wide market risk. The framework captures the economic losses that could arise under specified stress scenarios. Shocks are applied to positions based on expected market movements in the liquidity-adjusted holding periods resulting from the specified scenario.

The holding periods used for liquidity-adjusted stress are calibrated to reflect the time needed to reduce or hedge the risk of positions in each major risk factor in a stressed environment. We apply minimum holding periods, regardless of observed liquidity levels, as identification of and reaction to a crisis may not always be immediate.

The expected market movements are derived using historical market behavior (based on analysis of historical events) and forward-looking analysis including consideration of defined scenarios that have not occurred in the past.

Stress-based limits apply at several levels of the organizational hierarchy. Liquidity-adjusted stress is also the core market risk component of our combined stress test framework and therefore integral to our overall risk appetite framework.

- › Refer to “Risk appetite framework” in this section for more information
- › Refer to “Stress testing” in this section for more information about our stress-testing framework

## Value-at-risk

### VaR definition

**Audited** | VaR is a statistical measure of market risk, quantifying the potential market risk losses over a set time horizon (holding period) at an established level of confidence. VaR assumes no change in the Group’s trading positions over the set time horizon.

We calculate VaR daily. The profit or loss distribution from which VaR is estimated is derived from our internally developed VaR model, which simulates returns over the holding period for risk factors our trading positions are sensitive to, and subsequently quantifies the profit / loss effect of these risk factor returns on our trading positions. Systematic commodity, credit, equity, foreign exchange rate and interest rate risk factor returns are based on a pure historical simulation approach. An unweighted five-year look-back window is used for the UBS Group excluding certain legacy Credit Suisse components and an exponentially weighted two-year window for the aforementioned legacy Credit Suisse components. Modeling idiosyncratic and specific risks for equity and credit risk factors using historical simulation is challenging, due to the limited availability of continuous good-quality historical data. Wherever possible, historical simulation to model-specific risk is used for the legacy Credit Suisse components; however, both traded market risk portfolios rely upon factor models to distinguish systematic and idiosyncratic returns. For the UBS Group excluding certain legacy Credit Suisse components, idiosyncratic returns are simulated through a Monte Carlo model, aggregating the sum of systematic and residual returns in such a way that systematic and residual risk are consistently captured. For the legacy Credit Suisse components, the available distribution of idiosyncratic returns is used to determine an extreme scenario for a given risk factor’s specific risk; the resultant VaR and extreme scenario loss for a given risk factor are aggregated using a zero-correlation assumption.

For both the UBS Group excluding certain legacy Credit Suisse components and the aforementioned legacy Credit Suisse components, VaR models are used for internal management purposes and for determining market risk risk-weighted assets (RWA), although the two use cases consider different confidence levels and time horizons. For internal management purposes, risk limits are established and exposures measured using VaR at a 95% confidence level for the UBS Group excluding certain legacy Credit Suisse components and 98% for the aforementioned legacy Credit Suisse components, with a 1-day holding period, aligned to the way we consider the risks associated with our trading activities. The regulatory measure of market risk used to underpin the market risk capital requirements under Basel III involves a measure equivalent to a 99% confidence level using a 10-day holding period. To calculate a 10-day holding period VaR, we use 10-day risk factor returns.



The portfolio populations for management and regulatory VaR are slightly different. The one for regulatory VaR meets regulatory requirements for inclusion in regulatory VaR. Management VaR includes a broader range of positions. For example, regulatory VaR excludes credit spread risks from the securitization portfolio, which are treated instead under the securitization approach for regulatory purposes.

We also use stressed VaR (SVaR) for the calculation of market risk RWA. SVaR uses broadly the same methodology as regulatory VaR and is calculated using the same population, holding period (10-day) and confidence level (99%). For SVaR, both for the UBS Group excluding certain legacy Credit Suisse components and the aforementioned legacy Credit Suisse components, the most significant one-year period of financial stress from a historical dataset covering the period from 1 January 2007 to the present is identified. ▲

► Refer to the 31 December 2024 Pillar 3 Report, available under “Pillar 3 disclosures” at [ubs.com/investors](https://ubs.com/investors), for more information about the regulatory capital calculation under the advanced internal ratings-based approach

### Management VaR for the period

The UBS Group excluding certain legacy Credit Suisse components continued to maintain generally low levels of management VaR. Average management VaR (1-day, 95% confidence level) decreased to USD 12m from USD 15m in 2024, mainly driven by the Investment Bank's Global Markets business.

Average management VaR (1-day, 98% confidence level) of the legacy Credit Suisse components decreased to USD 12m from USD 29m in 2024, driven by continued strategic migration of positions to UBS and exposure reduction in Non-core and Legacy.

#### Audited I

### Management value-at-risk (1-day, 95% confidence level, 5 years of historical data) of the business divisions and Group Items excluding certain legacy Credit Suisse components, by general market risk type<sup>1,2</sup>

| For the year ended 31.12.24           |          |           |           |           |                                                      |                |                |                  |             |
|---------------------------------------|----------|-----------|-----------|-----------|------------------------------------------------------|----------------|----------------|------------------|-------------|
| USD m                                 |          |           |           |           | Equity                                               | Interest rates | Credit spreads | Foreign exchange | Commodities |
|                                       | Min.     |           |           |           | 0                                                    | 11             | 6              | 1                | 2           |
|                                       |          | Max.      |           |           | 12                                                   | 24             | 16             | 9                | 14          |
|                                       |          |           | Average   |           | 4                                                    | 16             | 9              | 4                | 4           |
|                                       |          |           |           | 31.12.24  | 1                                                    | 20             | 10             | 3                | 4           |
| <b>Total management VaR</b>           | <b>5</b> | <b>23</b> | <b>12</b> | <b>11</b> | <i>Average (per business division and risk type)</i> |                |                |                  |             |
| Global Wealth Management              | 1        | 2         | 2         | 1         | 0                                                    | 1              | 2              | 0                | 0           |
| Personal & Corporate Banking          | 0        | 0         | 0         | 0         | 0                                                    | 0              | 0              | 0                | 0           |
| Asset Management                      | 0        | 0         | 0         | 0         | 0                                                    | 0              | 0              | 0                | 0           |
| Investment Bank                       | 3        | 23        | 11        | 10        | 4                                                    | 15             | 8              | 3                | 4           |
| Non-core and Legacy                   | 1        | 3         | 1         | 1         | 0                                                    | 1              | 1              | 0                | 0           |
| Group Items                           | 4        | 12        | 5         | 6         | 1                                                    | 4              | 3              | 1                | 0           |
| Diversification effect <sup>3,4</sup> |          |           | (6)       | (8)       | (1)                                                  | (5)            | (4)            | (1)              | 0           |
| For the year ended 31.12.23           |          |           |           |           |                                                      |                |                |                  |             |
| USD m                                 |          |           |           |           | Equity                                               | Interest rates | Credit spreads | Foreign exchange | Commodities |
|                                       | Min.     |           |           |           | 3                                                    | 9              | 3              | 1                | 1           |
|                                       |          | Max.      |           |           | 19                                                   | 21             | 19             | 10               | 10          |
|                                       |          |           | Average   |           | 9                                                    | 12             | 6              | 2                | 3           |
|                                       |          |           |           | 31.12.23  | 11                                                   | 19             | 7              | 2                | 3           |
| <b>Total management VaR</b>           | <b>7</b> | <b>25</b> | <b>15</b> | <b>19</b> | <i>Average (per business division and risk type)</i> |                |                |                  |             |
| Global Wealth Management              | 1        | 2         | 1         | 2         | 0                                                    | 1              | 2              | 0                | 0           |
| Personal & Corporate Banking          | 0        | 0         | 0         | 0         | 0                                                    | 0              | 0              | 0                | 0           |
| Asset Management                      | 0        | 0         | 0         | 0         | 0                                                    | 0              | 0              | 0                | 0           |
| Investment Bank                       | 5        | 23        | 14        | 18        | 9                                                    | 12             | 5              | 2                | 3           |
| Non-core and Legacy                   | 1        | 2         | 1         | 1         | 0                                                    | 1              | 1              | 0                | 0           |
| Group Items                           | 3        | 6         | 4         | 5         | 1                                                    | 4              | 3              | 1                | 0           |
| Diversification effect <sup>3,4</sup> |          |           | (6)       | (7)       | (1)                                                  | (5)            | (4)            | (1)              | 0           |

<sup>1</sup> The legacy Credit Suisse components not included in the UBS Group management VaR predominantly reflect the portfolio in Non-core and Legacy. These positions continue to be managed on legacy Credit Suisse infrastructure based on legacy Credit Suisse management VaR methodology until full migration of these positions to UBS infrastructure or the liquidation of the positions. This process is ongoing, and the management VaR of the legacy Credit Suisse components is expected to continue decreasing over time. <sup>2</sup> 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. <sup>3</sup> The difference between the sum of the standalone VaR for the business divisions and Group Items and the total VaR. <sup>4</sup> As the minima and maxima for different business divisions and Group Items occur on different days, it is not meaningful to calculate a portfolio diversification effect.

**Management value-at-risk (1-day, 98% confidence level, 2 years of historical data) of certain legacy Credit Suisse components of the business divisions and Group Items, by general market risk type<sup>1,2</sup>**

| For the year ended 31.12.24           |          |           |           |          |                                                      |                |                |                  |             |
|---------------------------------------|----------|-----------|-----------|----------|------------------------------------------------------|----------------|----------------|------------------|-------------|
| USD m                                 |          |           |           |          | Equity                                               | Interest rates | Credit spreads | Foreign exchange | Commodities |
|                                       | Min.     | Max.      | Average   | 31.12.24 | 1                                                    | 2              | 4              | 0                | 0           |
|                                       |          |           |           |          | 13                                                   | 12             | 14             | 5                | 1           |
|                                       |          |           |           |          | 5                                                    | 6              | 9              | 1                | 0           |
|                                       |          |           |           | 31.12.24 | 1                                                    | 2              | 4              | 1                | 0           |
| <b>Total management VaR</b>           | <b>5</b> | <b>21</b> | <b>12</b> | <b>5</b> | <i>Average (per business division and risk type)</i> |                |                |                  |             |
| Global Wealth Management              | 1        | 3         | 2         | 1        | 1                                                    | 0              | 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                       | 1        | 11        | 3         | 1        | 2                                                    | 1              | 1              | 0                | 0           |
| Non-core and Legacy                   | 4        | 16        | 10        | 4        | 4                                                    | 4              | 9              | 1                | 0           |
| Group Items                           | 0        | 0         | 0         | 0        | 0                                                    | 0              | 0              | 0                | 0           |
| Diversification effect <sup>3,4</sup> |          |           | (3)       | (1)      | (2)                                                  | 1              | (2)            | 0                | 0           |

| For the year ended 31.12.23 <sup>5</sup> |           |           |           |           |                                                      |                |                |                  |             |
|------------------------------------------|-----------|-----------|-----------|-----------|------------------------------------------------------|----------------|----------------|------------------|-------------|
| USD m                                    |           |           |           |           | Equity                                               | Interest rates | Credit spreads | Foreign exchange | Commodities |
|                                          | Min.      | Max.      | Average   | 31.12.23  | 9                                                    | 10             | 13             | 0                | 0           |
|                                          |           |           |           |           | 17                                                   | 40             | 34             | 5                | 3           |
|                                          |           |           |           |           | 13                                                   | 17             | 20             | 2                | 1           |
|                                          |           |           |           | 31.12.23  | 13                                                   | 12             | 13             | 1                | 0           |
| <b>Total management VaR</b>              | <b>20</b> | <b>46</b> | <b>29</b> | <b>21</b> | <i>Average (per business division and risk type)</i> |                |                |                  |             |
| Global Wealth Management                 | 2         | 14        | 9         | 2         | 1                                                    | 1              | 9              | 0                | 0           |
| Personal & Corporate Banking             | 0         | 1         | 0         | 0         | 0                                                    | 0              | 0              | 0                | 0           |
| Asset Management                         | 0         | 0         | 0         | 0         | 0                                                    | 0              | 0              | 0                | 0           |
| Investment Bank                          | 8         | 15        | 11        | 11        | 10                                                   | 1              | 3              | 1                | 1           |
| Non-core and Legacy                      | 15        | 33        | 20        | 16        | 8                                                    | 13             | 17             | 2                | 0           |
| Group Items                              | 0         | 0         | 0         | 0         | 0                                                    | 0              | 0              | 0                | 0           |
| Diversification effect <sup>3,4</sup>    |           |           | (12)      | (8)       | (6)                                                  | 1              | (9)            | (1)              | 0           |

1 The legacy Credit Suisse components not included in the UBS Group management VaR predominantly reflect the portfolio in Non-core and Legacy. These positions continue to be managed on legacy Credit Suisse infrastructure based on legacy Credit Suisse management VaR methodology until full migration of these positions to UBS infrastructure or the liquidation of the positions. This process is ongoing, and the management VaR of the legacy Credit Suisse components is expected to continue decreasing over time. 2 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. 3 The difference between the sum of the standalone VaR for the business divisions and Group Items and the total VaR. 4 As the minima and maxima for different business divisions and Group Items occur on different days, it is not meaningful to calculate a portfolio diversification effect. 5 Divisional comparative-period information has been restated for changes in business division perimeters. The Investment Bank management VaR consists of positions that we plan to retain and which were previously reported in Non-core and Legacy.

## VaR limitations

**Audited** | Actual realized market risk losses may differ from those implied by VaR for a variety of reasons.

- VaR is calibrated to a specified level of confidence and may not indicate potential losses beyond this confidence level.
- The 1-day time horizon used for VaR for internal management purposes (a 10-day horizon for regulatory VaR) may not fully capture market risk of positions that cannot be closed out or hedged within the specified period.
- In some cases, VaR calculations approximate the effect of changes in risk factors on the values of positions and portfolios.
- Effects of extreme market movements are subject to estimation errors, which may result from non-linear risk sensitivities, and the potential for actual volatility and correlation levels to differ from assumptions implicit in VaR calculations.
- The choice of a longer historical window means sudden increases in market volatility will tend not to increase VaR as quickly as the use of shorter historical observation periods, but such increases will affect VaR for a longer period of time. Similarly, after periods of increased volatility, as markets stabilize, VaR predictions will remain more conservative for a period of time, influenced by the length of the historical observation period.

SVaR is subject to the limitations noted for VaR above, but the use of one-year datasets avoids the smoothing effect of longer datasets used for VaR. In addition, the ability to select a one-year period outside of recent market history allows for a wider variety of potential loss events. Therefore, although the significant period of stress during the 2007–2009 financial crisis is no longer contained in the look-back window used for management and regulatory VaR, SVaR continues to use that data. This approach aims to reduce the procyclicality of the regulatory capital requirements for market risks.

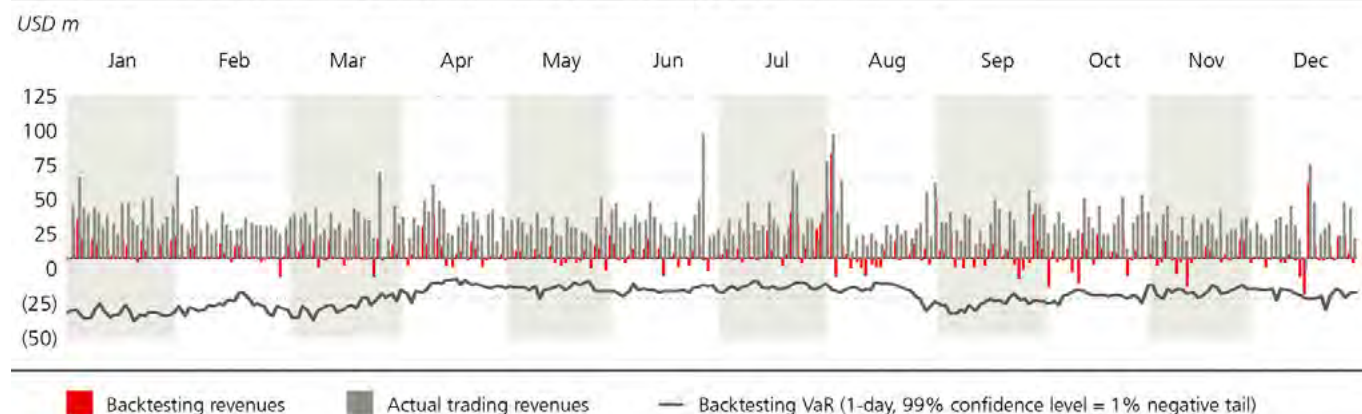
We recognize that no single measure can encompass all risks associated with a position or portfolio. We use a set of metrics with both overlapping and complementary characteristics to create a holistic framework that aims to ensure material completeness of risk identification and measurement. As a statistical aggregate risk measure, VaR supplements our comprehensive stress-testing framework.

We also have a framework to identify and quantify potential risks not fully captured by our VaR model and refer to such risks as risks not in VaR. The framework underpins these potential risks with additional regulatory capital. ▲

## Backtesting of VaR

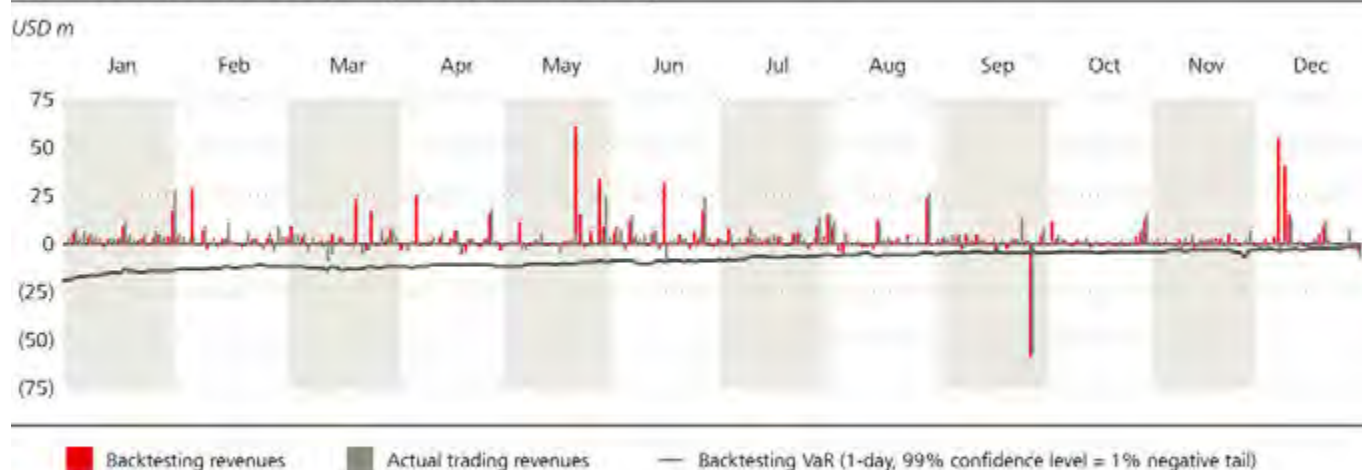
VaR backtesting is a performance measurement process in which a 1-day VaR prediction is compared with the realized 1-day profit or loss. We compute backtesting VaR using a 99% confidence level and 1-day holding period for the regulatory VaR population. Since 99% VaR at UBS is defined as a risk measure that operates on the lower tail of the profit or loss distribution, 99% backtesting VaR is a negative number. Backtesting revenues exclude non-trading revenues, such as valuation reserves, fees and commissions, and revenues from intraday trading, so as to provide a like-for-like comparison. A backtesting exception occurs when backtesting revenues are lower than the previous day's backtesting VaR.

### The UBS Group excluding certain legacy Credit Suisse components: development of regulatory backtesting revenues<sup>1</sup> and actual trading revenues<sup>2</sup> against backtesting VaR<sup>3</sup> (1-day, 99% confidence level)



<sup>1</sup> Excludes non-trading revenues, such as valuation reserves, commissions and fees, and revenues from intraday trading. <sup>2</sup> Includes backtesting revenues and revenues from intraday trading. <sup>3</sup> Based on Basel III regulatory VaR; excludes CVA positions and their eligible hedges, which are subject to the standalone CVA charge.

### Legacy Credit Suisse components: development of regulatory backtesting revenues<sup>1</sup> and actual trading revenues<sup>2</sup> against backtesting VaR<sup>3,4</sup> (1-day, 99% confidence level)



<sup>1</sup> Excludes non-trading revenues, such as valuation reserves, commissions and fees, and revenues from intraday trading. <sup>2</sup> Includes backtesting revenues and revenues from intraday trading. <sup>3</sup> Based on Basel III regulatory VaR; excludes CVA positions and their eligible hedges, which are subject to the standalone CVA charge. <sup>4</sup> One negative VaR backtesting exception was recorded for the legacy Credit Suisse components in September 2024, driven by valuation adjustments related to exit cost reserves, which does not count toward the total exceptions relevant for the capital multiplier.

Statistically, given the 99% confidence level, two or three backtesting exceptions a year can be expected. More than four exceptions could indicate that the VaR model is not performing appropriately, as could too few exceptions over a long period. However, as noted for VaR limitations above, a sudden increase (or decrease) in market volatility relative to the volatility observed in the look-back window could lead to a higher (or lower) number of exceptions. Therefore, Group-level backtesting exceptions are investigated, as are exceptional positive backtesting revenues, with the results reported to senior business management and regulators.

The UBS Group excluding certain legacy Credit Suisse components had no new negative backtesting exceptions in 2024. The number of negative backtesting exceptions within the most recent 250-business-day window remained at zero at the end of 2024.

For legacy Credit Suisse components, the number of negative backtesting exceptions within the most recent 250-business-day window remained at three at the end of 2024. This reflected three new exceptions driven by Non-core and Legacy that counted toward the total number of exceptions relevant for the capital multiplier and the roll-off of three 2023 exceptions from the 250-business-day window.

As the number of negative backtesting exceptions for both the UBS Group excluding certain legacy Credit Suisse components and the aforementioned legacy Credit Suisse components remained below five, the Swiss Financial Market Supervisory Authority (FINMA) VaR multiplier derived from negative backtesting exceptions for market risk RWA was unchanged compared with 2023, at 3.0.

#### VaR model confirmation

In addition to the for-regulatory-purposes backtesting described above, we conduct extended backtesting for internal model confirmation purposes. This includes observing model performance across the entire profit or loss distribution (not just the tails) and at multiple levels within the business division hierarchies.

- › Refer to “Risk measurement” in this section for more information about our approach to model confirmation procedures

#### VaR model developments in 2024

**Audited I** In January 2024 we made two material VaR model changes to the VaR model of the UBS Group excluding certain legacy Credit Suisse components: (i) the integration of time decay into regulatory VaR and stressed VaR for derivatives with optionality; and (ii) an improvement in the profit or loss representation of derivatives with multiple underlyings. As reported in the UBS Group first quarter 2024 report, the two changes resulted in a significant increase in market risk RWA.

In the second quarter of 2024, certain components of the legacy Credit Suisse VaR model were upgraded: (i) the full-revaluation framework was extended to include interest rate and interest rate volatility risk factors; (ii) empirical correlations in the aggregation of specific risk for the price risk of fund-linked products were added; and (iii) a two-factor regression model for traded loans was introduced. These changes did not have a material impact on market risk RWA.



#### Market-risk-related regulatory capital developments

The Basel Committee on Banking Supervision (the BCBS) final Basel III standards on the minimum capital requirements for market risk, known as the Fundamental Review of the Trading Book (the FRTB), entered into force on 1 January 2025. FINMA issued implementing ordinances to support these changes. These ordinances are effective from 1 January 2025 and provide technical details for the revised Capital Adequacy Ordinance, ensuring alignment with international standards. Key elements of the revised market risk framework include: (i) changes to the internal model-based approach, including changes to the model approval and performance measurement process; (ii) changes to the standardized approach with the aim of providing a credible fallback method for an internal model-based approach; and (iii) a revised boundary between the trading book and the banking book.

As part of going live with the FRTB, UBS has adopted the standardized approach for all FINMA-regulated legal entities, including the UBS Group.

- › Refer to “Risk-weighted assets” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information about the development of RWA, including the regulatory add-on
- › Refer to “Risk measurement” in this section for more information about our approach to model confirmation procedures
- › Refer to the “Regulatory and legal developments” and “Risk factors” sections of this report for more information

#### Interest rate risk in the banking book

##### Sources of interest rate risk in the banking book

**Audited I** IRRBB arises from balance sheet positions such as Amounts due from banks, Loans and advances to customers, Financial assets at fair value not held for trading, Financial assets measured at amortized cost, Customer deposits, Debt issued measured at amortized cost, and Derivative financial instruments, including those subject to hedge accounting. Fair value changes to these positions may affect other comprehensive income (OCI) or the income statement, depending on their accounting treatment.

Our largest banking book interest rate exposures arise from customer deposits and lending products in Global Wealth Management and Personal & Corporate Banking, as well as from debt issuance, liquidity buffers and interest rate hedges in Group Treasury. The inherent interest rate risks stemming from Global Wealth Management and Personal & Corporate Banking are generally transferred to Group Treasury, to manage them centrally together with our modeled interest rate duration assigned to equity, goodwill and real estate. This makes the netting of interest rate risks across different sources possible, while leaving the originating businesses with commercial margin and volume management. The residual interest rate risk is mainly hedged with interest rate swaps, to the vast majority of which we apply hedge accounting. Short-term exposures and HQLA classified as Financial assets at fair value not held for trading are hedged with derivatives accounted for on a mark-to-market basis. Long-term fixed-rate debt issued and HQLA hedged with external interest rate swaps are designated in fair value hedge accounting relationships.



## Risk management and governance

IRRBB is measured using several metrics, the most relevant of which are the following.

- EVE sensitivity to yield curve moves is calculated as changes in the present value of future cash flows irrespective of accounting treatment. These yield curve moves are also the key risk factors for statistical and stress-based measures, e.g. VaR and stress scenarios, as well as the regulatory interest rate scenarios. These are measured and reported daily. The regulatory IRRBB EVE exposure is the most adverse regulatory interest rate scenario that is netted across currencies. It excludes the sensitivity from additional tier 1 (AT1) capital instruments (as per specific FINMA requirements) and the modeled interest rate duration assigned to equity, goodwill and real estate. UBS also applies granular internal interest rate shock scenarios to its banking book positions to monitor its specific risk profile.
- Net interest income (NII) sensitivities to yield curve moves are calculated as changes of baseline NII over a set time horizon, which we internally compute by assuming interest rates in all currencies develop according to their market-implied forward rates and assuming constant business volumes and product mix and no specific management actions. The sensitivities are measured and reported monthly.

We actively manage IRRBB, with the aim of reducing the volatility of NII subject to limits and triggers for EVE and NII exposure at consolidated and significant legal entity levels.

The Group Asset and Liability Committee (the Group ALCO) and, where relevant, ALCOs at a legal entity level perform independent oversight over the management of IRRBB, which is also subject to Group Internal Audit and model governance.

➤ Refer to “Group Internal Audit” in the “Corporate governance” section of this report and to “Risk measurement” in this section for more information

## Key modeling assumptions

The cash flows from customer deposits and lending products used in calculation of EVE sensitivity exclude commercial margins and other spread components, are aggregated by daily time buckets and are discounted using risk-free rates. Our external issuances are discounted using UBS's senior debt curve, and capital instruments are modeled to the first call date. NII sensitivity, which includes commercial margins, is calculated over a one-year time horizon, assuming constant balance sheet structure and volumes, and considers embedded interest rate options.

The average repricing maturity of non-maturing deposits and loans is determined via target replication portfolios designed to protect product margins. Optimal replicating portfolios are determined at granular currency- and product-specific levels by simulating and applying a real-world market rate model to historically calibrated client rate and volume models.

We use an econometric prepayment model to forecast prepayment rates on US mortgage loans in UBS Bank USA and agency mortgage-backed securities (MBSs) held in various liquidity portfolios of UBS Americas Holding LLC consolidated. These prepayment rates are used to forecast both mortgage loan and MBS balances under various macroeconomic scenarios. The prepayment model is used for a variety of purposes, including risk management and regulatory stress testing. Swiss mortgages and fixed-term deposits generally do not carry similar optionality, due to prepayment and early redemption penalties. ▲

## Effect of interest rate changes on shareholders' equity and CET1 capital

The “Accounting and capital effect of changes in interest rates” table below shows the effects on shareholders' equity and CET1 capital of gains and losses from changes in interest rates in the main banking book positions. We use derivatives to hedge interest rate risks in the banking book and these reflect changes in interest rates as an immediate fair value gain or loss, recognized either in the income statement or through OCI. Where hedged items are accrual accounted, we aim to minimize accounting asymmetries by applying hedge accounting to reflect the economic hedge relationship.

In a rising rate scenario, we would have an initial decrease in shareholders' equity as a result of fair value losses on our derivatives recognized in OCI, while we would expect higher NII over time as rates increase. The effect on CET1 capital would be much lower, as gains and losses on interest rate swaps designated as cash flow hedges are not recognized for regulatory capital purposes.

### Accounting and capital effect of changes in interest rates<sup>1</sup>

|                                                                                | Recognition |                        | Shareholders' equity |        | CET1 capital |        |
|--------------------------------------------------------------------------------|-------------|------------------------|----------------------|--------|--------------|--------|
|                                                                                | Timing      | Income statement / OCI | Gains                | Losses | Gains        | Losses |
| Loans and deposits at amortized cost <sup>2,3</sup>                            | Gradual     | Income statement       | ●                    | ●      | ●            | ●      |
| Other financial assets and liabilities measured at amortized cost <sup>2</sup> | Gradual     | Income statement       | ●                    | ●      | ●            | ●      |
| Debt issued measured at amortized cost <sup>2,3</sup>                          | Gradual     | Income statement       | ●                    | ●      | ●            | ●      |
| Receivables and payables from securities financing transactions <sup>2</sup>   | Gradual     | Income statement       | ●                    | ●      | ●            | ●      |
| Financial assets at fair value not held for trading                            | Immediate   | Income statement       | ●                    | ●      | ●            | ●      |
| Financial assets at fair value through other comprehensive income              | Immediate   | OCI                    | ●                    | ●      |              | ●      |
| Derivatives designated as cash flow hedges                                     | Immediate   | OCI <sup>4</sup>       | ●                    | ●      |              |        |
| Derivatives designated as fair value hedges <sup>5</sup>                       | Immediate   | Income statement       | ●                    | ●      | ●            | ●      |
| Derivatives transacted as economic hedges                                      | Immediate   | Income statement       | ●                    | ●      | ●            | ●      |

<sup>1</sup> Refer to the “Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital” table in the “Capital, liquidity and funding, and balance sheet” section of this report for more information about the differences between shareholders' equity and CET1 capital. <sup>2</sup> For fixed-rate financial instruments, changes in interest rates affect the income statement when these instruments roll over and reprice. <sup>3</sup> For hedge-accounted items, a fair value adjustment is applied in line with the treatment of the hedging derivatives. <sup>4</sup> Excluding hedge ineffectiveness that is recognized in the income statement in accordance with IFRS Accounting Standards. <sup>5</sup> The fair value of the derivatives is offset by the fair value adjustment of the hedged items. Under the fair value hedge program applied to cross-currency swaps and foreign currency debt, the foreign currency basis spread is excluded from the hedge designation and accounted for through OCI, which is included in CET1.

## Economic value of equity sensitivity

**Audited I** The EVE sensitivity in the UBS Group banking book to a +1-basis-point parallel shift in yield curves was negative USD 37.3m as of 31 December 2024, compared with negative USD 30.1m as of 31 December 2023. This excluded the sensitivity of USD 5.5m from AT1 capital instruments (as per specific FINMA requirements) in contrast to general BCBS guidance. The exposure in the banking book of the UBS Group increased in 2024, driven by net interest income stabilization initiatives.

The majority of our IRRBB is a reflection of the net asset duration that we ran to offset our modeled sensitivity of net USD 29.4m (31 December 2023: USD 24.3m) assigned to our equity, goodwill and real estate, with the aim of generating a stable NII contribution. Of this, USD 17.1m and USD 10.6m were attributable to the US dollar and the Swiss franc portfolios, respectively, (31 December 2023: USD 17.6m and USD 5.6m, respectively).

In addition to the aforementioned sensitivity, we calculate the six interest rate shock scenarios prescribed by FINMA. The “Parallel up” scenario, assuming all positions were measured at fair value, was the most severe and would have resulted in a change in EVE of negative USD 6.7bn, or 7.6%, of our tier 1 capital (31 December 2023: negative USD 5.7bn, or 6.2%), which is well below the 15% threshold as per the BCBS supervisory outlier test for high levels of IRRBB.

The immediate effect on our tier 1 capital in the “Parallel up” scenario as of 31 December 2024 would have been a decrease of approximately USD 0.9bn, or 1.0% (31 December 2023: USD 0.9bn, or 0.9%), reflecting the fact that the vast majority of our banking book is accrual accounted or subject to hedge accounting. The “Parallel up” scenario would subsequently have a positive effect on NII, assuming a constant balance sheet.

As the overall interest rate risk sensitivity shows a greater impact from slower asset repricing compared with faster liabilities repricing, the “Parallel down” scenario was the most beneficial and would have resulted in a change in EVE of positive USD 7.2bn (31 December 2023: positive USD 5.9bn) and a small positive immediate effect on our tier 1 capital.

## Net interest income sensitivity

The main NII sensitivity in the banking book resides in Global Wealth Management and Personal & Corporate Banking. We assign a target duration to our investment of equity portfolio, and Group Treasury actively manages the residual IRRBB. This sensitivity is assessed using a number of scenarios assuming parallel and non-parallel shifts in yield curves, with various degrees of severity, and we have set and monitor thresholds for the NII sensitivity to immediate parallel shocks of –200 and +200 basis points under the assumption of no change to balance sheet size and product mix, stable foreign exchange rates, and no specific management action. ▲

➤ Refer to the “Group performance” section of this report for more information about sensitivity to interest rate movements

**Audited I**

### Interest rate risk – banking book

| 31.12.24                     |                                    |         |        |           |        |           |                                             |           |
|------------------------------|------------------------------------|---------|--------|-----------|--------|-----------|---------------------------------------------|-----------|
| USD m                        | Effect on EVE <sup>1</sup> – FINMA |         |        |           |        |           | Effect on EVE <sup>1</sup> – BCBS           |           |
|                              | CHF                                | EUR     | GBP    | USD       | Other  | Total     | Additional tier 1 (AT1) capital instruments | Total     |
| Scenarios                    |                                    |         |        |           |        |           |                                             |           |
| +1 bp                        | (10.5)                             | (1.4)   | (0.3)  | (24.6)    | (0.5)  | (37.3)    | 5.5                                         | (31.7)    |
| Parallel up <sup>2</sup>     | (1,509.7)                          | (263.7) | (65.5) | (4,758.9) | (95.6) | (6,693.4) | 1,000.4                                     | (5,693.0) |
| Parallel down <sup>2</sup>   | 1,643.9                            | 295.9   | 76.2   | 5,068.6   | 101.1  | 7,185.8   | (1,173.0)                                   | 6,012.8   |
| Steepener <sup>3</sup>       | (749.1)                            | (10.4)  | (12.7) | (1,255.4) | (9.7)  | (2,037.3) | 168.0                                       | (1,869.3) |
| Flattener <sup>4</sup>       | 464.0                              | (33.3)  | (0.2)  | 161.0     | (10.5) | 581.0     | 61.0                                        | 642.1     |
| Short-term up <sup>5</sup>   | (149.4)                            | (112.2) | (22.8) | (1,820.7) | (46.1) | (2,151.1) | 484.4                                       | (1,666.7) |
| Short-term down <sup>6</sup> | 132.6                              | 112.2   | 23.3   | 1,931.8   | 46.6   | 2,246.5   | (504.4)                                     | 1,742.2   |

| 31.12.23                     |                                    |         |        |           |        |           |                                             |           |
|------------------------------|------------------------------------|---------|--------|-----------|--------|-----------|---------------------------------------------|-----------|
| USD m                        | Effect on EVE <sup>1</sup> – FINMA |         |        |           |        |           | Effect on EVE <sup>1</sup> – BCBS           |           |
|                              | CHF                                | EUR     | GBP    | USD       | Other  | Total     | Additional tier 1 (AT1) capital instruments | Total     |
| Scenarios                    |                                    |         |        |           |        |           |                                             |           |
| +1 bp                        | (3.7)                              | (0.6)   | 0.1    | (26.0)    | 0.2    | (30.1)    | 4.9                                         | (25.2)    |
| Parallel up <sup>2</sup>     | (548.9)                            | (119.3) | 16.2   | (5,027.2) | (0.9)  | (5,680.2) | 904.6                                       | (4,775.5) |
| Parallel down <sup>2</sup>   | 561.8                              | 124.3   | (29.2) | 5,216.0   | 2.8    | 5,875.7   | (1,044.5)                                   | 4,831.3   |
| Steepener <sup>3</sup>       | (305.3)                            | (13.1)  | (11.9) | (1,037.0) | (33.8) | (1,401.1) | 93.4                                        | (1,307.6) |
| Flattener <sup>4</sup>       | 189.6                              | (5.0)   | 14.0   | (124.2)   | 30.8   | 105.2     | 109.6                                       | 214.8     |
| Short-term up <sup>5</sup>   | (27.3)                             | (39.4)  | 19.4   | (2,171.3) | 23.9   | (2,194.7) | 486.3                                       | (1,708.4) |
| Short-term down <sup>6</sup> | 26.5                               | 41.8    | (21.8) | 2,312.1   | (26.8) | 2,331.9   | (507.8)                                     | 1,824.1   |

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



## Other market risk exposures

### Own credit

We are exposed to changes in our own credit reflected in the valuation of financial liabilities designated at fair value when our own credit risk would be considered by market participants, except for fully collateralized liabilities or other obligations for which it is established market practice to not include an own-credit component.

- › Refer to “Note 21 Fair value measurement” in the “Consolidated financial statements” section of this report for more information about own credit

### Structural foreign exchange risk

Upon consolidation, assets and liabilities held in foreign operations are translated into US dollars at the closing foreign exchange rate on the balance sheet date. Value changes (in US dollars) of non-US-dollar assets or liabilities due to foreign exchange movements are recognized in OCI and therefore affect shareholders’ equity and CET1 capital.

Group Treasury uses strategies to manage this foreign currency exposure, including matched funding of assets and liabilities and net investment hedging.

- › Refer to the “Capital, liquidity and funding, and balance sheet” section of this report for more information about our exposure to and management of structural foreign exchange risk
- › Refer to “Note 11 Derivative instruments” in the “Consolidated financial statements” section of this report for more information about our hedges of net investments in foreign operations

### Equity investments and investment fund units

**Audited I** We make direct investments in a variety of entities and buy equity holdings in both listed and unlisted companies, with the aim of supporting our business activities and delivering strategic value to the firm. This includes investments in exchange and clearing house memberships, as well as minority investments in early-stage fintechs and technology companies via UBS Next. We may also make investments in funds that we manage in order to fund or seed them at inception or to demonstrate that our interests align with those of investors. We also buy, and are sometimes required by agreement or regulation to buy, securities and units from investment vehicles that we have sold to clients.

The fair value of equity investments tends to be influenced by factors specific to the individual investments. Equity investments are generally intended to be held for the medium or long term and may be subject to lock-up agreements. For these reasons, we generally do not control these exposures by using market risk measures applied to trading activities. However, such equity investments are subject to a different range of controls, including preapproval of new investments for commercial purposes by business management and Risk Control, portfolio and concentration limits, and regular monitoring and reporting to senior management. They are also included in our Group-wide statistical and stress-testing metrics, which flow into our risk appetite framework.

As of 31 December 2024, we held equity investments and investment fund units totaling USD 6.8bn (31 December 2023: USD 7.2bn), of which USD 4.5bn (31 December 2023: USD 4.8bn) was classified as Financial assets at fair value not held for trading and USD 2.3bn (31 December 2023: USD 2.4bn) as Investments in associates. ▲

- › Refer to “Note 21 Fair value measurement” and “Note 28 Interests in subsidiaries and other entities” in the “Consolidated financial statements” section of this report for more information
- › Refer to “Note 1 Summary of material accounting policies” in the “Consolidated financial statements” section of this report for more information about the classification of financial instruments

### Debt investments

**Audited I** Debt investments classified as Financial assets measured at fair value through other comprehensive income as of 31 December 2024 can broadly be categorized as money market instruments and debt securities primarily held for statutory, regulatory or liquidity reasons.

The risk control framework applied to debt instruments classified as Financial assets measured at fair value through other comprehensive income depends on the nature of the instruments and the purpose for which we hold them. Our exposures may be included in market risk limits or be subject to specific monitoring and interest rate sensitivity analysis. They are also included in our Group-wide statistical and stress-testing metrics, which flow into our risk appetite framework.

Debt instruments classified as Financial assets measured at fair value through other comprehensive income had a fair value of USD 2.2bn as of 31 December 2024 (31 December 2023: USD 2.2bn). ▲

- › Refer to “Note 21 Fair value measurement” in the “Consolidated financial statements” section of this report for more information
- › Refer to “Economic value of equity sensitivity” in this section for more information
- › Refer to “Note 1 Summary of material accounting policies” in the “Consolidated financial statements” section of this report for more information about the classification of financial instruments

### Pension risk

We provide a number of pension plans for past and current employees, some classified as defined benefit pension plans under IFRS Accounting Standards, which can have a material effect on our equity under IFRS Accounting Standards and CET1 capital.

Pension risk is the risk that defined benefit plans’ funded status might decrease, negatively affecting our capital. This can result from falls in the value of a plan’s assets or in the investment returns, increases in defined benefit obligations, or combinations of the above.

Important risk factors affecting the fair value of pension plans' assets include equity market returns, interest rates, bond yields, and real estate prices. Important risk factors affecting the present value of expected future benefit payments include high-grade bond yields, interest rates, inflation rates, and life expectancy.

Pension risk is included in our Group-wide statistical and stress-testing metrics, which flow into our risk appetite framework. The potential effects are thus captured in the post-stress capital ratio calculations.

› Refer to "Note 1 Summary of material accounting policies" and "Note 26 Post-employment benefit plans" in the "Consolidated financial statements" section of this report for more information about defined benefit plans

#### UBS own share exposure

Group Treasury holds UBS Group AG shares to hedge future share delivery obligations related to employee share-based compensation awards and also holds shares purchased under the share repurchase program. In addition, the Investment Bank holds a limited number of UBS Group AG shares, primarily in its capacity as a market-maker with regard to UBS Group AG shares and related derivatives, and to hedge certain issued structured debt instruments.

› Refer to "UBS shares" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information

## Country risk

### Country risk framework

Country risk includes all country-specific events occurring in a sovereign jurisdiction that may lead to impairment of UBS's exposures. It may take the form of: (i) sovereign risk, which is the ability and willingness of a government to honor its financial commitments; (ii) transfer risk, which arises if a counterparty or issuer cannot acquire foreign currencies following a moratorium by a central bank on foreign exchange transfers; or (iii) "other" country risk. "Other" country risk may manifest itself through increased and multiple counterparty and issuer default risk (systemic risk) or through events that may affect a country's standing, such as adverse shocks affecting political stability or institutional and / or legal frameworks.

We assign a country rating to each country, which reflects our view of its creditworthiness and of the probability of a country risk event occurring. Country ratings are mapped to statistically derived default probabilities, described under "Probability of default" in this section. We use this internal analysis to set the credit ratings of governments and central banks, estimate the probability of a transfer event occurring, and establish rules on how aspects of country risk should be incorporated in counterparty ratings of non-sovereign entities domiciled in the respective country.

Country ratings are also used to define our risk appetite regarding foreign countries. A country risk limit (i.e. maximum aggregate exposure) applies to exposures to counterparties or issuers of securities and financial investments in the given foreign country. We may limit the extension of credit, transactions in traded products or positions in securities based on a country risk ceiling even if our exposure to a counterparty is otherwise acceptable.

Our country risk framework differs across the UBS Group, and alignment of approaches is part of the ongoing integration of Credit Suisse.

For internal measurement and control of country risk, we also consider the financial effect of market disruptions arising prior to, during and after a country crisis. These may take the form of a severe deterioration in a country's debt, equity or other asset markets, or a sharp depreciation of its currency. We use stress testing to assess potential financial effects of severe country or sovereign crises. This involves the developing of plausible stress scenarios for combined stress testing and the identification of countries that may potentially be subject to a crisis event, determining potential losses and making assumptions about recovery rates depending on the types of credit transactions involved and their economic importance to the affected countries.

### Country risk exposure

#### Country risk exposure measure

The presentation of country risk follows our internal risk view, where the basis for measuring exposures depends on the product category in which we classify the exposures. In addition to the classification of exposures into banking products and traded products, covered in "Credit risk profile of the Group" in this section, for the UBS Group excluding certain legacy Credit Suisse components the trading inventory is also shown. Issuer risk on securities (such as bonds and equities) and risk relating to underlying reference assets for derivative positions are classified under trading inventory. The trading inventory is managed on a net basis, and the value of long positions is netted against that of short positions with the same underlying issuer. Net exposures are floored at zero per issuer. As a result, potentially offsetting benefits of certain hedges and short positions across issuers are not recognized.

We do not recognize any expected recovery values when reporting country exposures as exposure before hedges, except for risk-reducing effects of master netting agreements and collateral held in either cash or portfolios of diversified marketable securities, which we deduct from the potential exposure values. Within banking products and traded products, risk-reducing effects of credit protection are generally taken into account on a notional basis when determining the net of hedge exposures.

## Country risk exposure allocation

In general, exposures are shown against the country of domicile of the contractual counterparty or the issuer of the security. For some counterparties whose economic substance in terms of assets or source of revenues is primarily located in a different country, the exposure is allocated to the risk domicile of those assets or revenues.

In the case of derivatives, we show the counterparty's risk potential exposure against the counterparty's country of risk (presented within traded products). In addition, risk associated with an instantaneous fall in value of underlying reference assets to zero (assuming no recovery) is shown against the country of risk of the issuer of the reference asset (presented within the trading inventory for the UBS Group excluding certain legacy Credit Suisse components only). This approach enables us to capture both counterparty and, where applicable, issuer elements of risk arising from derivatives and applies comprehensively for all derivatives, including single-name credit default swaps and other credit derivatives.

## Top 20 country risk exposures

The table below shows our 20 largest country exposures by product type, excluding our home country, as of 31 December 2024 compared with 31 December 2023.

Compared with 2023, our net exposure decreased, due to an overall reduction in country risk exposures and the alignment of our country risk framework. The list of our top 20 countries remained broadly unchanged, with three new entries (Norway, Belgium and Finland) at the bottom of the list and the exposure to each of those three not exceeding USD 2.0bn. Based on the sovereign rating categories, as of 31 December 2024, 85% of our emerging market country exposure was rated investment grade, compared with 83% as of 31 December 2023.

## Israel and Middle East

As of 31 December 2024, our direct country risk exposure to Israel was USD 284m, mainly from lending and collateralized over-the-counter derivatives exposure within the Investment Bank. Our direct exposure to Gulf Cooperation Council countries was USD 4.0bn. As of 31 December 2024, our direct exposure to Egypt, Jordan and Lebanon was limited, and we had no direct exposure to Iran, Iraq or Syria.

## Russia

Our direct country risk exposure to Russia contributed USD 365m to our total emerging market exposure of USD 27.3bn as of 31 December 2024. This included cash account balances, loans and trade finance exposures in Non-core and Legacy and Personal & Corporate Banking. We had no material direct country risk exposure to Belarus or to Ukraine as of 31 December 2024. Potential second-order impacts, such as European energy security, continue to be monitored.

## Top 20 country risk net exposures, by product type

| USD m                           | Total                      |                | Banking products<br>(loans, guarantees, loan commitments) |                | Traded products<br>(counterparty risk from derivatives and securities financing)<br>after master netting agreements and net of collateral |                | Trading inventory<br>(securities and potential benefits / remaining exposure from derivatives) |               |
|---------------------------------|----------------------------|----------------|-----------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------|---------------|
|                                 |                            |                |                                                           |                | Net of hedges                                                                                                                             |                | Net long per issuer <sup>2</sup>                                                               |               |
|                                 | Net of hedges <sup>1</sup> |                | Net of hedges <sup>1</sup>                                |                | Net of hedges                                                                                                                             |                | Net long per issuer <sup>2</sup>                                                               |               |
|                                 | 31.12.24                   | 31.12.23       | 31.12.24                                                  | 31.12.23       | 31.12.24                                                                                                                                  | 31.12.23       | 31.12.24                                                                                       | 31.12.23      |
| United States                   | 228,353                    | 303,410        | 156,763                                                   | 234,226        | 28,847                                                                                                                                    | 35,853         | 42,744                                                                                         | 33,331        |
| United Kingdom                  | 35,737                     | 58,202         | 15,745                                                    | 33,934         | 18,112                                                                                                                                    | 22,602         | 1,880                                                                                          | 1,666         |
| Germany                         | 30,205                     | 30,634         | 15,247                                                    | 14,151         | 7,162                                                                                                                                     | 10,364         | 7,796                                                                                          | 6,118         |
| Japan                           | 25,819                     | 20,354         | 20,131                                                    | 14,338         | 4,757                                                                                                                                     | 5,446          | 931                                                                                            | 571           |
| Australia                       | 16,920                     | 14,972         | 6,357                                                     | 8,168          | 8,404                                                                                                                                     | 4,765          | 2,158                                                                                          | 2,038         |
| France                          | 14,729                     | 14,740         | 2,007                                                     | 4,844          | 4,936                                                                                                                                     | 5,444          | 7,786                                                                                          | 4,453         |
| Singapore                       | 12,260                     | 12,405         | 3,568                                                     | 4,025          | 3,565                                                                                                                                     | 3,555          | 5,127                                                                                          | 4,827         |
| Canada                          | 8,516                      | 11,093         | 835                                                       | 2,369          | 2,839                                                                                                                                     | 3,293          | 4,843                                                                                          | 5,431         |
| Luxembourg                      | 7,649                      | 26,161         | 6,360                                                     | 25,034         | 1,191                                                                                                                                     | 959            | 99                                                                                             | 169           |
| Netherlands                     | 5,446                      | 7,420          | 1,830                                                     | 3,490          | 2,572                                                                                                                                     | 2,989          | 1,044                                                                                          | 941           |
| China                           | 4,911                      | 9,781          | 1,662                                                     | 5,720          | 1,278                                                                                                                                     | 918            | 1,971                                                                                          | 3,144         |
| South Korea                     | 4,368                      | 6,139          | 602                                                       | 1,147          | 666                                                                                                                                       | 1,764          | 3,100                                                                                          | 3,228         |
| Hong Kong SAR                   | 3,792                      | 4,602          | 1,490                                                     | 2,636          | 1,190                                                                                                                                     | 959            | 1,111                                                                                          | 1,007         |
| Italy                           | 3,355                      | 3,540          | 1,542                                                     | 2,501          | 909                                                                                                                                       | 801            | 904                                                                                            | 238           |
| Sweden                          | 3,334                      | 4,269          | 413                                                       | 1,152          | 1,479                                                                                                                                     | 1,628          | 1,442                                                                                          | 1,490         |
| Spain                           | 2,099                      | 3,431          | 937                                                       | 2,456          | 661                                                                                                                                       | 649            | 502                                                                                            | 325           |
| Norway                          | 1,809                      | 2,201          | 70                                                        | 114            | 440                                                                                                                                       | 561            | 1,299                                                                                          | 1,526         |
| Belgium                         | 1,742                      | 1,174          | 614                                                       | 589            | 421                                                                                                                                       | 331            | 706                                                                                            | 253           |
| Finland                         | 1,713                      | 1,309          | 76                                                        | 108            | 303                                                                                                                                       | 400            | 1,335                                                                                          | 800           |
| Ireland                         | 1,673                      | 3,525          | 1,146                                                     | 3,068          | 475                                                                                                                                       | 388            | 53                                                                                             | 69            |
| <b>Total top 20<sup>3</sup></b> | <b>414,430</b>             | <b>539,362</b> | <b>237,395</b>                                            | <b>364,070</b> | <b>90,207</b>                                                                                                                             | <b>103,669</b> | <b>86,831</b>                                                                                  | <b>71,625</b> |

<sup>1</sup> Before deduction of IFRS 9 ECL allowances and provisions.

<sup>2</sup> Trading inventory exposures are for UBS Group excluding legacy Credit Suisse components only.

<sup>3</sup> Excluding Switzerland, supranationals, global funds and legacy Credit Suisse shipping finance exposures.

## Emerging markets<sup>1</sup> net exposure<sup>2</sup>, by internal UBS country rating category

| USD m                | 31.12.24      | 31.12.23      |
|----------------------|---------------|---------------|
| Investment grade     | 23,170        | 36,851        |
| Sub-investment grade | 4,155         | 7,654         |
| <b>Total</b>         | <b>27,325</b> | <b>44,505</b> |

<sup>1</sup> We classify countries as emerging markets based on per capita GDP, historical real GDP growth, alignment with international institutions (such as the BIS, the World Bank, the IMF and the MSCI) and other factors.

<sup>2</sup> Net of credit hedges (for banking products and for traded products); net long per issuer (for trading inventory) for the UBS Group excluding legacy Credit Suisse components only. Before deduction of IFRS 9 ECL allowances and provisions.

## Sustainability and climate risk

Managing sustainability and climate risk is a key component of our corporate responsibility. We define sustainability and climate risk as the risk that we negatively impact, or are impacted by, climate change, natural capital, human rights, and other environmental and social matters. Sustainability and climate risks may manifest as credit, market, liquidity, business and non-financial risks for UBS, resulting in potential adverse financial, liability and reputational impacts.

Group Risk Control is responsible for our firm-wide sustainability and climate risk framework and the management of exposure to sustainability and climate (financial) risks on an ongoing basis as a second line of defense, while our Group Compliance, Regulatory & Governance monitors the adequacy of our control environment for non-financial risks, applying independent control and oversight. We manage sustainability and climate risk within a dedicated risk management framework.

Our sustainability and climate risk framework continues to evolve through our multi-year initiative focused on meeting regulatory requirements and enhancing core processes, such as reporting and disclosure. Overseen by senior management, the framework applies to the balance sheet, our own operations and our supply chain. It consists of four different phases: (i) risk identification and measurement; (ii) monitoring and risk appetite setting; (iii) risk management and control; and (iv) risk reporting and disclosure.

- › Refer to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information about our sustainability and climate risk framework and our investment approach
- › Refer to “Sustainability and climate risk policy framework” in the Supplement to the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information

### Risk identification and measurement

We assess the materiality of our sustainability- and climate-driven risks and impacts on an annual basis. That is underpinned by an assessment of how these risk drivers may impact us through financial and non-financial risks (e.g. credit losses or reputational incidences resulting in lost revenues) and assessing the proximity of our activities to potential negative impacts on the environment (including climate) and human rights.

We aim to identify sustainability and climate risks at divisional and cross-divisional levels, both through the sustainability and climate risk materiality assessment mentioned above and, increasingly, by integrating them into the firm-wide traditional risk identification and measurement process.

Our risk identification methodologies collectively define our focus areas and key risk drivers. The results of these efforts contribute to our sustainability and climate risk management strategy by:

- identifying concentrations of climate-sensitive exposure that may make us vulnerable to financial and non-financial risks, facilitating resource prioritization to enhance risk quantification and subsequent management actions; and
- supporting the implementation of a client-centric business strategy, in which we support clients with their sustainability transition and identify clients who can benefit from sustainability-focused UBS products and services.

The outputs of the above processes support senior management in taking informed decisions about sustainability and climate-related risks and provides stakeholders with key information through our external disclosures.

- › Refer to “Managing sustainability and climate risks” in the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information

## Transition risk

Climate-driven transition risks, which arise from the efforts to mitigate the effects of climate change, may contribute to a structural change across economies and consequently affect banks and the stability of the broader financial sector. These risks extend to the value of investments and may also affect the value of collateral (e.g. real estate).

In 2024, UBS developed a transition risk rating model (the TR RM), which is aligned with the transition risk heatmap (the TR H) and designed to provide a company-level rating of transition risk, where input data is available. The TR RM mainly relies on two inputs: (i) the output of the TR H and (ii) the corporate transition assessment scorecard (the CTAS), an internal UBS tool that systematically categorizes listed companies based on publicly available data from external third-party data sources into climate transition readiness categories. Whenever the CTAS does not provide an assessment for a company, the model falls back to an existing TR H.

The climate transition risk profile chart shows that, at the end of 2024, the exposure of the UBS Group to climate-sensitive sectors and related business activities has decreased due to an accelerated wind-down of Non-core and Legacy corporate exposures. Climate-driven transition-risk-sensitive exposure accounted for 17.1% of the total gross lending exposure, down from 19.2% in 2023. The key sectors contributing to sensitive exposure were the same as for 2023, i.e. real estate, industrials and transportation. Compared with 2023, our sensitive exposure to the Services and technology sector increased, in line with a methodology change where certain business activities that were previously rated non-sensitive are now rated sensitive due to increased reliance on artificial intelligence (AI) and data center operations requiring higher use of power.

- › Refer to “Managing sustainability and climate risks” in the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information





## Physical risk

Climate-driven physical risks arise from acute hazards, which are increasing in severity and frequency, and chronic climate risks arise from an incrementally changing climate. Climate-driven physical risks may contribute to a structural change across economies and consequently affect banks and the stability of the broader financial sector. These risks extend to the value of investments and may also affect the value of collateral (e.g. real estate).

In 2024, UBS developed a physical risk rating model (the PR RM), which is aligned with the physical risk heatmap model (the PR HM). The PR RM is designed to provide a company-level indication of physical risk while both models are designed to provide the UBS Group's exposure to climate-driven physical risks. The PR RM and PR HM measure how four acute physical risk hazards (i.e. wildfires, heatwaves, floods and tropical cyclones) may drive physical risk of companies.

The climate physical risk profile chart shows that, at the end of 2024, the exposure of the UBS Group to climate-sensitive sectors and related business activities decreased, due to the accelerated wind-down of Non-core and Legacy corporate exposures. Climate-driven physical-risk-sensitive exposure accounted for 9.8% of the total gross lending exposure, down from 11.7% in 2023. Geographically, the majority of the sensitive exposure is from the Americas region, followed by Switzerland and other geographical locations. Most of the year-on-year reduction in sensitive exposure is due to the wind-down of Non-core and Legacy exposure in the Americas region. At the Group level, most of the climate-sensitive physical risk exposure is located in countries that have a relatively high adaptive capacity to manage physical risk hazards, resulting in a moderately low risk profile at the regional level.

› Refer to “Managing sustainability and climate risks” in the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information



## Climate scenario analysis

We use scenario-based approaches to assess our exposure to physical and transition risks stemming from climate change. We have introduced several in-house assessments, facilitated by industry collaboration, to tailor approaches for addressing methodological and data challenges. We have utilized dedicated risk models incorporating systematic and idiosyncratic effects to carry out stress-testing exercises covering short-, medium- and long-term time horizons.

The work performed includes regulatory scenario analysis and stress-testing exercises such as the Bank of England's 2021 Climate Biennial Exploratory Scenario and the 2022 Climate Risk Stress Test of the European Central Bank, which assess banks' preparedness for dealing with financial and economic shocks stemming from climate risk; and the 2024 Swiss Financial Market Supervisory Authority (FINMA) / Swiss National Bank climate scenario analysis exercise. These exercises facilitated the identification of financial risks from climate change and enabled UBS to assess management actions in response to different scenario results and to perform a counterparty-level analysis. While these exercises showed mild losses and low exposure to climate risk for the in-scope entities, given the limited impact on the macroeconomic financial environment, the analysis enabled UBS to enhance climate risk scenario analysis and stress testing, further developing its capabilities for assessing risks and vulnerabilities from climate change.

In 2024, we further advanced our capabilities surrounding internal climate risk scenario analysis and stress testing for the UBS Group. We refined and expanded our internal climate risk scenarios, with a focus on both transition and physical risk projections across 30 years. In addition, we developed additional climate risk methodologies to enhance and broaden portfolio coverage.

Over the last few years, we have also leveraged industry-wide initiatives, such as the Paris Agreement Capital Transition Assessment exercise launched by the Swiss Federal Office for the Environment in 2020, 2022 and 2024. Through this exercise, we assessed the climate alignment of our listed investments (including equities and bonds), mortgages and direct real estate portfolios. The assessment enabled us to compare our results with the aggregated performance of the portfolios of all participating banks, showing the progress made over time and the efforts still needed.

- › Refer to **"Managing sustainability and climate risks"** in the UBS Group Sustainability Report 2024, available under **"Annual reporting"** at [ubs.com/investors](https://ubs.com/investors), for more information

## Monitoring and risk appetite setting

Our sustainability and climate risk policy framework defines the qualitative and quantitative risk appetite for sustainability and climate risk and is subject to periodic updates and enhancements.

- › Refer to **"Sustainability and Climate Risk Management Framework"** in the supplement to the UBS Group Sustainability Report 2024, available under **"Annual reporting"** at [ubs.com/investors](https://ubs.com/investors), for more information

As a part of the sustainability and climate risk monitoring process, we have developed methodologies and metrics to assess our continued exposure to carbon-related assets and climate-related risk-sensitive sectors. When developing our metrics, we consider the inputs and guidance provided by standard-setting organizations, as well as new or enhanced regulatory requirements for climate disclosures. In 2024, we continued working on methodologies covering climate-driven transition physical risks.

- › Refer to **"Climate-related materiality assessment"** in the UBS Group Sustainability Report 2024, available under **"Annual reporting"** at [ubs.com/investors](https://ubs.com/investors), for more information

The table below includes climate-related risk metrics for UBS Group, UBS AG on a standalone basis, as well as for UBS Switzerland AG and UBS Europe SE, both on a standalone basis. The trend analysis of exposure is available, starting from 2023, as UBS Group exposures were reported on a consolidated basis after the integration of Credit Suisse.

The proportion of the UBS Group's total gross lending exposure accounted for by carbon-related assets decreased to 10.9% in 2024 compared with 12.1% in 2023. The UBS Group metrics were reported on a consolidated basis, including Credit Suisse exposures starting in 2023.

Following the mergers of UBS AG and Credit Suisse AG in May 2024 and of UBS Switzerland AG and Credit Suisse (Schweiz) AG in July 2024, the total gross lending exposures of UBS AG standalone and UBS Switzerland AG have increased due to the inclusion of legacy Credit Suisse exposure. Consequently, the climate-driven transition risk, physical-risk-sensitive exposure and carbon-related assets have increased on an absolute basis, as expected.

## Risk management – Climate-related metrics

|                                                                                                                                                      | For the year ended | % change from |          |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------|----------|
|                                                                                                                                                      | 31.12.24           | 31.12.23      | 31.12.23 |
| <b>Climate-related metrics (USD bn)<sup>1, 2, 3, 4</sup></b>                                                                                         |                    |               |          |
| Carbon-related assets: UBS Group AG consolidated <sup>1, 2, 3, 4, 5, 6</sup>                                                                         | 76.5               | 93.9          | (18.5)   |
| Carbon-related assets proportion of total gross lending exposure, UBS Group AG consolidated (%) <sup>1, 2, 3, 4, 5, 6</sup>                          | 10.9               | 12.1          |          |
| Carbon-related assets: UBS AG (standalone) <sup>1, 2, 3, 4, 5, 6</sup>                                                                               | 30.3               | 9.2           | 228.3    |
| Carbon-related assets: UBS Switzerland AG (standalone) <sup>1, 2, 3, 4, 5, 6</sup>                                                                   | 46.6               | 27.4          | 69.8     |
| Carbon-related assets: UBS Europe SE (standalone) <sup>1, 2, 3, 4, 5, 6</sup>                                                                        | 0.0                | 0.0           | 0.0      |
| Total exposure to climate-sensitive sectors, transition risk, UBS Group AG consolidated <sup>1, 2, 3, 4, 6, 7, 8</sup>                               | 120.3              | 149.0         | (19.3)   |
| Climate-sensitive sectors, transition risk, proportion of total gross lending exposure, UBS Group AG consolidated (%) <sup>1, 2, 3, 4, 6, 7, 8</sup> | 17.1               | 19.2          |          |
| Total exposure to climate-sensitive sectors, transition risk, UBS AG (standalone) <sup>1, 2, 3, 4, 6, 7, 8</sup>                                     | 36.6               | 12.8          | 186.4    |
| Total exposure to climate-sensitive sectors, transition risk, UBS Switzerland AG (standalone) <sup>1, 2, 3, 4, 6, 7, 8</sup>                         | 83.0               | 49.8          | 66.6     |
| Total exposure to climate-sensitive sectors, transition risk, UBS Europe SE (standalone) <sup>1, 2, 3, 4, 6, 7, 8</sup>                              | 0.0                | 0.0           | 0.0      |
| Exposure to climate-sensitive sectors, transition risk, Traded products, UBS Group AG consolidated <sup>1, 2, 3, 4, 7, 8, 9</sup>                    | 2.1                |               |          |
| Exposure to climate-sensitive sectors, transition risk, Issuer risk, UBS Group AG consolidated <sup>1, 2, 3, 4, 7, 8, 10</sup>                       | 6.8                |               |          |
| Total exposure to climate-sensitive sectors, physical risk, UBS Group AG consolidated <sup>1, 2, 3, 4, 6, 7, 8</sup>                                 | 68.9               | 90.7          | (24.0)   |
| Climate-sensitive sectors, physical risk, proportion of total gross lending exposure, UBS Group AG consolidated (%) <sup>1, 2, 3, 4, 6, 7, 8</sup>   | 9.8                | 11.7          |          |
| Total exposure to climate-sensitive sectors, physical risk, UBS AG (standalone) <sup>1, 2, 3, 4, 6, 7, 8</sup>                                       | 65.7               | 52.5          | 25.2     |
| Total exposure to climate-sensitive sectors, physical risk, UBS Switzerland AG (standalone) <sup>1, 2, 3, 4, 6, 7, 8</sup>                           | 22.6               | 15.1          | 50.0     |
| Total exposure to climate-sensitive sectors, physical risk, UBS Europe SE (standalone) <sup>1, 2, 3, 4, 6, 7, 8</sup>                                | 0.0                | 0.0           | 0.0      |
| Exposure to climate-sensitive sectors, physical risk, Traded products, UBS Group AG consolidated <sup>1, 2, 3, 4, 7, 8, 9</sup>                      | 3.3                |               |          |
| Exposure to climate-sensitive sectors, physical risk, Issuer risk, UBS Group AG consolidated <sup>1, 2, 3, 4, 7, 8, 10</sup>                         | 12.6               |               |          |

<sup>1</sup> Methodologies for assessing climate-related risks are emerging and may change over time. As the methodologies, tools and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of collateral. <sup>2</sup> Metrics for 2023 are recalculated and restated based on the 2024 methodology for comparison purpose. Percentage change is calculated based on the full underlying exposure, which may result in small deviations when calculated using reported figures that are rounded to one decimal. <sup>3</sup> Over the last year, the UBS Group continued its effort to integrate Credit Suisse systems and data. As a result, the metric calculation process benefits from data enhancement even when the methodology remains the same year on year. At the same time, integration work is ongoing and expected to bring in further data alignment in future, which may require restatement of reported metrics. <sup>4</sup> UBS continues to collaborate to resolve methodological and industry data challenges, and seeks to integrate both impacts to and dependencies on a changing natural and climatic environment, into how UBS evaluates its risks and opportunities. <sup>5</sup> As defined by the Task Force on Climate-related Financial Disclosures (the TCFD), in its expanded definition published in 2021, UBS defines carbon-related assets through industry-identifying attributes of the firm's banking book. UBS further includes the four non-financial sectors addressed by the TCFD, including, but not limited to, fossil fuel extraction, carbon-based power generation, transportation (air, sea, rail, and auto manufacture), metals production and mining, manufacturing industries, real estate development, chemicals, petrochemicals, and pharmaceuticals, building and construction materials and activities, forestry, agriculture, fishing, food and beverage production, including trading companies that may trade any of the above (e.g. oil trading or agricultural commodity trading companies). This metric is agnostic of risk rating, and therefore may include exposures of companies that may be already transitioning or adapting their business models to climate risks, unlike UBS climate-sensitive sectors methodology, which takes a risk-based approach to defining material exposure to climate impacts. <sup>6</sup> Gross lending exposure consists of total on balance sheet loans and advances to customers and off-balance sheet guarantees and irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group as a result of the acquisition of Credit Suisse in compliance with IFRS 3, Business Combinations). <sup>7</sup> Climate-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels. Risk ratings represent a range of scores across five rating categories: low, moderately low, moderate, moderately high, and high. The climate-sensitive exposure metrics are determined based upon the top three of the five rated categories, i.e. moderate to high. <sup>8</sup> As the transition and physical risk rating models and physical risk heatmap model are embedded further into the risk management framework, we may identify new use cases that could trigger validation of the model for identified use cases and associated enhancements. As a consequence, restatement of reported metrics may be required. <sup>9</sup> For traded products, the metric is calculated using over-the-counter (OTC) derivatives, exchange-traded derivatives (ETDs) and securities financing transactions (SFTs), consisting of securities borrowing and lending, and repurchase and reverse repurchase agreements. <sup>10</sup> For issuer risk, the metric is calculated upon HQLA assets, debt securities, bonds, liquidity buffer securities. After the parent bank merger, the issuer risk in legacy Credit Suisse entities is less than 4% of overall UBS Group and considered non-material and excluded from reported metrics.

# Non-financial risk

Compliance risk, financial crime risk and operational risk are independently overseen by Group Compliance, Regulatory & Governance (GCRG) and are covered in this section. Legal risk is overseen by Group Legal. Reputational risk is managed by the business divisions and Group functions and overseen by control functions.

› Refer to “Top and emerging risks” in this section for more information about legal risk

## Compliance risk

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

Suitability risk, product selection, cross-divisional service offerings, quality of advice and price transparency continue to be areas of heightened focus for UBS and for the industry as a whole. Cross-border risk (including the risk of unintended permanent establishment) remains an area of regulatory attention for global financial institutions, including a focus on market access, such as third-country market access into the European Economic Area. We maintain a series of controls designed to address these risks, and we are increasing the number of automated controls, thereby increasing overall control coverage.

Reputational risk, regulatory fragmentation related to environmental, social and governance topics, and the elevated risk of greenwashing arising from our service offering, disclosures and commitments remain key risks for 2025.

› Refer to “Top and emerging risks” in this section for more information

## Financial crime risk

Financial crime, including money laundering, terrorist financing, sanctions violations, fraud, bribery and corruption, presents 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, and we continue to focus on strategic enhancements to our global anti-money-laundering, know-your-client and sanctions programs. Money laundering and financial fraud techniques are becoming increasingly sophisticated, and geopolitical volatility makes the sanctions landscape more complex. The extensive and continuously evolving sanctions arising from the Russia–Ukraine war require constant attention to manage circumvention risks, while conflicts in the Middle East may further increase terrorist-financing risks.

› Refer to “Top and emerging risks” in this section for more information

## Operational risk

There is an increased risk of cyber-related operational disruption to business activities at our locations and / or those of third-party suppliers due to operating a more complex set of legal entities since the acquisition of Credit Suisse and the increasingly dynamic threat environment, which is intensified by current geopolitical factors and evidenced by continuing high volumes of, and the increasing sophistication of, cyberattacks against financial institutions globally and on third-party service providers.

We remain on heightened alert to respond to and mitigate elevated cyber- and information-security threats, and continue to invest in improving our technology infrastructure and information-security governance to improve our defense, detection and response capabilities against attacks. In addition, we are implementing a global framework designed to drive enhancements in operational resilience across all business divisions and relevant jurisdictions, as well as working with the third-party service providers that are of critical importance to our operations to assess their operational resilience against our standards.

The increasing interest in data-driven advisory processes and the use of artificial intelligence (AI) and machine learning are opening up new questions related to the fairness of AI algorithms, data life-cycle management, data ethics, data privacy and security, and records management.

Legal entity integration, including that of existing Credit Suisse businesses, and the closing of legacy businesses introduce operational complexity and the risk that businesses in wind-down are not effectively managed. These risks continue to be carefully monitored in addition to the delivery of consolidated financial and regulatory reporting submissions.

› Refer to “Top and emerging risks” in this section for more information

## Non-financial risk framework

We follow a Group-wide non-financial risk framework that establishes requirements for identifying, controlling, managing, assessing and mitigating compliance risk, financial crime risk and operational risk to maintain the safety and soundness of the firm and to protect its financial position and reputation. The framework is built on the following pillars:

- classifying inherent risks through 19 non-financial risk taxonomies, which define the universe of non-financial risks that can arise as a consequence of our business activities and external factors;
- performing control assurance activities, including self-assessing the design and operating effectiveness of controls, first- and second-line-of-defense control reviews, and independent control testing;
- defining the non-financial risk appetite (including relevant indicators for each non-financial risk taxonomy) and assessing risk exposure against appetite;
- assessing inherent and residual risk through risk assessment processes and determining whether additional remediation plans are required to address identified deficiencies; and
- proactively and sustainably remediating identified control deficiencies.

Reputational risk is an integral part of the non-financial risk framework. It is one of the key impacts of non-financial risk, alongside regulatory and financial risks.

Divisional Presidents are accountable for the effectiveness of non-financial risk management and for the robustness of the front-to-back control environment within their business divisions, and legal-entity-responsible executives are in charge of non-financial risk management within their legal entities. Group function heads are accountable for supporting the divisional Presidents and legal-entity-responsible executives of our legal entities in the discharge of this responsibility, by confirming completeness and effectiveness of the control environment and non-financial risk management within their Group functions. Collectively, divisional Presidents, central Group function heads and legal-entity-responsible executives are in charge of implementing the non-financial risk framework.

GCRG owns the firm's non-financial risk framework, and it is responsible for providing an independent and objective view of the adequacy of non-financial risk management across the Group and ensuring that compliance risk, financial crime risk and operational risk are understood, owned and managed in accordance with our risk appetite. Compliance & Operational Risk Control (C&ORC) business- or function-aligned teams are embedded within the GCRG function, reporting to the Group Chief Compliance and Governance Officer, who is a member of the Group Executive Board (the GEB).

The non-financial risk framework forms the common basis for managing and assessing compliance risk, financial crime risk and operational risk, and there are additional C&ORC activities intended to ensure we are able to demonstrate compliance with applicable laws, rules and regulations.

All functions within UBS are required to periodically assess the design and operating effectiveness of key internal non-financial risk controls.

Key control deficiencies identified during the internal control and risk assessment processes must be reported in the non-financial risk inventory, and sustainable remediation must be defined and executed. These control deficiencies are assigned to owners at senior management level and the remediation progress is reflected in the respective managers' annual performance measurement and objectives. To assist with prioritizing the most material control deficiencies and measuring aggregated risk exposure, irrespective of origin, a common rating methodology is applied across all three lines of defense, as well as by external audit.

In 2024, we focused on finalizing the rollout of the framework to the combined organization and ensuring adherence to the framework standards. We continue to improve effectiveness by simplifying and automating non-financial risk framework-related processes.

## Reputational risk management

Our reputation is ultimately defined by our ability to adhere to the three keys: our *Pillars*, *Principles* and *Behaviors*. In accordance with our Code of Conduct and Ethics, it is the responsibility of the Board of Directors (the BoD) and each employee to refrain from any conduct which may pose a risk to our reputation.

All employees are responsible for carefully evaluating the reputational risks involved in all business activities. Reputational risk is considered as part of standard risk identification and assessment processes governed by relevant frameworks relating to new and existing clients, transactions, products and services. The business divisions and Group functions have primary responsibility for identifying, assessing and managing reputational risk. The control functions are responsible for providing independent oversight and challenge and must raise their concerns if they disagree with the assessment of the business divisions or Group functions of any reputational risk. For instances where the inherent reputational risk is determined to be high, these cases must be escalated to the relevant divisional management team for review and decision. At the discretion of those teams, cases may also be presented to the GEB for further evaluation and decision through the respective divisional President.



## Cybersecurity and information security

### Risk management and strategy

Cybersecurity and information-security (CIS) risk is the risk that a malicious internal or external act, or a failure of IT hardware or software, or human error may have a material impact on confidentiality, integrity, or availability of UBS's data or information systems.

CIS risk is a key operational risk facing UBS, and we devote considerable resources to establishing and maintaining processes for assessing, identifying and managing CIS risk through our global workforce and cyber-operations centers around the world.

› Refer to "Risk governance" in this section for information about our risk governance framework

### Governance

In line with our overall non-financial risk management framework, we take a cross-functional approach to addressing CIS risk, with the Group Operations and Technology Office (GOTO), business divisions, GCRG, Group Risk Control, Group Legal, and Group Internal Audit all playing key roles. Our risk control framework follows the three-lines-of-defense model. GOTO establishes the policies and procedures designed to safeguard our information systems and the information those systems collect and process. The business divisions, together with GOTO, are then responsible for implementing those policies and procedures as part of the first line of defense. GCRG leads the second line of defense, by convening and consulting with additional control functions to provide independent oversight, and challenges the first line's CIS framework and implementation. As the third line of defense, Group Internal Audit conducts independent reviews and validates the first-line and second-line processes and functions.

The Cyber and Information Security Committee (the CIS-C) is the primary decision-making body with oversight of and accountability for the Group-wide CIS program. The committee is jointly chaired by the Group Chief Operations and Technology Officer and the Group Chief Compliance and Governance Officer. The Head Group Internal Audit is a permanent guest. The committee meets on a monthly basis and serves as a platform for interaction across the three lines of defense for the identification and effective governance of CIS strategy, risks and regulatory obligations. The CIS-C governance structure is intended to streamline decision-making and, where necessary, escalation to the BoD and the GEB.

Following the merger of UBS AG and Credit Suisse AG on 31 May 2024, UBS established a unified governance structure and consolidated CIS leadership under a single Group Chief Information Security Officer (Group CISO) function. This unified governance ensures that consistent and robust security measures are embedded across the entire organization. Consequently, the role of the Credit Suisse Chief Information Security Officer has been dissolved, and all CIS responsibilities are now managed centrally by the Group CISO. We have raised the profile and highlighted the role of our regional CISOs to better position our ability to engage with regulators and other key stakeholders. All regional CISOs now report directly to the Group CISO.

› Refer to "Cybersecurity governance" in "Board of Directors" in the "Corporate governance" section of this report for more information

### CIS program

Our CIS program is led by the Group CISO, who reports both to the Group Chief Operations and Technology Officer and the Group Chief Compliance and Governance Officer. The CIS program is designed to identify, prevent, detect and respond to CIS events, with the goal of maintaining the integrity and availability of our technology infrastructure and the confidentiality and integrity of our information. Our Group CISO, senior management within GOTO and management personnel overseeing the CIS program all have substantial relevant expertise in the areas of cybersecurity and information security. Our CIS program includes the following elements:

- *Threat intelligence*: We systematically gather threat information and monitor threat alerts from external sources. Our cyber-threat intelligence team analyzes such information and uses it to enhance existing defense capabilities, to respond to identified threats and to adjust our CIS strategy where needed. In 2024, the team's remit was expanded to include providing research, analysis and advice on CIS risks associated with emerging technologies, including AI.
- *Preventative and detection controls*: We use layered firm-wide controls to prevent and detect cyberattacks. Defenses include system hardening, firewalls, intrusion prevention and detection systems, and other controls. External network connections are identified and recorded in an inventory. Access rights are defined for information assets, and IT systems and applications enforce authentication. We maintain access controls and approval processes designed to prevent unauthorized access.
- *Cyber-defense and incident response capabilities*: The Cybersecurity Operations Center is responsible for providing 24/7/365 real-time monitoring, detection and response capabilities for cyberattacks and acting as the primary interface for cybersecurity events. Incidents assessed as having the potential to adversely affect our critical operations are subject to mandatory management notification. If assessed as potentially significant, cybersecurity and data incidents are managed under our crisis management framework.
- *Education and training*: All UBS staff, including the external workforce, receive appropriate CIS awareness training, commensurate with their roles and responsibilities.

- *Third-party risk*: Vulnerabilities in the cyber-risk environment of third parties represent a particular threat to our CIS and our ability to maintain our business services. We follow a risk-based approach to assess and mitigate CIS risks related to third parties. Third-party services and processes are monitored and checked on an ongoing basis, with appropriate supervision from the CIS-C. This is a key component of our third-party risk management program, notwithstanding the challenges we face in imposing the same levels of protection to the systems and data of third parties that we rely on ourselves.
- *Monitoring and testing*: Effective incident response and problem management processes are complemented by vulnerability assessments, penetration and testing engagements based on specific threat scenarios that simulate tactics, techniques and procedures that might be used against our systems, as mandated by our policy regulations. This includes testing by internal and external red teams (simulating attacks by potential adversaries). Actual security-related events are directly correlated with threat scenarios to monitor and detect potential threats, such as network-intrusion and malware-driven events. Our deployed security measures are designed with the objective of isolating and containing threats that are detected to allow for effective incident response and analysis.

#### CIS assessment framework

Our CIS assessment framework includes internal and external cybersecurity risk assessments for applications and bank processes alongside a structured risk assessment process of third-party service providers. These processes are designed, along with our security capabilities, to support business objectives and priorities.

We conduct assessments to evaluate and test our CIS program and provide guidance on operating and improving the program, including the design and operational effectiveness of the security and resiliency of our information systems. Our assessments, along with our threat intelligence capabilities, are used to assess and prioritize programs to improve our security, our incident response capabilities and our operational resilience. As the cyber-threat landscape evolves at an increasing pace, we seek to enhance our CIS controls to meet developing threats. We have ongoing programs that are intended to increase our CIS maturity across various dimensions, including governance, identification, protection and detection, as well as cyberattack response and recovery, and risk from third-party service providers.

We recognize that we will never be able to completely eliminate the risk of a future cyberattack, but, by using a risk-based approach, we work toward reducing the likelihood of a successful attack and toward mitigation of the potential business impact of such an attack.

The BoD, its Risk Committee and the GEB receive regular presentations and reports throughout the year from our Group Chief Operations and Technology Officer and our Group CISO on internal and external CIS developments, threats and risks. In addition, on a quarterly basis, the BoD receives reports on the performance of CIS risk appetite metrics, including metrics on vulnerabilities and third-party CIS risks and incidents, and is notified promptly if a Board-level CIS risk limit is breached. The Risk Committee of the BoD and the GEB also receive regular updates on CIS strategy, risks and alignment with regulatory requirements.

#### Operational resilience and incident response

Our business continuity and resilience framework is designed to limit the disruption CIS events cause to our business activities. In accordance with the firm's cyber-incident response framework, the CIS-C, including the incident response team, tracks, documents, responds to and analyzes CIS threats and incidents, including those experienced by the firm's third-party service providers that may impact the firm. Additionally, we maintain established procedures for responding to, and escalating, CIS and other system availability incidents. These are regularly practiced, including tabletop exercises up to and including the Group Crisis Task Force.

Our CIS and data confidentiality contingency plans include event playbooks and escalation procedures designed to support a structured assessment of potential incidents and timely escalation and reporting of incidents based on the assessed potential impact. Incidents assessed to have the potential to adversely affect our critical operations are subject to mandatory management notification. If assessed as potentially significant, cybersecurity and data incidents are managed under our crisis management framework, which provides pre-established cross-functional task forces to manage the incident, ensure appropriate and timely regulatory, market and client communications and robust oversight by management, with escalation frameworks to inform and ensure oversight by the GEB and the BoD.

- › Refer to “Crisis management framework” in the “Regulation and supervision” section of this report for more information about our crisis management framework

## Non-financial risk capital measurement

The non-financial risk framework underpins the calculation of regulatory capital for operational risk, which enables us to quantify operational risk and define effective risk-mitigating management incentives as part of the related operational risk capital allocation approach to the business divisions.

In 2024, we measured non-financial risk exposure and calculated operational risk regulatory capital using the advanced measurement approach (AMA) in accordance with Swiss Financial Market Supervisory Authority (FINMA) and international requirements. As reported in the UBS Group Annual Report 2023, total operational-risk-related risk-weighted assets (RWA) are derived by an aggregation of the respective AMA models of UBS and legacy Credit Suisse, taking into account a related diversification effect as agreed with FINMA.

An entity-specific AMA model has been applied for UBS Switzerland AG, which has included a similar relative diversification benefit since the merger with Credit Suisse (Schweiz) AG. For other regulated entities, the basic indicators or standardized approaches are adopted for regulatory capital in agreement with local regulators. The UBS AMA model methodology continues to be leveraged for internal capital adequacy assessment processes and further supports risk identification and related assessments for non-financial risks.

The AMA models are reviewed regularly to maintain risk sensitivity and recalibrated at least annually. Furthermore, the models are subject to an independent validation performed by Model Risk Management & Control in line with our model risk management framework.

For model calibration purposes, and in line with regulatory expectations, the AMA capital model methodology utilizes both historical internal losses and external losses suffered by the broader industry. Initial model outputs driven by the loss history are reviewed and adjusted to reflect fast-changing external developments, such as new regulations, geopolitical change, volatile market and economic conditions, and internal factors (e.g. changes in business strategy and control framework enhancements). The resulting baseline data-driven frequency and severity distributions are reviewed by subject matter experts and where necessary adjusted based on a review of qualitative information about the business environment and internal control factors, as well as expert judgment, with the aim of forecasting losses. Any changes to regulatory capital as a result of a recalibration or methodology changes are subject to FINMA approval.

The AMA was replaced by the standardized approach for determining regulatory capital on 1 January 2025, in line with the final Basel Committee on Banking Supervision (BCBS) Basel III standards. The adoption of the standardized approach is expected to lead to a USD 7bn decrease in operational risk RWA to USD 138bn from USD 145bn under the AMA. We will report RWA under the revised framework for the first time in the first quarter of 2025, and we will provide an update in our first quarter 2025 report on further improvements from mitigating actions and our dialogue with FINMA regarding various aspects of the final Basel III rules.

› Refer to “Risk-weighted assets” in the “Capital, liquidity and funding, and balance sheet” section of this report for more information about the capital impacts from the adoption of the final Basel III standards on 1 January 2025

Although the AMA capital model is being replaced for regulatory capital reporting activities, we will continue to maintain a non-financial risk measurement model, closely aligned with the historical UBS AMA calibration and governance practices. The related model has been refined and enhanced to reflect the full risk exposures after the acquisition of the Credit Suisse Group and to support broader internal usage as referenced.

# Model risk

## Main sources of model risk

We rely on models to inform risk management and control decisions, to measure risks or exposures, to value instruments or positions, to conduct stress testing, to assess adequacy of capital, and to manage clients' assets and our own assets. Models may also be used to measure and monitor compliance with rules and regulations, for surveillance activities, and to meet financial or regulatory reporting requirements. Our artificial intelligence (AI)-based solutions may rely on models, and models may include functionalities defined as AI.

Model risk is defined as the risk of adverse consequences (e.g. financial losses or reputational damage) resulting from incorrect or misused models. AI-specific risks are managed in conjunction with other relevant risk frameworks, and specific guidelines for the recognition of those risks apply.

## Overview of measurement, monitoring and management techniques

Our model governance framework establishes requirements for identifying, measuring, monitoring, reporting, controlling and mitigating model risk. All the models that we use are subject to governance and controls throughout their life cycles, with rigor, depth and frequency determined by the model's materiality and complexity. This is designed to ensure that risks arising from model use are identified, understood, managed, monitored, controlled and reported on both a model-specific and an aggregated level. Before approval for use is granted, all our models are independently validated.

Once approved for use, a model is subject to ongoing model monitoring, regular model confirmation and periodic revalidation, ensuring that the model is only used if it continues to be fit for purpose.

Our model risk governance framework follows our overarching risk governance framework along the three lines of defense, with: (i) the business divisions and Group functions (including Risk Control, Finance and Compliance) responsible for the development, maintenance and appropriate use of the models; (ii) the Model Risk Management & Control function, headed by the Chief Model Risk Officer, responsible for independent review, oversight and challenge of the models; and (iii) Group Internal Audit, responsible for the assessment of the design and operating effectiveness and the sustainability of the related processes.

Model risk is included in the Group-wide risk appetite framework.

Model oversight committees and forums ensure that model risk is overseen at different levels of the organization, appropriate model risk management and control actions are taken and, where necessary, escalated to the next level. The Group Model Governance Committee is our most senior oversight and escalation body for all models in scope of our model governance framework. It is co-chaired by the Group Chief Risk Officer and the Group CFO and is responsible for: (i) reviewing and approving changes to the framework; (ii) approving the model risk appetite statement; (iii) overseeing adherence to the UBS model risk governance framework; and (iv) monitoring model risk at a Group-wide level.

The migration of client accounts and positions to UBS infrastructure impacts models to some extent. Respective model integration plans are defined and overseen by the Group Model Governance Committee. The legacy Credit Suisse model inventory has been reduced by more than 50% since June 2023, with certain legacy Credit Suisse models still being used until they are retired or integrated into the UBS risk management framework.

# Capital, liquidity and funding, and balance sheet

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# Capital management

## Capital management objectives, planning and activities

### Capital management objectives

**Audited I** An adequate level of common equity tier 1 (CET1) capital and total loss-absorbing capacity (TLAC) meeting both internal assessment and regulatory requirements is a prerequisite for conducting our business activities. ▲

We are therefore committed to maintaining a strong CET1 capital and TLAC position at all times, in order to meet regulatory capital requirements and our target capital ratios, and to support the growth of our businesses.

As of 31 December 2024, our CET1 capital ratio was 14.3% and our CET1 leverage ratio 4.7%, each above the requirements for Swiss systemically relevant banks (SRBs) and Basel Committee on Banking Supervision (BCBS) requirements, and also above our capital guidance. We believe that our capital strength, consistent with our capital guidance, is a source of confidence for our stakeholders, contributes to our sound credit ratings and is one of the foundations of our success.

In Switzerland, the amendments to the Capital Adequacy Ordinance (the CAO) that incorporate the final Basel III standards into Swiss law, including the five new ordinances that contain the implementing provisions for the revised CAO, entered into force on 1 January 2025.

- › Refer to the “Our strategy” and “Targets, capital guidance and ambitions” sections of this report for more information about our capital and resource guidelines
- › Refer to “We may be unable to maintain our capital strength” in the “Risk factors” section of this report for more information about capital ratio-related risks
- › Refer to “Developments related to the implementation of the final Basel III standards” in the “Regulatory and legal developments” section of this report for more information about the incorporation of final Basel III standards
- › Refer to “Risk-weighted assets” and “Leverage ratio denominator” in this section for more information about the impacts resulting from the adoption of the final Basel III standards on risk-weighted assets (RWA) and leverage ratio denominator (LRD)

### Capital planning and activities

**Audited I** We manage our balance sheet, RWA, LRD and TLAC ratio levels based on our regulatory requirements, within our internal limits and targets, and our externally provided guidance. ▲

Our strategic focus is on achieving an optimal attribution and use of financial resources between our business divisions and Group functions, as well as between our legal entities, while remaining within the limits defined for the Group and allocated to the business divisions by the Board of Directors (the BoD).

**Audited I** These resource allocations are based on our business plans and earnings projections, which are reflected in our capital plans. The equity double leverage ratio at the UBS Group AG standalone level (calculated as investments in subsidiaries divided by total equity) is a key consideration when planning for distributions from UBS AG to UBS Group AG and from UBS Group AG to its shareholders.

The annual strategic planning process includes a capital planning component that is key in defining our target capital levels and returns. The capital planning component is based on an attribution of Group RWA and LRD capacity to the business divisions.

Limits and targets are established at the Group and business-division levels and are approved by the BoD at least annually. In the target-setting process we take into account, among other factors, the current and potential future TLAC requirements, our aggregate risk exposure in terms of the combined stress test (the CST) and the effect of expected accounting policy changes. ▲

Monitoring is based on these internal limits and targets and provides indications if any changes are required. Any breach of limits in place triggers a series of required remediating actions.

Group Treasury plans for and monitors consolidated TLAC information on an ongoing basis, reflecting business and legal entity requirements, as well as regulatory developments in capital regulations. In addition, capital planning and monitoring are performed at the legal entity level for our significant subsidiaries and sub-groups that are subject to prudential supervision and must meet capital and other supervisory requirements.

- › Refer to “Capital and capital ratios of our significant regulated subsidiaries” in this section for more information



# Swiss SRB total loss-absorbing capacity framework

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 SRBs.

Additional regulatory disclosures for UBS Group AG on a consolidated basis are provided in our 31 December 2024 Pillar 3 Report. The Pillar 3 Report also includes information relating to our significant regulated subsidiaries and sub-groups (UBS AG consolidated, UBS AG standalone, UBS Switzerland AG standalone, UBS Europe SE consolidated, UBS Americas Holding LLC consolidated and Credit Suisse International standalone as of 31 December 2024 and is available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors).

Capital and other regulatory information for UBS AG consolidated in accordance with the Basel III framework, as applicable to Swiss SRBs, is provided in the UBS AG consolidated Annual Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors).

## Regulatory framework

The Basel III framework came into effect in Switzerland on 1 January 2013 and is embedded in the CAO. The CAO also includes the too-big-to-fail (TBTf) provisions applicable to Swiss SRBs.

Under the Swiss SRB framework, going and gone concern requirements represent the Group's TLAC requirement. TLAC encompasses regulatory capital, such as CET1 capital, loss-absorbing additional tier 1 (AT1) and tier 2 capital instruments, and liabilities that can be written down or converted into equity in case of resolution or for the purpose of restructuring measures. RWA calculations are based on the applicable rules and models approved by the Swiss Financial Market Supervisory Authority (FINMA) for the respective legal entities.

### Capital and other instruments contributing to our total loss-absorbing capacity

In addition to CET1 capital, the following instruments contribute to our loss-absorbing capacity:

- loss-absorbing AT1 capital instruments (high and low trigger);
- non-Basel III-compliant tier 2 capital instruments; and
- TLAC-eligible senior unsecured debt instruments.

Under the Swiss SRB rules, going concern capital includes CET1 capital and high-trigger loss-absorbing AT1 capital instruments. Our existing outstanding low-trigger loss-absorbing AT1 capital instruments are available to meet the going concern capital requirements until their first call date. As of their first call date, these instruments are eligible to meet the gone concern requirements.

Outstanding high- and low-trigger loss-absorbing tier 2 capital instruments, non-Basel III-compliant tier 2 capital instruments and TLAC-eligible senior unsecured debt instruments are eligible to meet gone concern requirements until one year before maturity. 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 (i.e. are in the last year of eligibility). However, 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.

- › Refer to "Bondholder information", available at [ubs.com/investors](https://ubs.com/investors), for more information about the eligibility of capital and senior unsecured debt instruments and key features and terms and conditions of capital instruments

## Total loss-absorbing capacity and leverage ratio requirements

### Going concern capital requirements

Under the Swiss SRB requirements, total going concern minimum requirements for all Swiss SRBs are a capital ratio requirement of 12.86% of RWA and a leverage ratio requirement of 4.5%. In addition to these minimum requirements, an add-on reflecting the degree of systemic importance is applied, based on market share and LRD. The applicable market share and LRD add-on requirements for UBS were both unchanged at 0.72% of RWA and 0.25% of LRD, resulting in add-ons of 1.44% of RWA and 0.50% of LRD. As a result of the acquisition of the Credit Suisse Group in 2023, the capital add-ons for market share and LRD for UBS Group AG consolidated will increase commensurate with the Group's increased market share and higher LRD after the acquisition. The phase-in of the increased capital requirements will commence from the end of 2025 and will be completed by the beginning of 2030, at the latest.

The Swiss countercyclical capital buffer, at a maximum level of 2.5% on risk-weighted positions that are directly or indirectly backed by residential properties in Switzerland, increased our minimum CET1 capital requirement by 37 basis points as of 31 December 2024. We also continued to apply countercyclical buffer requirements introduced in other BCBS member jurisdictions, which resulted in an additional buffer requirement of 16 basis points as of 31 December 2024. Overall, countercyclical capital buffers contributed 52 basis points to our minimum CET1 capital requirement as of 31 December 2024.

The total going concern capital requirements applicable are 14.82% of RWA (including countercyclical buffer requirements) and 5.00% of the LRD. Furthermore, of the total going concern capital requirement of 14.82% of RWA, at least 10.52% must be met with CET1 capital, while a maximum of 4.3% can be met with high-trigger loss-absorbing AT1 capital instruments (and our existing outstanding low-trigger AT1 capital instruments, which qualify until their first call date as mentioned above).

Similarly, of the total going concern leverage ratio requirement of 5.00%, at least 3.50% must be met with CET1 capital, while a maximum of 1.5% can be met with high-trigger loss-absorbing AT1 capital instruments (and our existing outstanding low-trigger AT1 capital instruments, which qualify until their first call date as mentioned above).

#### **Gone concern loss-absorbing capacity requirements**

As an internationally active Swiss SRB, UBS is also subject to gone concern loss-absorbing capacity requirements. The gone concern requirements also include add-ons for market share and LRD.

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

Our gone concern requirements can be reduced when higher-quality capital instruments (CET1 capital, low-trigger loss-absorbing AT1 or certain low-trigger tier 2 capital instruments) are used to meet gone concern requirements. As of 31 December 2024, UBS did not use any higher-quality capital instruments to fulfill gone concern requirements.

From 1 January 2022 onward, the gone concern requirement after the potential reduction for the use of higher-quality capital instruments has been floored at 10.0% and 3.75% for the RWA- and LRD-based requirements, respectively.

In this report, we refer to the RWA-based gone concern requirements as gone concern loss-absorbing capacity requirements and the RWA-based gone concern ratio is referred to as the gone concern loss-absorbing capacity ratio.

The table below provides the RWA- and LRD-based requirements and information as of 31 December 2024.

#### **Swiss SRB going and gone concern requirements and information**

| As of 31.12.24                                                        | RWA                |         | LRD               |           |
|-----------------------------------------------------------------------|--------------------|---------|-------------------|-----------|
| USD m, except where indicated                                         | in %               |         | in %              |           |
| <b>Required going concern capital</b>                                 |                    |         |                   |           |
| Total going concern capital                                           | 14.82 <sup>1</sup> | 73,898  | 5.00 <sup>1</sup> | 75,974    |
| Common equity tier 1 capital                                          | 10.52              | 52,461  | 3.50 <sup>2</sup> | 53,182    |
| of which: minimum capital                                             | 4.50               | 22,434  | 1.50              | 22,792    |
| of which: buffer capital                                              | 5.50               | 27,420  | 2.00              | 30,390    |
| of which: countercyclical buffer                                      | 0.52               | 2,607   |                   |           |
| Maximum additional tier 1 capital                                     | 4.30               | 21,437  | 1.50              | 22,792    |
| of which: additional tier 1 capital                                   | 3.50               | 17,449  | 1.50              | 22,792    |
| of which: additional tier 1 buffer capital                            | 0.80               | 3,988   |                   |           |
| <b>Eligible going concern capital</b>                                 |                    |         |                   |           |
| Total going concern capital                                           | 17.60              | 87,739  | 5.77              | 87,739    |
| Common equity tier 1 capital                                          | 14.32              | 71,367  | 4.70              | 71,367    |
| Total loss-absorbing additional tier 1 capital <sup>3</sup>           | 3.28               | 16,372  | 1.08              | 16,372    |
| of which: high-trigger loss-absorbing additional tier 1 capital       | 3.03               | 15,126  | 1.00              | 15,126    |
| of which: low-trigger loss-absorbing additional tier 1 capital        | 0.25               | 1,245   | 0.08              | 1,245     |
| <b>Required gone concern capital</b>                                  |                    |         |                   |           |
| Total gone concern loss-absorbing capacity <sup>4,5,6</sup>           | 10.73              | 53,468  | 3.75              | 56,980    |
| of which: base requirement including add-ons for market share and LRD | 10.73 <sup>7</sup> | 53,468  | 3.75 <sup>7</sup> | 56,980    |
| <b>Eligible gone concern capital</b>                                  |                    |         |                   |           |
| Total gone concern loss-absorbing capacity                            | 19.59              | 97,655  | 6.43              | 97,655    |
| Total tier 2 capital                                                  | 0.04               | 207     | 0.01              | 207       |
| of which: non-Basel III-compliant tier 2 capital                      | 0.04               | 207     | 0.01              | 207       |
| TLAC-eligible senior unsecured debt                                   | 19.55              | 97,449  | 6.41              | 97,449    |
| <b>Total loss-absorbing capacity</b>                                  |                    |         |                   |           |
| Required total loss-absorbing capacity                                | 25.55              | 127,366 | 8.75              | 132,954   |
| Eligible total loss-absorbing capacity                                | 37.19              | 185,394 | 12.20             | 185,394   |
| <b>Risk-weighted assets / leverage ratio denominator</b>              |                    |         |                   |           |
| Risk-weighted assets                                                  |                    | 498,538 |                   |           |
| Leverage ratio denominator                                            |                    |         |                   | 1,519,477 |

1 Includes applicable add-ons of 1.44% for risk-weighted assets (RWA) and 0.50% for leverage ratio denominator (LRD). 2 Our minimum CET1 leverage ratio requirement of 3.5% consists of a 1.5% base requirement, a 1.5% base buffer capital requirement, a 0.25% LRD add-on requirement and a 0.25% market share add-on requirement based on our Swiss credit business. 3 Includes outstanding low-trigger loss-absorbing additional tier 1 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 From 1 January 2023, the resolvability discount on the gone concern capital requirements for systemically important banks (SIBs) has been replaced with reduced base gone concern capital requirements equivalent to 75% of the total going concern requirements (excluding countercyclical buffer requirements). 6 As of July 2024, the Swiss Financial Market Supervisory Authority (FINMA) has the authority to impose a surcharge of up to 25% of the total going concern capital requirements (excluding countercyclical buffer requirements) should obstacles to an SIB's resolvability be identified in future resolvability assessments. 7 Includes applicable add-ons of 1.08% for RWA and 0.38% for LRD.

## Transitional purchase price allocation adjustments for regulatory capital

As part of the acquisition of the Credit Suisse Group in 2023, the assets acquired and liabilities assumed, including contingent liabilities, were recognized at fair value as of the acquisition date in accordance with IFRS 3, *Business Combinations*. The purchase price allocation (PPA) fair value adjustments required under IFRS 3 were recognized as part of negative goodwill and included effects on financial instruments measured at amortized cost, such as fair value impacts from interest rates and own credit, that are expected to accrete back to par through the income statement as the instruments are held to maturity. FINMA approved a transitional CET1 capital treatment for certain of these fair value adjustments, given the substantially temporary nature of the IFRS-3-accounting-driven effects, which neutralized equity reductions under IFRS Accounting Standards of USD 5.9bn (before tax) and USD 5.0bn (net of tax) as of the acquisition date. The transitional treatment was subject to linear amortization through 30 June 2027.

In the third quarter of 2024, we voluntarily accelerated the amortization of the remaining transitional CET1 capital PPA adjustments. The amortization of transitional CET1 capital PPA adjustments since the acquisition date totaled USD 5.0bn (net of tax) as of the end of 2024, an increase of USD 4.3bn (net of tax) in 2024.

## Total loss-absorbing capacity

### Swiss SRB going and gone concern information

| USD m, except where indicated                                   | 31.12.24  | 31.12.23 <sup>1</sup> |
|-----------------------------------------------------------------|-----------|-----------------------|
| <b>Eligible going concern capital</b>                           |           |                       |
| Total going concern capital                                     | 87,739    | 91,894                |
| Total tier 1 capital                                            | 87,739    | 91,894                |
| Common equity tier 1 capital                                    | 71,367    | 78,002                |
| Total loss-absorbing additional tier 1 capital                  | 16,372    | 13,892                |
| of which: high-trigger loss-absorbing additional tier 1 capital | 15,126    | 12,678                |
| of which: low-trigger loss-absorbing additional tier 1 capital  | 1,245     | 1,214                 |
| <b>Eligible gone concern capital</b>                            |           |                       |
| Total gone concern loss-absorbing capacity                      | 97,655    | 107,106               |
| Total tier 2 capital                                            | 207       | 538                   |
| of which: non-Basel III-compliant tier 2 capital                | 207       | 538                   |
| TLAC-eligible senior unsecured debt                             | 97,449    | 106,567               |
| <b>Total loss-absorbing capacity</b>                            |           |                       |
| Total loss-absorbing capacity                                   | 185,394   | 199,000               |
| <b>Risk-weighted assets / leverage ratio denominator</b>        |           |                       |
| Risk-weighted assets                                            | 498,538   | 546,505               |
| Leverage ratio denominator                                      | 1,519,477 | 1,695,403             |
| <b>Capital and loss-absorbing capacity ratios (%)</b>           |           |                       |
| Going concern capital ratio                                     | 17.6      | 16.8                  |
| of which: common equity tier 1 capital ratio                    | 14.3      | 14.3                  |
| Gone concern loss-absorbing capacity ratio                      | 19.6      | 19.6                  |
| Total loss-absorbing capacity ratio                             | 37.2      | 36.4                  |
| <b>Leverage ratios (%)</b>                                      |           |                       |
| Going concern leverage ratio                                    | 5.8       | 5.4                   |
| of which: common equity tier 1 leverage ratio                   | 4.7       | 4.6                   |
| Gone concern leverage ratio                                     | 6.4       | 6.3                   |
| Total loss-absorbing capacity leverage ratio                    | 12.2      | 11.7                  |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

**Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital**

| <i>USD m</i>                                                                                                                              | <b>31.12.24</b> | 31.12.23 <sup>1</sup> |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|
| <b>Total equity under IFRS Accounting Standards</b>                                                                                       | <b>85,574</b>   | <b>86,156</b>         |
| Equity attributable to non-controlling interests                                                                                          | (494)           | (531)                 |
| Defined benefit plans, net of tax                                                                                                         | (833)           | (965)                 |
| Deferred tax assets recognized for tax loss carry-forwards                                                                                | (2,288)         | (3,039)               |
| Deferred tax assets for unused tax credits                                                                                                | (688)           | (97)                  |
| Deferred tax assets on temporary differences, excess over threshold                                                                       | (803)           |                       |
| Goodwill, net of tax <sup>2</sup>                                                                                                         | (5,702)         | (5,750)               |
| Intangible assets, net of tax                                                                                                             | (702)           | (894)                 |
| Compensation-related components (not recognized in net profit)                                                                            | (2,800)         | (2,186)               |
| Expected losses on advanced internal ratings-based portfolio less provisions                                                              | (568)           | (713)                 |
| Unrealized (gains) / losses from cash flow hedges, net of tax                                                                             | 2,585           | 3,109                 |
| Own credit related to (gains) / losses on financial liabilities measured at fair value that existed at the balance sheet date, net of tax | 1,178           | 1,291                 |
| Own credit related to (gains) / losses on derivative financial instruments that existed at the balance sheet date                         | (62)            | (89)                  |
| Prudential valuation adjustments                                                                                                          | (167)           | (368)                 |
| Accruals for dividends to shareholders                                                                                                    | (2,835)         | (2,240)               |
| Transitional CET1 capital PPA adjustments, net of tax                                                                                     |                 | 4,316                 |
| Other                                                                                                                                     | (25)            | 3                     |
| <b>Total common equity tier 1 capital</b>                                                                                                 | <b>71,367</b>   | <b>78,002</b>         |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.  
<sup>2</sup> Includes goodwill related to significant investments in financial institutions of USD 19m as of 31 December 2024 (31 December 2023: USD 20m) presented on the balance sheet line Investments in associates. ▲

**Total loss-absorbing capacity and movement**

Our TLAC decreased by USD 13.6bn to USD 185.4bn as of 31 December 2024.

**Going concern capital and movement**

**Audited I** Our CET1 capital mainly consists of: share capital; share premium, which primarily consists of additional paid-in capital related to shares issued; and retained earnings. A detailed reconciliation of equity under IFRS Accounting Standards to CET1 capital is provided in the "Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital" table.

Our CET1 capital decreased by USD 6.6bn to USD 71.4bn as of 31 December 2024, mainly as operating profit before tax of USD 6.8bn was more than offset by regular and voluntary amortization of the remaining transitional CET1 capital PPA adjustments of USD 4.3bn (net of tax), dividend accruals of USD 2.8bn, current tax expenses of USD 2.2bn, foreign currency translation losses of USD 1.8bn, a negative effect from compensation- and own-share-related capital components of USD 1.4bn, and share repurchases of USD 1.0bn under our 2024 share repurchase program.

› **Refer to "UBS shares" in this section for more information about our share repurchase programs**

Our loss-absorbing AT1 capital increased by USD 2.5bn to USD 16.4bn, mainly reflecting new issuances of AT1 capital instruments of USD 3.5bn partly offset by a call of USD 1.0bn equivalent of AT1 capital instruments. ▲

Following the approval of a maximum amount of conversion capital by UBS Group AG's shareholders at the 2024 Annual General Meeting, AT1 capital instruments issued from the beginning of the fourth quarter of 2023 are, upon the occurrence of a trigger event or a viability event, subject to conversion into UBS Group AG ordinary shares rather than a write-down. AT1 capital instruments issued prior to the fourth quarter of 2023 remain subject to a write-down.

› **Refer to "Conversion capital" in the "Corporate governance" section of this report for more information about conversion capital**

**Gone concern loss-absorbing capacity and movement**

**Audited I** Our total gone concern loss-absorbing capacity decreased by USD 9.5bn to USD 97.7bn as of 31 December 2024 and included USD 97.4bn of TLAC-eligible senior unsecured debt. ▲

The decrease of USD 9.5bn mainly reflected the call of USD 11.9bn equivalent of TLAC-eligible senior unsecured debt instruments, as well as USD 5.6bn equivalent of senior unsecured debt instruments and USD 0.3bn of tier 2 instruments ceasing to be eligible as gone concern capital as they entered the final year before maturity, and negative impacts from interest rate risk hedge, foreign currency translation and other effects. The aforementioned decreases were partly offset by new issuances of USD 9.7bn equivalent of TLAC-eligible senior unsecured debt instruments.

**Loss-absorbing capacity and leverage ratios**

Our CET1 capital ratio remained broadly unchanged at 14.3%, as a USD 48.0bn decrease in RWA was offset by the aforementioned decrease in CET1 capital.

Our CET1 leverage ratio increased to 4.7% from 4.6%, due to a USD 175.9bn decrease in the LRD, partly offset by the decrease in CET1 capital.

Our going concern capital ratio increased to 17.6% from 16.8%, reflecting the aforementioned decrease in RWA, partly offset by a decrease in going concern capital of USD 4.2bn.

Our going concern leverage ratio increased to 5.8% from 5.4%, reflecting the aforementioned decrease in the LRD, partly offset by the decrease in going concern capital of USD 4.2bn.

Our gone concern loss-absorbing capacity ratio was broadly unchanged at 19.6%, as a decrease in gone concern loss-absorbing capacity of USD 9.5bn was offset by the aforementioned decrease in RWA.

Our gone concern leverage ratio increased to 6.4% from 6.3%, driven by the decrease in the LRD, partly offset by the aforementioned decrease in gone concern loss-absorbing capacity.

### Swiss SRB total loss-absorbing capacity movement<sup>1</sup>

USD m

| Going concern capital                                                                                             | Swiss SRB      |
|-------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Common equity tier 1 capital as of 31.12.23</b>                                                                | <b>78,002</b>  |
| Operating profit / (loss) before tax                                                                              | 6,821          |
| Current tax (expense) / benefit                                                                                   | (2,170)        |
| Foreign currency translation effects, before tax                                                                  | (1,778)        |
| Compensation- and own-share-related capital components                                                            | (1,382)        |
| Share repurchase program                                                                                          | (1,000)        |
| Accruals for proposed dividends to shareholders                                                                   | (2,835)        |
| Voluntary acceleration of the amortization of the remaining transitional CET1 capital PPA adjustments, net of tax | (3,371)        |
| Regular amortization of the transitional CET1 capital PPA adjustments, net of tax                                 | (945)          |
| Other                                                                                                             | 26             |
| <b>Common equity tier 1 capital as of 31.12.24</b>                                                                | <b>71,367</b>  |
| <b>Loss-absorbing additional tier 1 capital as of 31.12.23</b>                                                    | <b>13,892</b>  |
| Issuance of high-trigger loss-absorbing additional tier 1 capital                                                 | 3,483          |
| Call of high-trigger loss-absorbing additional tier 1 capital                                                     | (1,015)        |
| Interest rate risk hedge, foreign currency translation and other effects                                          | 13             |
| <b>Loss-absorbing additional tier 1 capital as of 31.12.24</b>                                                    | <b>16,372</b>  |
| <b>Total going concern capital as of 31.12.23</b>                                                                 | <b>91,894</b>  |
| <b>Total going concern capital as of 31.12.24</b>                                                                 | <b>87,739</b>  |
| <b>Gone concern loss-absorbing capacity</b>                                                                       |                |
| <b>Tier 2 capital as of 31.12.23</b>                                                                              | <b>538</b>     |
| Debt no longer eligible as gone concern loss-absorbing capacity due to residual tenor falling to below one year   | (328)          |
| Interest rate risk hedge, foreign currency translation and other effects                                          | (4)            |
| <b>Tier 2 capital as of 31.12.24</b>                                                                              | <b>207</b>     |
| <b>TLAC-eligible unsecured debt as of 31.12.23</b>                                                                | <b>106,567</b> |
| Issuance of TLAC-eligible senior unsecured debt                                                                   | 9,744          |
| Call of TLAC-eligible senior unsecured debt                                                                       | (11,890)       |
| Debt no longer eligible as gone concern loss-absorbing capacity due to residual tenor falling to below one year   | (5,568)        |
| Interest rate risk hedge, foreign currency translation and other effects                                          | (1,405)        |
| <b>TLAC-eligible unsecured debt as of 31.12.24</b>                                                                | <b>97,449</b>  |
| <b>Total gone concern loss-absorbing capacity as of 31.12.23</b>                                                  | <b>107,106</b> |
| <b>Total gone concern loss-absorbing capacity as of 31.12.24</b>                                                  | <b>97,655</b>  |
| <b>Total loss-absorbing capacity</b>                                                                              |                |
| <b>Total loss-absorbing capacity as of 31.12.23</b>                                                               | <b>199,000</b> |
| <b>Total loss-absorbing capacity as of 31.12.24</b>                                                               | <b>185,394</b> |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

### Additional information

#### Active management of sensitivity to foreign exchange movements

Group Treasury is mandated to minimize adverse effects from changes in foreign currency rates on our CET1 capital and / or CET1 capital ratio. A significant portion of our CET1 capital and RWA is denominated in Swiss francs, euro, pounds sterling and other currencies. In order to hedge the CET1 capital ratio, CET1 capital needs to have foreign currency exposure, leading to foreign currency rates sensitivity of CET1 capital.

Consequently, it is not possible to simultaneously fully hedge CET1 capital and the CET1 capital ratio. As the proportion of RWA denominated in currencies other than the US dollar outweighs CET1 capital in such currencies, a significant appreciation of the US dollar against such currencies could benefit our capital ratios, while a significant depreciation of the US dollar against these currencies could adversely affect our capital ratios.

The Group Asset and Liability Committee, a committee of the Group Executive Board, has mandated Group Treasury to adjust the currency mix of CET1 capital, within limits set by the BoD, to balance the effect of foreign exchange movements on CET1 capital and the CET1 capital ratio. Limits are in place for the sensitivity of both CET1 capital and the CET1 capital ratio to an appreciation or depreciation of 10% in the value of the US dollar against other currencies.



## 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 22bn and our CET1 capital by USD 2.4bn as of 31 December 2024 (31 December 2023: USD 24bn and USD 2.6bn, respectively) and decreased our CET1 capital ratio by 14 basis points (31 December 2023: 13 basis points).

Conversely, a 10% appreciation of the US dollar against other currencies would have decreased our RWA by USD 20bn and our CET1 capital by USD 2.2bn (31 December 2023: USD 21bn and USD 2.4bn, respectively) and increased our CET1 capital ratio by 14 basis points (31 December 2023: 13 basis points).

### *Leverage ratio denominator*

Our leverage ratio is also sensitive to foreign exchange movements as a result of the currency mix of our capital and LRD. When adjusting the currency mix in capital, potential effects on the going concern leverage ratio are taken into account, and the sensitivity of the going concern leverage ratio to an appreciation or depreciation of 10% in the value of the US dollar against other currencies is actively monitored.

We estimate that a 10% depreciation of the US dollar against other currencies would have increased our LRD by USD 97bn as of 31 December 2024 (31 December 2023: USD 114bn) and decreased our CET1 leverage ratio by 13 basis points (31 December 2023: 15 basis points). Conversely, a 10% appreciation of the US dollar against other currencies would have decreased our LRD by USD 88bn (31 December 2023: USD 103bn) and increased our CET1 leverage ratio by 14 basis points (31 December 2023: 15 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.

## Capital and capital ratios of our significant regulated subsidiaries

UBS Group AG is a holding company conducting 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 provided substantial liquidity to, subsidiaries. Many of these subsidiaries are subject to regulations requiring compliance with minimum capital, liquidity and similar requirements. Regulatory capital components and capital ratios of our significant regulated subsidiaries determined under the regulatory framework of each subsidiary's home jurisdiction are provided in the "Financial and regulatory key figures for our significant regulated subsidiaries and sub-groups" section of this report. 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 the entity to engage in new activities or take capital actions based on the results of those tests.

- › Refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more capital and other regulatory information about our significant regulated subsidiaries and sub-groups

### Joint liability of UBS AG and UBS Switzerland AG

In June 2015, upon the transfer of the Personal & Corporate Banking and Global Wealth Management businesses booked in Switzerland from UBS AG to UBS Switzerland AG, UBS AG and UBS Switzerland AG assumed joint liability for obligations transferred to UBS Switzerland AG and existing at UBS AG, respectively. 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.

The joint liability amounts have declined as obligations matured, terminated or were novated following the transfer date. As of 31 December 2024, the liability of UBS Switzerland AG amounted to CHF 2.4bn (USD 2.6bn), a decrease of CHF 0.4bn (USD 0.7bn) compared with 31 December 2023. The respective liability of UBS AG has been substantially extinguished.



# Risk-weighted assets

## RWA development in 2024

During 2024, RWA decreased by USD 48.0bn to USD 498.5bn, driven by a USD 32.9bn decrease resulting from asset size and other movements, a USD 14.6bn decrease from currency effects, and a decrease of USD 0.4bn resulting from model updates and methodology changes.

- Refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information about RWA movements and definitions of RWA movement key drivers

### Movement in risk-weighted assets, by key driver

| USD bn                                           | RWA as of<br>31.12.23 | Currency<br>effects | Model updates<br>and<br>methodology<br>changes | Asset size and<br>other <sup>1</sup> | RWA as of<br>31.12.24 |
|--------------------------------------------------|-----------------------|---------------------|------------------------------------------------|--------------------------------------|-----------------------|
| Credit and counterparty credit risk <sup>2</sup> | 345.3                 | (13.6)              | (6.6)                                          | (33.0)                               | 292.2                 |
| Non-counterparty-related risk <sup>3</sup>       | 34.4                  | (1.1)               |                                                | 0.5                                  | 33.7                  |
| Market risk                                      | 21.4                  |                     | 6.2                                            | (0.4)                                | 27.2                  |
| Operational risk                                 | 145.4                 |                     |                                                |                                      | 145.4                 |
| <b>Total</b>                                     | <b>546.5</b>          | <b>(14.6)</b>       | <b>(0.4)</b>                                   | <b>(32.9)</b>                        | <b>498.5</b>          |

<sup>1</sup> Includes the Pillar 3 categories "Asset size", "Credit quality of counterparties", "Acquisitions and disposals" and "Other". For more information, refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors). <sup>2</sup> Includes settlement risk, credit valuation adjustments, equity and investments in funds exposures in the banking book, and securitization exposures in the banking book.

<sup>3</sup> 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 decreased by USD 53.1bn to USD 292.2bn as of 31 December 2024. This decrease was driven by asset size and other movements of USD 33.0bn, currency effects of USD 13.6bn, and model updates and methodology changes of USD 6.6bn.

Asset size and other movements decreased by USD 33.0bn, mainly due to lower RWA in Non-core and Legacy, primarily driven by our actions to actively unwind the portfolio, in addition to the natural roll-off, and, to a lesser extent, due to lower RWA from loans and loan commitments across Personal & Corporate Banking, Global Wealth Management and the Investment Bank.

Model updates and methodology changes resulted in a RWA decrease of USD 6.6bn, mainly due to the phase-out of certain multipliers following improvements to models.

- Refer to "Credit risk" in the "Risk management and control" section of this report for more information about credit and counterparty credit risk developments
- Refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information about credit and counterparty credit risk developments

## Market risk

Market risk RWA increased by USD 5.8bn to USD 27.2bn as of 31 December 2024, driven by an increase of USD 6.2bn from the FINMA-approved integration of time decay into regulatory value-at-risk (VaR) and stressed VaR for derivatives with optionality, which was partly offset by an improvement in the profit and loss representation of derivatives with multiple underlyings in the first quarter of 2024, as well as from the capital buffer newly introduced by FINMA in the third quarter of 2024 to capitalize potential maturity mismatches between positions and hedges in the incremental risk charge. This change was partly offset by a decrease of USD 0.4bn from asset size and other movements due to a reduction of RWA in Non-core and Legacy as a result of our actions to unwind the portfolio.

- Refer to "Market risk" in the "Risk management and control" section of this report for more information about market risk developments
- Refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information about market risk developments

## Operational risk

Operational risk RWA were unchanged at USD 145.4bn as of 31 December 2024. In the first quarter of 2024, we updated the methodology that we use to allocate operational risk RWA to the business divisions and Group Items.

- Refer to "Non-financial risk capital measurement" in the "Risk management and control" section of this report for more information about the advanced measurement approach, which has been used to measure Group operational risk exposure and calculate operational risk regulatory capital

## Outlook

The adoption of the final Basel III standards in January 2025 led to a USD 1bn increase in the UBS Group's RWA, resulting in a minimal impact on the CET1 capital ratio. The USD 1bn increase was primarily driven by a USD 7bn increase in market risk RWA and a USD 3bn increase in credit valuation adjustment-related RWA resulting from the implementation of the Fundamental Review of the Trading Book (the FRTB) framework, largely offset by a USD 7bn reduction in operational risk RWA and a USD 1bn reduction in credit risk RWA. We will provide in our first quarter 2025 report an update on further improvements from mitigating actions and our dialogue with FINMA regarding various aspects of the final Basel III rules. These changes do not take into account the impact of the output floor. The output floor, which is being phased in until 2028, is currently not binding for the UBS Group.

In addition to the impact of the final Basel III standards, we expect that model updates will result in an RWA increase of around USD 3bn in 2025, primarily as a result of the migration of Credit Suisse portfolios to UBS models. The extent and timing of RWA changes may vary as model updates are completed and receive regulatory approval, along with changes in the composition of the relevant portfolios.

Furthermore, we expect exposures in Non-core and Legacy to reduce as a result of maturities and active unwinding of positions, mitigating the impact from the FRTB.

#### Risk-weighted assets, by business division and Group Items<sup>1</sup>

| <i>USD bn</i>                                    | Global Wealth Management | Personal & Corporate Banking | Asset Management | Investment Bank | Non-core and Legacy | Group Items | Total RWA     |
|--------------------------------------------------|--------------------------|------------------------------|------------------|-----------------|---------------------|-------------|---------------|
|                                                  | 31.12.24                 |                              |                  |                 |                     |             |               |
| Credit and counterparty credit risk <sup>2</sup> | 93.6                     | 120.6                        | 7.2              | 56.2            | 10.7                | 3.9         | 292.2         |
| Non-counterparty-related risk <sup>3</sup>       | 6.4                      | 2.9                          | 0.7              | 3.6             | 1.5                 | 18.7        | 33.7          |
| Market risk                                      | 2.7                      | 0.2                          | 0.0              | 22.1            | 2.2                 | 0.0         | 27.2          |
| Operational risk                                 | 63.2                     | 19.3                         | 7.2              | 24.4            | 27.1                | 4.2         | 145.4         |
| <b>Total</b>                                     | <b>165.8</b>             | <b>143.0</b>                 | <b>15.1</b>      | <b>106.4</b>    | <b>41.4</b>         | <b>26.8</b> | <b>498.5</b>  |
|                                                  | 31.12.23                 |                              |                  |                 |                     |             |               |
| Credit and counterparty credit risk <sup>2</sup> | 99.0                     | 133.0                        | 7.6              | 67.1            | 35.9                | 2.7         | 345.3         |
| Non-counterparty-related risk <sup>3</sup>       | 6.8                      | 3.4                          | 0.8              | 3.8             | 2.5                 | 17.1        | 34.4          |
| Market risk                                      | 1.8                      | 0.2                          | 0.0              | 13.8            | 5.6                 | 0.0         | 21.4          |
| Operational risk                                 | 59.4                     | 17.6                         | 7.2              | 25.0            | 30.0                | 6.2         | 145.4         |
| <b>Total</b>                                     | <b>167.1</b>             | <b>154.2</b>                 | <b>15.6</b>      | <b>109.7</b>    | <b>74.0</b>         | <b>25.9</b> | <b>546.5</b>  |
|                                                  | 31.12.24 vs 31.12.23     |                              |                  |                 |                     |             |               |
| Credit and counterparty credit risk <sup>2</sup> | (5.4)                    | (12.5)                       | (0.4)            | (10.9)          | (25.2)              | 1.3         | (53.1)        |
| Non-counterparty-related risk <sup>3</sup>       | (0.5)                    | (0.5)                        | (0.1)            | (0.2)           | (1.0)               | 1.6         | (0.6)         |
| Market risk                                      | 0.8                      | 0.0                          | 0.0              | 8.4             | (3.4)               | 0.0         | 5.8           |
| Operational risk                                 | 3.8                      | 1.7                          | 0.0              | (0.6)           | (2.9)               | (2.0)       |               |
| <b>Total</b>                                     | <b>(1.3)</b>             | <b>(11.3)</b>                | <b>(0.5)</b>     | <b>(3.3)</b>    | <b>(32.5)</b>       | <b>0.8</b>  | <b>(48.0)</b> |

<sup>1</sup> From the first quarter of 2024 onward, we have started to further push out risk-weighted assets from Group Items to the business divisions. Prior periods have been restated to reflect these changes. Refer to "Note 3 Segment reporting" in the "Consolidated financial statements" section of this report for more information about the realignment of the business divisions. <sup>2</sup> Includes settlement risk, credit valuation adjustments, equity and investments in funds exposures in the banking book, and securitization exposures in the banking book. <sup>3</sup> Non-counterparty-related risk includes deferred tax assets recognized for temporary differences (31 December 2024: USD 18.1bn; 31 December 2023: USD 16.4bn), as well as property, equipment, software and other items (31 December 2024: USD 15.7bn; 31 December 2023: USD 18.0bn).

## Leverage ratio denominator

### LRD development in 2024

During 2024, the LRD decreased by USD 175.9bn to USD 1,519.5bn, mainly due to asset size and other movements of USD 102.3bn, as well as currency effects of USD 73.6bn.

#### Movement in leverage ratio denominator, by key driver

| <i>USD bn</i>                                                                                         | LRD as of 31.12.23 | Currency effects | Asset size and other | LRD as of 31.12.24 |
|-------------------------------------------------------------------------------------------------------|--------------------|------------------|----------------------|--------------------|
| On-balance sheet exposures (excluding derivatives and securities financing transactions) <sup>1</sup> | 1,329.2            | (59.1)           | (117.9)              | 1,152.2            |
| Derivatives <sup>1</sup>                                                                              | 128.1              | (6.1)            | 10.0                 | 132.0              |
| Securities financing transactions                                                                     | 165.4              | (5.7)            | 17.3                 | 177.1              |
| Off-balance sheet items                                                                               | 79.9               | (2.9)            | (7.3)                | 69.8               |
| Deduction items                                                                                       | (7.2)              | 0.1              | (4.5)                | (11.6)             |
| <b>Total</b>                                                                                          | <b>1,695.4</b>     | <b>(73.6)</b>    | <b>(102.3)</b>       | <b>1,519.5</b>     |

<sup>1</sup> Prior to the fourth quarter of 2024, certain exposures related to derivative cash collateral were included in On-balance sheet exposures. From the fourth quarter of 2024 onward, we have refined the approach to include these exposures in Derivatives, which had no bottom-line impact on total LRD. The comparative period has not been restated.

The LRD movements described below exclude currency effects.

On-balance sheet exposures (excluding derivatives and securities financing transactions) decreased by USD 117.9bn, reflecting a decrease in cash and balances at central banks, mainly due to repayment of funding from the Swiss National Bank, as well as a decrease in lending balances due to negative net new loans in Personal & Corporate Banking and Global Wealth Management. There were also decreases in trading portfolio assets, mainly driven by unwinding activities in Non-core and Legacy, partly offset by an increase in inventory held in the Investment Bank to hedge client positions and decreases in financial assets reflecting maturities of the high-quality liquid asset portfolio securities.

Derivatives exposures increased by USD 10.0bn, mainly due to market-driven movements on foreign currency contracts in the Investment Bank, partly offset by lower trading volumes, mainly in Non-core and Legacy.

Securities financing transactions exposures increased by USD 17.3bn, mainly reflecting higher cash reinvestment in Group Treasury and brokerage receivables reflecting increases in client activity levels.

Off-balance sheet items exposures decreased by USD 7.3bn, mainly driven by lower loan commitments.

Deduction items increased by USD 4.5bn to USD 11.6bn from USD 7.2bn, mainly due to our voluntary acceleration of the amortization of the remaining transitional CET1 capital PPA adjustments in the third quarter of 2024.

- ▶ Refer to “Balance sheet and off-balance sheet” in this section for more information about balance sheet and off-balance sheet movements
- ▶ Refer to “Transitional purchase price allocation adjustments for regulatory capital” in this section for more information about the change in deduction items

## Outlook

The adoption of the final Basel III standards in January 2025 led to a low single-digit percentage increase in the UBS Group's LRD, reducing the CET1 leverage ratio by around 10 basis points.

### Leverage ratio denominator, by business division and Group Items<sup>1</sup>

| USD bn                                       | Global Wealth Management | Personal & Corporate Banking | Asset Management | Investment Bank | Non-core and Legacy | Group Items | Total          |
|----------------------------------------------|--------------------------|------------------------------|------------------|-----------------|---------------------|-------------|----------------|
| 31.12.24                                     |                          |                              |                  |                 |                     |             |                |
| On-balance sheet exposures <sup>2</sup>      | 480.0                    | 398.4                        | 5.4              | 211.8           | 40.3                | 16.2        | 1,152.2        |
| Derivatives <sup>2</sup>                     | 11.9                     | 5.6                          | 0.0              | 104.6           | 9.5                 | 0.4         | 132.0          |
| Securities financing transactions            | 71.6                     | 44.8                         | 0.1              | 59.2            | 2.3                 | (0.9)       | 177.1          |
| Off-balance sheet items                      | 18.4                     | 30.9                         | 0.1              | 18.2            | 1.8                 | 0.2         | 69.8           |
| Items deducted from Swiss SRB tier 1 capital | (5.3)                    | (0.9)                        | (1.2)            | (0.4)           | (0.4)               | (3.4)       | (11.6)         |
| <b>Total</b>                                 | <b>576.6</b>             | <b>478.9</b>                 | <b>4.5</b>       | <b>393.5</b>    | <b>53.5</b>         | <b>12.5</b> | <b>1,519.5</b> |
| 31.12.23                                     |                          |                              |                  |                 |                     |             |                |
| On-balance sheet exposures <sup>2</sup>      | 514.4                    | 442.8                        | 5.8              | 235.3           | 117.7               | 13.2        | 1,329.2        |
| Derivatives <sup>2</sup>                     | 8.7                      | 3.2                          | 0.0              | 90.6            | 25.5                | 0.1         | 128.1          |
| Securities financing transactions            | 50.4                     | 40.0                         | 0.1              | 50.6            | 24.3                | 0.2         | 165.4          |
| Off-balance sheet items                      | 22.2                     | 37.0                         | 0.2              | 18.5            | 1.7                 | 0.3         | 79.9           |
| Items deducted from Swiss SRB tier 1 capital | (3.2)                    | 1.9                          | (1.2)            | (0.4)           | (0.7)               | (3.6)       | (7.2)          |
| <b>Total</b>                                 | <b>592.5</b>             | <b>524.8</b>                 | <b>4.9</b>       | <b>394.5</b>    | <b>168.5</b>        | <b>10.2</b> | <b>1,695.4</b> |
| 31.12.24 vs 31.12.23                         |                          |                              |                  |                 |                     |             |                |
| On-balance sheet exposures                   | (34.4)                   | (44.3)                       | (0.4)            | (23.5)          | (77.3)              | 3.0         | (177.0)        |
| Derivatives                                  | 3.2                      | 2.4                          | 0.0              | 14.0            | (16.0)              | 0.3         | 3.9            |
| Securities financing transactions            | 21.2                     | 4.8                          | 0.0              | 8.7             | (22.0)              | (1.1)       | 11.6           |
| Off-balance sheet items                      | (3.8)                    | (6.1)                        | 0.0              | (0.3)           | 0.1                 | (0.1)       | (10.1)         |
| Items deducted from Swiss SRB tier 1 capital | (2.1)                    | (2.8)                        | 0.0              | 0.1             | 0.2                 | 0.2         | (4.3)          |
| <b>Total</b>                                 | <b>(15.9)</b>            | <b>(45.9)</b>                | <b>(0.4)</b>     | <b>(1.0)</b>    | <b>(115.0)</b>      | <b>2.4</b>  | <b>(175.9)</b> |

<sup>1</sup> From the first quarter of 2024 onward, we have started to further push out LRD from Group Items to the business divisions. Prior periods have been restated to reflect these changes. Refer to “Note 3 Segment reporting” in the “Consolidated financial statements” section of this report for more information about the realignment of the business divisions. <sup>2</sup> Prior to the fourth quarter of 2024, certain exposures related to derivative cash collateral were included in On-balance sheet exposures. From the fourth quarter of 2024 onward, we have refined the approach to include these exposures in Derivatives, which had no bottom-line impact on total LRD. The comparative period has not been restated.

## Equity attribution

We have updated our equity attribution framework as of 1 January 2024. Specifically, we have increased the allocation of tangible equity to the business divisions by aligning the capital ratios for RWA and the LRD more closely with our current Group capital targets. Alongside the updates to our equity attribution framework, we have reflected the increased allocation of balance sheet resources previously retained centrally. As a result, Group Items primarily retains equity related to deferred tax assets, accruals for shareholder returns, and unrealized gains / losses from cash flow hedges. The prior year has been restated to reflect these changes.

Under our equity attribution framework, tangible equity is attributed based on equally weighted average RWA and average LRD, which both include resource allocations from our Group functions to the business divisions. Average RWA and LRD are converted to CET1 capital equivalents using target capital ratios. 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 business division, the CET1 capital equivalent of RBC is used as a floor for that business division. In 2024, the floor was applicable for Asset Management and Non-core and Legacy and in 2023 for Asset Management.

In addition to tangible equity, we allocate equity to the business divisions to support goodwill and intangible assets. We also allocate to the business divisions attributed equity related to CET1 capital deduction items that are attributable to divisional activities, such as compensation-related components or expected losses on the advanced internal ratings-based portfolio less provisions. We attribute all remaining capital deduction items to Group Items.

› Refer to “Balance sheet and off-balance sheet” in this section for more information about movements in equity attributable to shareholders

### Average attributed equity

| USD bn                                                                 | For the year ended |                       |             |
|------------------------------------------------------------------------|--------------------|-----------------------|-------------|
|                                                                        | 31.12.24           | 31.12.23 <sup>1</sup> | 31.12.22    |
| Global Wealth Management                                               | 33.3               | 29.3                  | 20.0        |
| Personal & Corporate Banking                                           | 21.6               | 16.8                  | 9.3         |
| Asset Management                                                       | 2.7                | 2.3                   | 1.7         |
| Investment Bank                                                        | 17.1               | 15.9                  | 13.0        |
| Non-core and Legacy                                                    | 9.5                | 6.0                   | 1.1         |
| Group Items <sup>2</sup>                                               | 1.1                | 3.8                   | 12.5        |
| <b>Average equity attributed to business divisions and Group Items</b> | <b>85.2</b>        | <b>74.2</b>           | <b>57.6</b> |

<sup>1</sup> The prior year has been restated to reflect the changes to the equity attribution framework. Prior year average numbers were impacted by the acquisition of the Credit Suisse Group in June 2023. <sup>2</sup> Includes average attributed equity related to capital deduction items for deferred tax assets, accruals for shareholder returns and unrealized gains / losses from cash flow hedges.

# Liquidity and funding management

We manage the structural risks of our balance sheet, including interest rate risk, structural foreign exchange risk and collateral risk, as well as liquidity and funding risk. This section provides information about liquidity and funding regulatory requirements, governance, management (including sources of liquidity and funding), contingency planning, and stress testing. The balances disclosed in this section represent year-end positions, unless indicated otherwise. Intra-period balances fluctuate in the ordinary course of business and may differ from year-end positions.

Following the completion of the acquisition of the Credit Suisse Group in June 2023, the merger of UBS AG and Credit Suisse AG in May 2024, the transition to a single US intermediate holding company in June 2024, and the merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG in July 2024, Credit Suisse became part of the overall liquidity and funding management of the UBS Group.

## Strategy, objectives and governance

**Audited I** Our management of liquidity and funding ensures that our business franchises are protected and that our internal and regulatory liquidity and funding requirements are prudently managed. We measure liquidity and funding risk using internal and regulatory models and metrics. We define and implement internal stress testing across different time horizons, scenarios and currencies to ensure we have sufficient liquidity and funding, while remaining compliant with regulatory liquidity and funding requirements. Our liquidity and funding strategy is proposed by Group Treasury and approved by the Group Asset and Liability Committee (the Group ALCO), which is a committee of the Group Executive Board (the GEB) that is overseen by the Risk Committee of the Board of Directors (the BoD).

Liquidity and funding limits and other indicators (including early-warning indicators) are set at Group and, where appropriate, at legal entity and business-division levels. Key limits (which are under the authority of the BoD) and indicators linked to these limits are reviewed and reconfirmed at least once a year by the BoD, the GEB, the Group ALCO, the Group Chief Financial Officer, the Group Chief Risk Officer and the Group Treasurer, taking into consideration the Group's business strategy and risk appetite. Treasury Risk Control provides independent oversight over liquidity and funding risk, including the setting of key internal limits and early-warning indicators associated with these limits. ▲

› Refer to the "Corporate governance" and "Risk management and control" sections of this report for more information

Group Treasury monitors and oversees the implementation and execution of our liquidity and funding strategy and manages liquidity and funding risk within the limits and other relevant indicators, thereby adhering to the internal risk appetite and regulatory requirements. This includes the management of both our cash and non-cash collateral, including our high-quality liquid assets (HQLA), and centralizes the Group's access to wholesale funding markets in Group Treasury. To complement our business-as-usual management, Group Treasury maintains a Contingency Funding Plan and contributes to plans for recovery and resolution, defining crisis management processes throughout the crisis continuum. Group Treasury reports on the Group's liquidity and funding status and position, at least monthly, to the Group ALCO and the Risk Committee of the BoD.

## Liquidity and funding stress testing

**Audited I** Our liquidity and funding risk appetite objective is to ensure that the firm has sufficient liquidity to survive a severe three-month idiosyncratic and market-wide liquidity stress event and to ensure that the firm has sufficient long-term funding to maintain franchise assets at a constant level under stressed market conditions for up to one year, in both cases without government support and allowing for discrete management actions.

Group Treasury maintains a diversified, high-quality pool of unencumbered liquid assets under Treasury control. The liquid asset portfolio is managed dynamically, so as to operate at all times within the internal risk appetite and other relevant Group, UBS AG and subsidiary liquidity and funding requirements. ▲

Our liquidity and funding stress testing has been further refined to cover three main stress scenarios: a combined (i.e. market and idiosyncratic) scenario, an idiosyncratic scenario and a structural market-wide scenario.

› Refer to "Risk measurement" in the "Risk management and control" section of this report for more information about stress testing

### Combined (market and idiosyncratic) scenario

In this scenario, UBS faces the consequences of both a severely deteriorated macroeconomic and financial market environment and a UBS-specific event, resulting in an acute loss of liquidity over a relatively short period of time. This scenario represents severe yet plausible events encompassing both market-wide and idiosyncratic elements, in which, however, franchise client relationships are materially maintained.

UBS ensures that its liquidity risk appetite objective is met by maintaining a cumulative liquidity surplus on each day in the three-month stress horizon. The liquidity gap is assessed by modeling the stressed liquidity value of the liquidity buffer and stressed liquidity inflows and outflows under the scenario.

### Idiosyncratic scenario

In this three-month stress scenario, UBS is subject to a significant and unforeseen event specific to UBS. This materially damages the market's perception of the reputation and creditworthiness of UBS. The event occurs in otherwise benign macroeconomic and financial market conditions. UBS's difficulties throughout the scenario are limited to UBS and do not trigger material market moves.

### Structural market-wide scenario

In this scenario, UBS is subject to a significant deterioration of macroeconomic and financial market conditions globally. Macroeconomic shocks result in deteriorated financial market conditions over the scenario horizon of one year. UBS is assumed to be affected equally relative to other global financial institutions.

UBS ensures that its funding risk appetite objective is met by maintaining a positive cumulative behavioral liquidity gap across the 3-month, 6-month, 9-month and 12-month tenors. The liquidity gap is assessed by modeling the stressed liquidity value of the liquidity buffer and the stressed liquidity inflows and outflows under the scenario.

## Management of liquidity and funding risk

**Audited I** Group Treasury monitors the Group's funding position, including concentration risk, aiming to ensure that the Group maintains a well-balanced and diversified liability structure. Group Treasury also looks to create the optimal liability structure to finance our businesses in a reliable and cost-efficient manner. Our funding activities are planned by analyzing the overall liquidity and funding requirements, taking into account the amount of stable funding that would be needed to support ongoing business activities through periods of difficult market conditions. ▲

The funding strategy of UBS Group is set annually in the Funding Plan and is reviewed on an ongoing basis. The Funding Plan is developed by Group Treasury and approved by the Group ALCO.

► Refer to "Balance sheet and off-balance sheet" in this section for more information about the development of our short- and long-term debt during 2024

Global Wealth Management and Personal & Corporate Banking provide significant, cost-efficient and stable sources of funding. These include deposits and debt issued through the Swiss central mortgage institutions and UBS's covered bond programs, which use a portion of our portfolio of Swiss residential mortgages as collateral to generate long-term funding. In addition, we have several short-, medium- and long-term funding programs under which we issue senior unsecured debt and structured notes, as well as short-term debt. These programs enable UBS to source funding from institutional and private investors who are active in Europe, the US and Asia Pacific. Collectively, these broad product offerings and funding sources, together with the global scope of our business activities, support our funding stability.

### Internal funding and funds transfer pricing

We use our global liquidity and funding framework to govern the liquidity management of our branches and subsidiaries. Group Treasury meets internal demands for funding by channeling funds from entities generating surplus cash to those in need of financing, except in circumstances where transfer restrictions exist.

Funding costs and benefits are allocated to our business divisions according to our liquidity and funding risk management framework. Our internal funds transfer pricing system aims to balance funding supply and demand.

### Credit ratings

Credit ratings can affect the cost and availability of funding, especially from wholesale unsecured sources. UBS's credit ratings can also influence the performance of some of its businesses and the levels of client and counterparty confidence. Rating agencies take into account a range of factors when assessing creditworthiness and setting credit ratings. These include the firm's strategy, its business position and franchise value, stability and quality of earnings, capital adequacy, risk profile and management, liquidity management, diversification of funding sources, asset quality, and corporate governance. Credit ratings reflect the opinions of the rating agencies and can change at any time.

In evaluating our liquidity and funding requirements, we consider the potential effect of a reduction in our long-term credit ratings and a corresponding reduction in short-term ratings. If our credit ratings were to be downgraded, rating trigger clauses could result in an immediate cash settlement or the need to deliver additional collateral to counterparties from contractual obligations related to over-the-counter (OTC) derivative positions and other obligations. Based on our credit ratings as of 31 December 2024, in the event of a one-notch reduction in our long-term credit ratings, we would have been required to provide USD 0.1bn in cash or other collateral. In the event of a two-notch reduction, it would have been USD 0.4bn and for a three-notch downgrade, USD 1.2bn. In the two- and three-notch scenarios the collateral requirements predominantly relate to OTC derivative positions.

During 2024, rating agencies took the following actions regarding UBS Group AG's ratings: Moody's Investors Service Limited (Moody's) changed the outlook on its "A3" long-term senior unsecured debt rating to "Developing"; and S&P Global Ratings Europe Limited (S&P) changed the outlook on its "A-" long-term Issuer Credit Rating to "Stable". In addition, Moody's upgraded the long-term senior unsecured debt ratings of UBS AG to Aa2 from Aa3.

► Refer to "Liquidity and funding management are critical to UBS's ongoing performance" in the "Risk factors" section of this report for more information



## Contingency Funding Plan

**Audited I** We maintain our Contingency Funding Plan in preparation and as an action plan, aiming to ensure we maintain sufficient liquidity to meet payment obligations in a liquidity and funding stress scenario. The plan specifies the processes, tools and responsibilities that we have available to effectively manage liquidity and funding through these periods. Our funding diversification and global scope help to protect our liquidity position in the event of a crisis. Our contingent funding sources include our HQLA portfolios, available central bank-eligible non-HQLA collateral for liquidity facilities at several major central banks, contingent reductions of trading portfolio assets, and other actions available to management.

## Liquidity coverage ratio

The liquidity coverage ratio (the LCR) measures the short-term resilience of a bank's liquidity profile by assessing whether sufficient HQLA are available to meet expected net cash outflows from a significant liquidity stress scenario, as defined by the relevant regulator.

For UBS, HQLA are low-risk unencumbered assets under the control of Group Treasury that are easily and immediately convertible into cash at little or no loss of value, in order to meet liquidity needs. Our HQLA predominantly consist of assets that qualify as Level 1 in the LCR framework, including cash, central bank reserves and government bonds. Group HQLA are held by UBS AG and its subsidiaries and may include amounts that are available to meet funding and collateral needs in certain jurisdictions but are not readily available for use by the Group as a whole. These limitations are typically the result of local regulatory requirements, including local LCR and large exposure requirements. Funds that are effectively restricted in subsidiaries and branches are excluded from the calculation of Group HQLA. On this basis, USD 56.3bn of assets were excluded from our daily average Group HQLA for the fourth quarter of 2024. Amounts held in excess of local liquidity requirements that are not subject to other restrictions are generally available for transfer within the Group.

Basel Committee on Banking Supervision (BCBS) standards require an LCR of at least 100%. In a period of financial stress, the Swiss Financial Market Supervisory Authority (FINMA) may permit banks to use their HQLA and allow their LCR to temporarily fall below the minimum threshold. We monitor the LCR in all significant currencies in order to manage any currency mismatches between HQLA and the net expected cash outflows in times of stress.

Our daily average LCR for the fourth quarter of 2024 was 188.4%, compared with 215.7% in the fourth quarter of 2023, remaining above the prudential requirement communicated by FINMA.

The movement in the average LCR was primarily driven by a decrease in HQLA of USD 84.1bn to USD 331.5bn, primarily due to lower cash available from the repayment of funding from the Swiss National Bank, a reduction of HQLA following an increase in non-HQLA securities financing transactions, lower cash available from additional funding of trading assets, higher margin requirements, a decrease in debt issued and an increase in Swiss regulatory minimum reserve requirements. The aforementioned decreases in HQLA were partly offset by higher cash available from the unwinding activities of Non-core and Legacy.

The effect of the decrease in HQLA was partly offset by a decrease in net cash outflows of USD 16.8bn to USD 176.0bn, mainly attributable to higher net inflows from securities financing transactions, lower outflows from irrevocable loan commitments and lower net outflows from derivatives, partly offset by higher outflows from customer deposits.

- › Refer to the **31 December 2024 Pillar 3 Report**, available under **"Pillar 3 disclosures"** at [ubs.com/investors](https://ubs.com/investors), for more information about the LCR
- › Refer to the **"Significant regulated subsidiary and sub-group information"** section of this report for more information about the LCR of UBS AG and UBS Switzerland AG

### Liquidity coverage ratio

| USD bn, except where indicated            | Average 4Q24 <sup>1</sup> | Average 4Q23 <sup>1</sup> |
|-------------------------------------------|---------------------------|---------------------------|
| High-quality liquid assets                | 331.5                     | 415.6                     |
| Total net cash outflows <sup>2</sup>      | 176.0                     | 192.8                     |
| Liquidity coverage ratio (%) <sup>3</sup> | 188.4                     | 215.7                     |

<sup>1</sup> Calculated based on an average of 64 data points in the fourth quarter of 2024 and 63 data points in the fourth quarter of 2023. <sup>2</sup> Represents the net cash outflows expected over a stress period of 30 calendar days. <sup>3</sup> Calculated after the application of haircuts and inflow and outflow rates, as well as, where applicable, caps on Level 2 assets and cash inflows.

## Too-big-to-fail liquidity requirements

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

## Net stable funding ratio

The net stable funding ratio (the NSFR) framework is intended to limit overreliance on short-term wholesale funding, to encourage a better assessment of funding risk across all on- and off-balance sheet items and to promote funding stability. The NSFR has two components: available stable funding (ASF), as numerator, and required stable funding (RSF), as denominator. ASF is the portion of capital and liabilities expected to be available over the period of one year. RSF is a measure of the stable funding requirement of assets based on their maturity, encumbrance and other characteristics, as well as the potential for contingent calls on funding liquidity from off-balance sheet exposures. The BCBS NSFR regulatory framework requires a ratio of at least 100%.

As of 31 December 2024, the NSFR of the UBS Group increased 0.9 percentage points to 125.5%, remaining above the prudential requirement communicated by FINMA.

Available stable funding decreased by USD 69.6bn to USD 856.8bn, mainly driven by lower customer deposits, largely driven by currency effects, lower regulatory capital and debt issued.

Required stable funding decreased by USD 60.7bn to USD 682.5bn, predominantly reflecting lower lending assets, largely due to currency effects.

- › Refer to the 31 December 2024 Pillar 3 Report, available under “Pillar 3 disclosures” at [ubs.com/investors](https://ubs.com/investors), for more information about the NSFR
- › Refer to the “Significant regulated subsidiary and sub-group information” section of this report for more information about the NSFR of UBS AG and UBS Switzerland AG

### Net stable funding ratio

|                                       |                 |          |
|---------------------------------------|-----------------|----------|
| <i>USD bn, except where indicated</i> | <b>31.12.24</b> | 31.12.23 |
| Available stable funding (ASF)        | <b>856.8</b>    | 926.4    |
| Required stable funding (RSF)         | <b>682.5</b>    | 743.2    |
| Net stable funding ratio (%)          | <b>125.5</b>    | 124.7    |

## Balance sheet and off-balance sheet

The balances disclosed in this section represent year-end positions, unless indicated otherwise. Intra-period balances fluctuate in the ordinary course of business and may differ from year-end positions. Refer to the “Consolidated financial statements” section of this report for more information about the development of our financial position. For more information about the effects of the acquisition of the Credit Suisse Group on our balance sheet and off-balance sheet, refer to “Note 2 Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial statements” section of this report.

### Balance sheet

#### Balance sheet assets

As of 31 December 2024, balance sheet assets totaled USD 1,565.0bn, a decrease of USD 151.9bn compared with 31 December 2023.

Cash and balances at central banks decreased by USD 90.8bn, mainly due to the repayment of funding from the Swiss National Bank (the SNB), net investments in securities financing transactions at amortized cost and currency effects, partly offset by inflows from the disposal of high-quality liquid asset (HQLA) portfolio securities. Lending assets decreased by USD 61.9bn, primarily driven by currency effects of approximately USD 33.1bn and negative net new loans in Personal & Corporate Banking and Global Wealth Management. Trading assets decreased by USD 10.5bn, mainly driven by unwinding activities in Non-core and Legacy, partly offset by an increase in inventory held in the Investment Bank to hedge client positions. Other financial assets measured at fair value decreased by USD 8.6bn, mainly reflecting unwinding activities in Non-core and Legacy. Other financial assets measured at amortized cost decreased by USD 6.7bn, mainly due to maturities of the HQLA portfolio securities and currency effects.

These decreases were partly offset by an increase of USD 19.3bn in securities financing transactions at amortized cost, mainly reflecting higher cash reinvestment in Group Treasury. Brokerage receivables increased by USD 4.9bn, mainly reflecting higher client activity levels. Derivative and cash collateral receivables on derivative instruments increased by USD 3.3bn, mainly in foreign currency contracts reflecting market-driven increases, partly offset by a decrease in interest rate contracts, primarily reflecting unwinding activities in Non-core and Legacy.

## Assets

|                                                                       | As of          |                       | % change from |
|-----------------------------------------------------------------------|----------------|-----------------------|---------------|
| USD bn                                                                | 31.12.24       | 31.12.23 <sup>1</sup> | 31.12.23      |
| Cash and balances at central banks                                    | 223.3          | 314.1                 | (29)          |
| Lending <sup>2</sup>                                                  | 598.9          | 660.8                 | (9)           |
| Securities financing transactions at amortized cost                   | 118.3          | 99.0                  | 19            |
| Trading assets                                                        | 159.1          | 169.6                 | (6)           |
| Derivatives and cash collateral receivables on derivative instruments | 229.5          | 226.2                 | 1             |
| Brokerage receivables                                                 | 25.9           | 21.0                  | 23            |
| Other financial assets measured at amortized cost                     | 58.8           | 65.5                  | (10)          |
| Other financial assets measured at fair value <sup>3</sup>            | 97.7           | 106.3                 | (8)           |
| Non-financial assets                                                  | 53.6           | 54.5                  | (2)           |
| <b>Total assets</b>                                                   | <b>1,565.0</b> | <b>1,716.9</b>        | <b>(9)</b>    |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.  
<sup>2</sup> Consists of Loans and advances to customers and Amounts due from banks. <sup>3</sup> Consists of Financial assets at fair value not held for trading and Financial assets measured at fair value through other comprehensive income.

## Asset encumbrance

The table below provides a breakdown of on- and off-balance sheet assets between encumbered assets, unencumbered assets and assets that cannot be pledged as collateral.

Assets are presented as Encumbered if they have been pledged as collateral against an existing liability or are otherwise not available for securing additional funding. Included within the latter category are assets protected under client asset segregation rules, financial assets for unit-linked investment contracts and assets held in certain jurisdictions to comply with explicit minimum local asset maintenance requirements.

Assets that cannot be pledged as collateral represent assets that are not encumbered, but by their nature are not considered available to secure funding or meet collateral needs.

All other assets are presented as Unencumbered. This category consists of cash and securities readily realizable in the normal course of business, which include our HQLA and unencumbered positions in our trading portfolio. In addition, unencumbered assets include loans and advances to customers and amounts due from banks. Unencumbered assets that are considered to be available to secure funding at the legal-entity level may be subject to restrictions that limit the total amount of assets available to the Group as a whole.

► Refer to "Note 23 Restricted and transferred financial assets" in the "Consolidated financial statements" section of this report for more information

## Asset encumbrance as of 31 December 2024

|                                                                               | Encumbered                   |                                                                 | Unencumbered assets | Assets that cannot be pledged as collateral | Total Group    |
|-------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------|---------------------|---------------------------------------------|----------------|
| USD bn                                                                        | Assets pledged as collateral | Assets otherwise restricted and not available to secure funding |                     |                                             |                |
| <b>Balance sheet</b>                                                          |                              |                                                                 |                     |                                             |                |
| Cash and balances at central banks                                            | 0.9                          | 0.1                                                             | 222.3               | 0.0                                         | 223.3          |
| Amounts due from banks                                                        |                              | 2.6                                                             | 16.3                | 0.0                                         | 18.9           |
| Receivables from securities financing transactions measured at amortized cost |                              |                                                                 |                     | 118.3                                       | 118.3          |
| Cash collateral receivables on derivative instruments                         |                              | 8.0                                                             | 0.0                 | 35.9                                        | 44.0           |
| Loans and advances to customers                                               | 70.3                         | 0.2                                                             | 509.4               | 0.1                                         | 580.0          |
| Other financial assets measured at amortized cost                             | 8.7 <sup>1</sup>             | 4.2                                                             | 37.7                | 8.3                                         | 58.8           |
| <b>Total financial assets measured at amortized cost</b>                      | <b>79.9</b>                  | <b>15.1</b>                                                     | <b>785.7</b>        | <b>162.6</b>                                | <b>1,043.3</b> |
| Financial assets at fair value held for trading                               | 71.1 <sup>1</sup>            | 0.3                                                             | 87.7                | 0.0                                         | 159.1          |
| Derivative financial instruments                                              |                              |                                                                 |                     | 185.6                                       | 185.6          |
| Brokerage receivables                                                         |                              |                                                                 |                     | 25.9                                        | 25.9           |
| Financial assets at fair value not held for trading                           | 3.6 <sup>1</sup>             | 20.6                                                            | 45.1                | 26.1                                        | 95.5           |
| <b>Total financial assets measured at fair value through profit or loss</b>   | <b>74.7</b>                  | <b>20.9</b>                                                     | <b>132.8</b>        | <b>237.6</b>                                | <b>465.9</b>   |
| Financial assets measured at fair value through other comprehensive income    |                              | 1.9                                                             | 0.3                 |                                             | 2.2            |
| <b>Non-financial assets</b>                                                   |                              |                                                                 | <b>24.8</b>         | <b>28.8</b>                                 | <b>53.6</b>    |
| <b>Total balance sheet assets as of 31 December 2024</b>                      | <b>154.6</b>                 | <b>37.8</b>                                                     | <b>943.6</b>        | <b>429.0</b>                                | <b>1,565.0</b> |
| <b>Total balance sheet assets as of 31 December 2023<sup>3</sup></b>          | <b>222.8</b>                 | <b>38.0</b>                                                     | <b>1,043.3</b>      | <b>412.9</b>                                | <b>1,716.9</b> |

## Off-balance sheet

|                                                                        |       |     |       |     |       |
|------------------------------------------------------------------------|-------|-----|-------|-----|-------|
| Fair value of securities accepted as collateral as of 31 December 2024 | 383.2 | 7.5 | 191.0 | 0.0 | 581.8 |
| Fair value of securities accepted as collateral as of 31 December 2023 | 382.3 | 5.3 | 189.0 |     | 576.6 |

## Total balance sheet assets and off-balance sheet securities accepted as collateral as of 31 December 2024

|                                                                                                                              |              |             |                            |              |                |
|------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|----------------------------|--------------|----------------|
|                                                                                                                              | 537.8        | 45.3        | 1,134.6 <sup>2</sup>       | 429.0        | 2,146.8        |
| <b>Total balance sheet assets and off-balance sheet securities accepted as collateral as of 31 December 2023<sup>3</sup></b> | <b>605.1</b> | <b>43.3</b> | <b>1,232.3<sup>2</sup></b> | <b>412.9</b> | <b>2,293.5</b> |

<sup>1</sup> Includes assets pledged as collateral that may be sold or repledged by counterparties. The respective amounts are disclosed in "Note 23 Restricted and transferred financial assets" in the "Consolidated financial statements" section of this report. <sup>2</sup> Includes high-quality liquid assets (31 December 2024: USD 338.9bn; 31 December 2023: USD 443.0bn). <sup>3</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

## Balance sheet liabilities

Total liabilities as of 31 December 2024 were USD 1,479.5bn, a decrease of USD 151.3bn compared with 31 December 2023.

Short-term borrowings decreased by USD 55.6bn, mainly related to the repayment of funding from the SNB, as well as maturities of commercial paper and certificates of deposits. Customer deposits decreased by USD 46.2bn, mainly reflecting currency effects and net new deposit outflows. Debt issued designated at fair value and long-term debt issued measured at amortized cost decreased by USD 36.0bn, mainly driven by net redemptions, including an effect of the unwinding activities in Non-core and Legacy, and currency effects. Derivative and cash collateral payables on derivative instruments decreased by USD 17.7bn, mainly reflecting a decrease in interest rate contracts, primarily reflecting unwinding activities in Non-core and Legacy, partly offset by an increase in foreign currency contracts in the Investment Bank.

These decreases were partly offset by an increase of USD 6.5bn in brokerage payables, reflecting higher client activity levels as on the asset side.

› Refer to “Capital management” in this section for more information

## Equity

Equity attributable to shareholders decreased by USD 545m to USD 85,079m as of 31 December 2024.

The decrease of USD 545m was mainly driven by net treasury share activity, which reduced equity by USD 2,895m. This was predominantly due to the purchasing of USD 1,981m of shares in relation to employee share-based compensation plans and share repurchases with an acquisition cost of USD 1,000m under our 2024 share repurchase program. In addition, distributions to shareholders reduced equity by USD 2,256m, reflecting a dividend payment of USD 0.70 per share.

These decreases were partly offset by total comprehensive income attributable to shareholders of USD 3,388m, reflecting net profit of USD 5,085m, and negative other comprehensive income (OCI) of USD 1,698m. OCI mainly included negative OCI related to foreign currency translation of USD 1,754m, partly offset by cash flow hedge OCI of USD 481m. In addition, deferred share-based compensation awards of USD 1,104m were expensed in the income statement, increasing share premium.

- › Refer to the “Group performance” and “Consolidated financial statements” sections of this report for more information about OCI
- › Refer to the “Reconciliation of equity under IFRS Accounting Standards to Swiss SRB common equity tier 1 capital” table in this section for more information about the effects of OCI on common equity tier 1 capital
- › Refer to “UBS shares” in this section for more information about our share repurchase programs

## Liabilities and equity

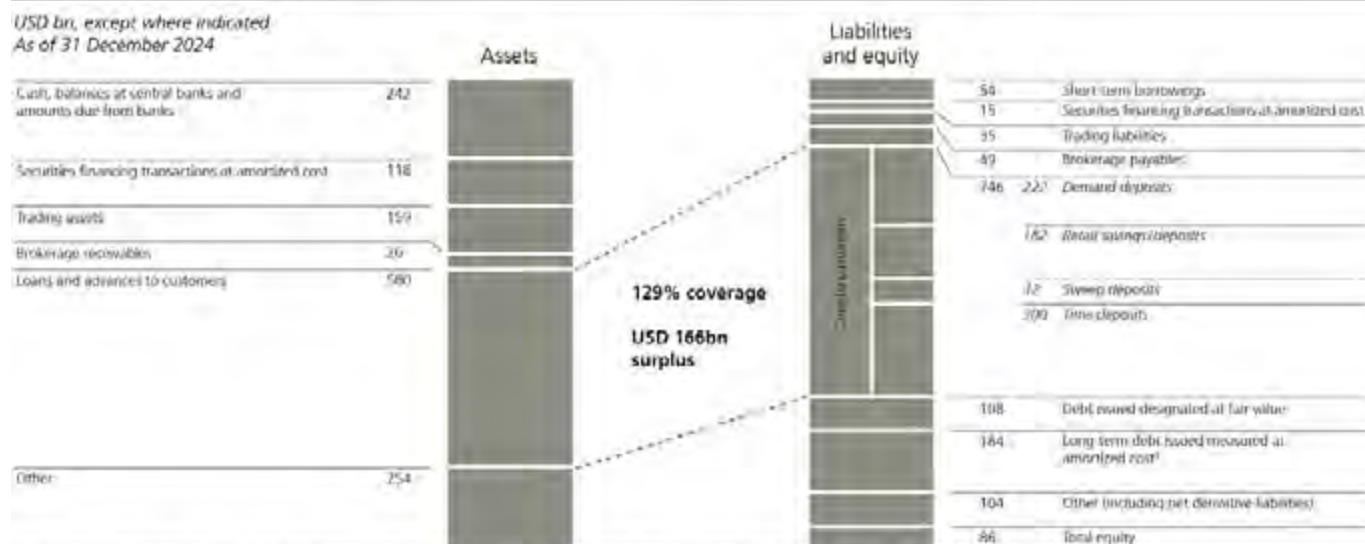
|                                                                                                        | As of          |                       | % change from |
|--------------------------------------------------------------------------------------------------------|----------------|-----------------------|---------------|
| USD bn                                                                                                 | 31.12.24       | 31.12.23 <sup>1</sup> | 31.12.23      |
| Short-term borrowings <sup>2,3</sup>                                                                   | 53.9           | 109.5                 | (51)          |
| Securities financing transactions at amortized cost                                                    | 14.8           | 14.4                  | 3             |
| Customer deposits                                                                                      | 745.8          | 792.0                 | (6)           |
| Debt issued designated at fair value and long-term debt issued measured at amortized cost <sup>3</sup> | 291.6          | 327.6                 | (11)          |
| Trading liabilities                                                                                    | 35.2           | 34.2                  | 3             |
| Derivatives and cash collateral payables on derivative instruments                                     | 216.1          | 233.8                 | (8)           |
| Brokerage payables                                                                                     | 49.0           | 42.5                  | 15            |
| Other financial liabilities measured at amortized cost                                                 | 21.0           | 20.9                  | 1             |
| Other financial liabilities designated at fair value                                                   | 28.7           | 29.5                  | (3)           |
| Non-financial liabilities                                                                              | 23.2           | 26.5                  | (12)          |
| <b>Total liabilities</b>                                                                               | <b>1,479.5</b> | <b>1,630.8</b>        | <b>(9)</b>    |
| Share capital                                                                                          | 0.3            | 0.3                   | 0             |
| Share premium                                                                                          | 12.0           | 13.2                  | (9)           |
| Treasury shares                                                                                        | (6.4)          | (4.8)                 | 33            |
| Retained earnings                                                                                      | 78.0           | 74.4                  | 5             |
| Other comprehensive income <sup>4</sup>                                                                | 1.1            | 2.5                   | (56)          |
| <b>Total equity attributable to shareholders</b>                                                       | <b>85.1</b>    | <b>85.6</b>           | <b>(1)</b>    |
| Equity attributable to non-controlling interests                                                       | 0.5            | 0.5                   | (7)           |
| <b>Total equity</b>                                                                                    | <b>85.6</b>    | <b>86.2</b>           | <b>(1)</b>    |
| <b>Total liabilities and equity</b>                                                                    | <b>1,565.0</b> | <b>1,716.9</b>        | <b>(9)</b>    |

<sup>1</sup> Comparative-period information has been revised. Refer to “Note 2 Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial statements” section of this report for more information.

<sup>2</sup> Consists of short-term debt issued measured at amortized cost and amounts due to banks, which includes amounts due to central banks. <sup>3</sup> 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. <sup>4</sup> Excludes other comprehensive income related to defined benefit plans and own credit, which is recorded directly in Retained earnings.

## Asset funding, UBS Group

USD bn, except where indicated  
As of 31 December 2024



<sup>1</sup> The classification of debt issued measured at amortized cost into short- 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.

### Liabilities by product and currency

| USD bn                                                                                                 | All currencies |                       | of which: USD |                       | USD equivalent<br>of which: CHF |                       | of which: EUR |                       |
|--------------------------------------------------------------------------------------------------------|----------------|-----------------------|---------------|-----------------------|---------------------------------|-----------------------|---------------|-----------------------|
|                                                                                                        | 31.12.24       | 31.12.23 <sup>1</sup> | 31.12.24      | 31.12.23 <sup>1</sup> | 31.12.24                        | 31.12.23 <sup>1</sup> | 31.12.24      | 31.12.23 <sup>1</sup> |
| Short-term borrowings                                                                                  | 53.9           | 109.5                 | 22.5          | 49.2                  | 5.7                             | 41.5                  | 11.7          | 8.3                   |
| of which: amounts due to banks                                                                         | 23.3           | 71.0                  | 8.1           | 20.4                  | 5.4                             | 41.1                  | 3.1           | 3.1                   |
| of which: short-term debt issued <sup>2,3</sup>                                                        | 30.5           | 38.5                  | 14.5          | 28.8                  | 0.3                             | 0.3                   | 8.6           | 5.2                   |
| Securities financing transactions at amortized cost                                                    | 14.8           | 14.4                  | 7.9           | 7.8                   | 3.8                             | 2.4                   | 2.9           | 3.3                   |
| Customer deposits                                                                                      | 745.8          | 792.0                 | 310.3         | 311.8                 | 297.2                           | 328.0                 | 71.1          | 80.6                  |
| of which: demand deposits                                                                              | 221.8          | 240.9                 | 54.0          | 57.4                  | 107.8                           | 114.9                 | 32.8          | 38.3                  |
| of which: retail savings / deposits                                                                    | 182.3          | 186.1                 | 34.9          | 28.9                  | 143.3                           | 152.6                 | 4.0           | 4.5                   |
| of which: sweep deposits                                                                               | 41.9           | 41.0                  | 41.9          | 41.0                  | 0.0                             | 0.0                   | 0.0           | 0.0                   |
| of which: time deposits                                                                                | 299.8          | 324.0                 | 179.4         | 184.4                 | 46.1                            | 60.5                  | 34.3          | 37.8                  |
| Debt issued designated at fair value and long-term debt issued measured at amortized cost <sup>3</sup> | 291.6          | 327.6                 | 165.7         | 185.8                 | 41.5                            | 44.7                  | 62.1          | 69.6                  |
| Trading liabilities                                                                                    | 35.2           | 34.2                  | 14.4          | 12.6                  | 1.3                             | 1.1                   | 10.0          | 9.3                   |
| Derivatives and cash collateral payables on derivative instruments                                     | 216.1          | 233.8                 | 182.9         | 181.0                 | 4.4                             | 9.9                   | 18.0          | 26.7                  |
| Brokerage payables                                                                                     | 49.0           | 42.5                  | 38.1          | 31.5                  | 0.5                             | 0.7                   | 3.4           | 2.4                   |
| Other financial liabilities measured at amortized cost                                                 | 21.0           | 20.9                  | 11.7          | 11.3                  | 3.7                             | 3.9                   | 2.0           | 2.0                   |
| Other financial liabilities designated at fair value                                                   | 28.7           | 29.5                  | 4.1           | 6.8                   | 0.1                             | 0.1                   | 4.3           | 3.5                   |
| Non-financial liabilities                                                                              | 23.2           | 26.5                  | 13.0          | 13.3                  | 4.1                             | 4.2                   | 2.8           | 4.4                   |
| <b>Total liabilities</b>                                                                               | <b>1,479.5</b> | <b>1,630.8</b>        | <b>770.7</b>  | <b>811.0</b>          | <b>362.3</b>                    | <b>436.5</b>          | <b>188.3</b>  | <b>210.0</b>          |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

<sup>2</sup> Short-term debt issued consists of certificates of deposit, commercial paper, acceptances and promissory notes, and other money market paper. <sup>3</sup> The classification of debt issued measured at amortized cost into short-term and long-term is based on original contractual maturity and therefore long-term debt also includes debt with a remaining time to maturity of less than one year. This classification does not consider any early redemption features.

### Off-balance sheet

In the normal course of business, we enter into transactions where, pursuant to IFRS Accounting Standards, the maximum contractual exposure may not be recognized in whole or in part on our balance sheet. These transactions include derivative instruments, guarantees, loan commitments and similar arrangements.

When we incur an obligation or become entitled to an asset through these arrangements, we recognize them on the balance sheet. It should be noted that in certain instances the amount recognized on the balance sheet does not represent the full gain or loss potential inherent in such arrangements.

The following paragraphs provide more information about certain off-balance sheet arrangements. Additional off-balance sheet information is primarily provided in Notes 10, 11, 18, 20, 21h, 23 and 28 in the "Consolidated financial statements" section of this report and in the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors).

#### Guarantees, loan commitments and similar arrangements

In the normal course of business, we issue various forms of guarantees, commitments to extend credit, standby and other letters of credit to support our clients, forward starting transactions, note issuance facilities, and revolving underwriting facilities. With the exception of related premiums, generally these guarantees and similar obligations are kept as off-balance sheet items, unless a provision to cover probable losses or expected credit losses is required.



Guarantees represent irrevocable assurances that, subject to the satisfying of certain conditions, we will make payments if our clients fail to fulfill their obligations to third parties. As of 31 December 2024, the net exposure (i.e. gross values less sub-participations) from guarantees and similar instruments was USD 38.4bn, compared with USD 43.9bn as of 31 December 2023. The decrease of USD 5.5bn mainly reflected business-driven lower volumes. Fee income from issuing guarantees compared with total net fee and commission income was insignificant for both 2024 and 2023.

We also enter into commitments to extend credit in the form of credit lines available to secure the liquidity needs of clients. For the majority of irrevocable loan commitments, UBS is committed to provide credit at any time within a contractual maturity period of up to three years from the balance sheet date. During 2024, Irrevocable loan commitments decreased by USD 12.0bn, mainly reflecting client-driven decreases in Personal & Corporate Banking as well as unwinding activities in Non-core and Legacy. Committed unconditionally revocable credit lines decreased by USD 17.6bn, mainly driven by currency effects. Forward starting reverse repurchase and securities borrowing agreements increased by USD 6.5bn, mainly reflecting fluctuations in levels of business division activity in short-dated securities financing transactions, partly offset by roll-offs of trades measured at amortized cost, with the new trades measured at fair value, and these agreements being accounted for as derivatives.

## Off-balance sheet

|                                                                         | As of    |          | % change from |
|-------------------------------------------------------------------------|----------|----------|---------------|
| USD bn                                                                  | 31.12.24 | 31.12.23 | 31.12.23      |
| Guarantees <sup>1,2</sup>                                               | 38.4     | 43.9     | (12)          |
| Irrevocable loan commitments <sup>1</sup>                               | 79.6     | 91.6     | (13)          |
| Committed unconditionally revocable credit lines                        | 145.7    | 163.3    | (11)          |
| Forward starting reverse repurchase and securities borrowing agreements | 24.9     | 18.4     | 35            |

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

If customers fail to meet their obligations, our maximum exposure to credit risk is generally the contractual amount of these instruments. The risk is similar to the risk involved in extending loan facilities and is subject to the same risk management and control framework. In 2024, we recognized net credit loss releases of USD 14m related to irrevocable loan commitments, guarantees and other credit facilities in the scope of expected credit loss measurement, compared with net credit loss expenses of USD 142m in 2023. Provisions recognized for irrevocable loan commitments, guarantees and other credit facilities in the scope of expected credit loss measurement were USD 320m as of 31 December 2024, compared with USD 350m as of 31 December 2023.

- Refer to **"Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement"** and **"Note 20 Expected credit loss measurement"** in the **"Consolidated financial statements"** section of this report for more information about provisions for expected credit losses

For certain obligations, we enter into partial sub-participations to mitigate various risks from guarantees and irrevocable loan commitments. A sub-participation is an agreement by another party to take a share of the loss in the event that the obligation is not fulfilled by the obligor and, where applicable, to fund a part of the credit facility. We retain the contractual relationship with the obligor, and the sub-participant has only an indirect relationship. Generally, we only enter into sub-participation agreements with banks to which we ascribe a credit rating equal to or better than that of the obligor.

We also provide representations, warranties and indemnifications to third parties in the normal course of business.

## Support provided to non-consolidated investment funds

In 2024, the Group did not provide material support, financial or otherwise, to unconsolidated investment funds when the Group was not contractually obligated to do so, nor does it currently have an intention to do so.

## Clearing house and exchange memberships

We are a member of numerous securities and derivative exchanges and clearing houses. In connection with some of these memberships, we may be required to pay a share of the financial obligations of another member who defaults, or we may be otherwise exposed to additional financial obligations. While the membership rules vary, obligations generally would arise only if the exchange or clearing house had exhausted its resources. We consider the probability of a material loss due to such obligations to be remote.

## Deposit insurance

Swiss banking law and the deposit insurance system require Swiss banks and securities dealers to jointly guarantee an amount of up to CHF 7.9bn for privileged client deposits in the event that a Swiss bank or securities dealer becomes insolvent. As of 31 December 2024, FINMA estimates our share in the deposit insurance system to be CHF 1.6bn. This represents a contingent payment obligation and exposes us to additional risk. As of 31 December 2024, we considered the probability of a material loss from our obligations to be remote.

UBS is also subject to, or is a member of, other deposit protection schemes in other countries. However, no contingent payment obligation existed as of 31 December 2024 from any other material scheme.



## Material cash requirements

The Group's material cash requirements as of 31 December 2024 are represented by the residual contractual maturities for non-derivative and non-trading financial liabilities included in the table presented in "Note 24b Maturity analysis of financial liabilities on an undiscounted basis" in the "Consolidated financial statements" section of this report. Included in the table are Debt issued designated at fair value (USD 130.8bn) and Debt issued measured at amortized cost (USD 254.5bn). The amounts represent estimated future interest and principal payments on an undiscounted basis.

In the normal course of business, we also issue or enter into various forms of guarantees, loan commitments and other similar arrangements that may result in an outflow of cash in the future. The maturity profile of these obligations, which are presented off-balance sheet, are included in "Note 24b Maturity analysis of financial liabilities on an undiscounted basis" in the "Consolidated financial statements" section of this report. Refer to "Guarantees, loan commitments and similar arrangements" in this section for more information.

## Cash flows

As we are a global financial institution, our cash flows are complex and often may bear little relation to our net earnings and net assets. Consequently, we believe that a traditional cash flow analysis is less meaningful when evaluating our liquidity position than the liquidity, funding and capital management frameworks and measures described elsewhere in this section.

› Refer to "Liquidity and funding management" in this section for more information

## Cash and cash equivalents

As of 31 December 2024, cash and cash equivalents totaled USD 244.1bn, a decrease of USD 96.1bn compared with 31 December 2023, driven by net cash outflows used in financing activities and negative foreign exchange effects, largely reflecting the strengthening of the US dollar against the Swiss franc in 2024. These effects were partly offset by USD 4.0bn of net cash inflows from operating and investing activities.

## Operating activities

Net cash inflows from operating activities were USD 3.3bn in 2024, compared with USD 86.1bn in 2023. The net negative change in operating assets and liabilities of USD 22.7bn was mainly driven by a USD 23.9bn increase in receivables from securities financing transactions measured at amortized cost, outflows from a USD 15.1bn decrease in customer deposits and a USD 13.6bn negative change in financial assets and liabilities at fair value held for trading and derivative financial instruments. These effects were partly offset by inflows from a USD 27.0bn decrease in loans and advances to customers and a USD 5.3bn positive change in financial assets and liabilities at fair value not held for trading and other financial assets and liabilities. Non-cash items included in net profit and other adjustments are mainly to remove the net impact of non-cash effects in the balance sheet, such as foreign currency effects.

## Investing activities

Investing activities resulted in a net cash inflow of USD 0.7bn in 2024, compared with USD 103.1bn in 2023, primarily reflecting USD 2.4bn of net cash proceeds from disposals and redemptions of debt securities measured at amortized cost, largely offset by outflows of USD 2.0bn related to property, equipment and software.

## Financing activities

Financing activities resulted in a net cash outflow of USD 84.2bn in 2024, compared with USD 58.3bn in 2023, mainly due to the repayment of USD 42.6bn of funding from the Swiss National Bank, USD 29.5bn of net cash used to repay debt designated at fair value and long-term debt measured at amortized cost, USD 7.4bn of net cash used to repay short-term debt measured at amortized cost, USD 2.9bn of net cash used to repurchase treasury shares and a dividend distribution to shareholders of USD 2.3bn. These outflows were partly offset by net issuance proceeds of USD 1.5bn from securities financing transactions measured at amortized cost.

› Refer to "Primary financial statements and share information" in the "Consolidated financial statements" section of this report for more information about cash flows

## Statement of cash flows (condensed)

| USD bn                                                            | For the year ended |                       |
|-------------------------------------------------------------------|--------------------|-----------------------|
|                                                                   | 31.12.24           | 31.12.23 <sup>1</sup> |
| Net cash flow from / (used in) operating activities               | 3.3                | 86.1                  |
| Net cash flow from / (used in) investing activities               | 0.7                | 103.1                 |
| Net cash flow from / (used in) financing activities               | (84.2)             | (58.3)                |
| Effects of exchange rate differences on cash and cash equivalents | (15.9)             | 14.0                  |
| Net increase / (decrease) in cash and cash equivalents            | (96.1)             | 144.9                 |
| Cash and cash equivalents at the end of the year                  | 244.1              | 340.2                 |

<sup>1</sup> Comparative-period information has been revised.

# Currency management

## Strategy, objectives and governance

Group Treasury focuses on three main areas of currency risk management: (i) currency-matched funding and investment of non-US-dollar assets and liabilities; (ii) the sell-down of foreign currency IFRS Accounting Standards profits and losses; and (iii) selective hedging of anticipated non-US-dollar profits and losses to further mitigate the effect of structural imbalances in the balance sheet.

### Currency-matched funding and investment of non-US-dollar assets and liabilities

For monetary balance sheet items and other investments, as far as is practical and efficient, UBS follows the principle of matching the currencies of its assets and liabilities for funding purposes. This avoids profits and losses arising from the translation of non-US-dollar assets and liabilities.

UBS Group AG and UBS AG apply net investment hedge accounting to non-US-dollar core investments to balance the effect of foreign exchange movements on both common equity tier 1 (CET1) capital and the CET1 capital ratio.

- › Refer to “**Note 1 Summary of material accounting policies**” and “**Note 25 Hedge accounting**” in the “**Consolidated financial statements**” section of this report for more information
- › Refer to “**Capital management**” in this section for more information about our active management of sensitivity to currency movements and the effect thereof on our key ratios

### Sell-down of non-US-dollar profits and losses

Income statement items of Group entities with a functional currency other than the US dollar are translated into US dollars at average exchange rates. To reduce earnings volatility on the translation of previously recognized earnings in foreign currencies, Group Treasury centralizes the profits and losses (under IFRS Accounting Standards) arising in UBS AG and its branches and sells or buys the profit or loss for US dollars on a monthly basis. UBS Group AG and UBS AG subsidiaries follow a similar monthly sell-down process into their own functional currencies. The retained earnings in subsidiaries and branches with a functional currency other than the US dollar are integrated and managed as part of the UBS Group’s net investment hedge accounting program.

### Hedging of anticipated non-US-dollar profits and losses

Although UBS did not have hedges for anticipated future profits and losses in place as of 31 December 2024, the Group Asset and Liability Committee may at any time instruct Group Treasury to execute hedges to protect anticipated future profits and losses in foreign currencies against potential adverse movements of foreign exchange rates.

## Dividend distribution

UBS Group AG declares dividends in US dollars. Shareholders holding shares through SIX SIS AG will receive dividends in Swiss francs, based on a published exchange rate calculated up to five decimal places, on the day prior to the ex-dividend date. Shareholders holding shares through DTC or Computershare will be paid dividends in US dollars.

- › Refer to the **UBS Group AG Standalone financial statements and regulatory information for the year ended 31 December 2024**, available under “**Holding company and significant regulated subsidiaries and sub-groups**” at [ubs.com/investors](https://ubs.com/investors), for more information about the proposed dividend distribution of UBS Group AG for the 2024 financial year

# UBS shares

## UBS Group AG shares

**Audited** | As of 31 December 2024, equity attributable to shareholders under IFRS Accounting Standards amounted to USD 85,079m, represented by 3,462,087,722 shares issued. Shares issued remained unchanged in 2024.

Each share has a nominal value of USD 0.10, carries one vote if entered into the share register as having the right to vote, and entitles the holder to a proportionate share of distributed dividends. All shares are fully paid up. As the Articles of Association of UBS Group AG indicate, there are no other classes of shares and no preferential rights for shareholders. ▲

► Refer to the “Corporate governance” section of this report for more information about UBS shares

### UBS Group share information

|                                                        | As of or for the year ended |                       | % change from |
|--------------------------------------------------------|-----------------------------|-----------------------|---------------|
|                                                        | 31.12.24                    | 31.12.23 <sup>1</sup> | 31.12.23      |
| Shares issued                                          | 3,462,087,722               | 3,462,087,722         | 0             |
| Treasury shares <sup>2</sup>                           | 287,262,471                 | 253,233,437           | 13            |
| of which: related to share repurchase program 2022     | 120,506,008                 | 120,506,008           | 0             |
| of which: related to share repurchase program 2024     | 32,962,298                  |                       |               |
| Shares outstanding                                     | 3,174,825,251               | 3,208,854,285         | (1)           |
| Basic earnings per share (USD) <sup>3</sup>            | 1.59                        | 8.68                  | (82)          |
| Diluted earnings per share (USD) <sup>3</sup>          | 1.52                        | 8.30                  | (82)          |
| Equity attributable to shareholders (USD m)            | 85,079                      | 85,624                | (1)           |
| Less: goodwill and intangible assets (USD m)           | 6,887                       | 7,515                 | (8)           |
| Tangible equity attributable to shareholders (USD m)   | 78,192                      | 78,109                | 0             |
| Ordinary cash dividends per share (USD) <sup>4,5</sup> | 0.90                        | 0.70                  | 29            |
| Total book value per share (USD)                       | 26.80                       | 26.68                 | 0             |
| Tangible book value per share (USD)                    | 24.63                       | 24.34                 | 1             |
| Share price (USD) <sup>6</sup>                         | 30.54                       | 31.01                 | (2)           |
| Market capitalization (USD m) <sup>7</sup>             | 105,719                     | 107,355               | (2)           |

<sup>1</sup> Comparative-period information has been revised. Refer to “Note 2 Accounting for the acquisition of the Credit Suisse Group” in the “Consolidated financial statements” section of this report for more information.

<sup>2</sup> Based on a settlement date view. <sup>3</sup> Refer to “Share information and earnings per share” in the “Consolidated financial statements” section of this report for more information. <sup>4</sup> Dividends and / or distributions out of the capital contribution reserve are normally approved and paid in the year subsequent to the reporting period. <sup>5</sup> Refer to “Statement of proposed appropriation of total profit and dividend distribution out of total profit and capital contribution reserve” in the “UBS Group AG standalone financial statements” section of the UBS Group AG Standalone financial statements and regulatory information for the year ended 31 December 2024 report, available under “Holding company and significant regulated subsidiaries and sub-groups” at [ubs.com/investors](https://ubs.com/investors), for more information. <sup>6</sup> 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. <sup>7</sup> The calculation of market capitalization reflects total shares issued multiplied by the share price at the end of the period.

## Holding of UBS Group AG shares

Group Treasury holds UBS Group AG shares to hedge future share delivery obligations related to employee share-based compensation awards, and also holds shares purchased under share repurchase programs. As of 31 December 2024, we held a total of 287,262,471 treasury shares (31 December 2023: 253,233,437).

Our 2022 share repurchase program was concluded on 28 March 2024. The shares acquired under this program totaled 121m as of 31 December 2024 for a total acquisition cost of USD 2,277m (CHF 2,138m). Those 121m shares will be canceled by means of a capital reduction, pending approval by the shareholders at a future AGM.

On 3 April 2024, we launched a new, 2024 share repurchase program of up to USD 2bn over two years. Shares acquired under this program totaled 33m as of 31 December 2024 for a total acquisition cost of USD 1,000m (CHF 871m). We plan to repurchase USD 1bn of shares in the first half of 2025. We aim to repurchase up to an additional USD 2bn of shares in the second half of 2025 and are maintaining our ambition for share repurchases in 2026 to exceed full-year 2022 levels. Our share repurchases will be consistent with delivering on our financial plans, maintaining our common equity tier 1 capital ratio target of around 14% and the absence of material, immediate changes to the current capital regime.

Treasury shares held to hedge our share delivery obligations related to employee share-based compensation awards totaled 133m shares as of 31 December 2024 (31 December 2023: 131m). Share delivery obligations related to employee share-based compensation awards totaled 183m shares as of 31 December 2024 (31 December 2023: 196m) and are calculated on the basis of undistributed notional share awards, taking applicable performance conditions into account. Treasury shares held are delivered to employees at exercise or vesting. As of 31 December 2024, up to 122m UBS Group AG shares (31 December 2023: 122m) could have been issued out of conditional capital to satisfy share delivery obligations of any future employee share option programs or similar awards.

The Investment Bank also holds a limited number of UBS Group AG shares, primarily in its capacity as a market-maker with regard to UBS Group AG shares and related derivatives, and to hedge certain issued structured debt instruments.

The table below outlines the market purchases of UBS Group AG shares by Group Treasury. It does not include the activities of the Investment Bank.

### Treasury share purchases

| Month of purchase <sup>3</sup> | Share repurchase programs <sup>1</sup> |                      |                                                                         |                                                                         | Other treasury shares purchased <sup>2</sup> |                      |
|--------------------------------|----------------------------------------|----------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------|----------------------|
|                                | Number of shares                       | Average price in USD | Remaining volume of 2022 share repurchase program in USD m at month-end | Remaining volume of 2024 share repurchase program in USD m at month-end | Number of shares                             | Average price in USD |
| January 2024                   |                                        |                      | 755                                                                     |                                                                         |                                              |                      |
| February 2024                  |                                        |                      | 755                                                                     |                                                                         | 12,618,618                                   | 27.95                |
| March 2024                     |                                        |                      |                                                                         |                                                                         | 12,381,382                                   | 30.36                |
| April 2024                     |                                        |                      |                                                                         | 2,000                                                                   |                                              |                      |
| May 2024                       |                                        |                      |                                                                         | 2,000                                                                   | 12,204,648                                   | 30.30                |
| June 2024                      | 4,965,000                              | 30.47                |                                                                         | 1,849                                                                   | 3,972,313                                    | 31.64                |
| July 2024                      | 6,629,400                              | 30.45                |                                                                         | 1,647                                                                   |                                              |                      |
| August 2024                    | 4,835,000                              | 28.51                |                                                                         | 1,509                                                                   |                                              |                      |
| September 2024                 | 7,050,000                              | 29.63                |                                                                         | 1,300                                                                   | 8,280,000                                    | 30.18                |
| October 2024                   | 5,687,100                              | 31.63                |                                                                         | 1,120                                                                   |                                              |                      |
| November 2024                  | 2,696,000                              | 31.57                |                                                                         | 1,035                                                                   |                                              |                      |
| December 2024                  | 1,099,798                              | 31.92                |                                                                         | 1,000                                                                   |                                              |                      |

<sup>1</sup> In March 2022, UBS initiated a share repurchase program to buy back up to USD 6bn of its own shares over a two-year period and this program was concluded on 28 March 2024. UBS has an active share repurchase program of up to USD 2bn over two years. The share buybacks were transacted in Swiss francs on a separate trading line on the SIX Swiss Exchange. <sup>2</sup> This table excludes purchases for the purpose of hedging derivatives linked to UBS Group AG shares and for market-making in UBS Group AG shares. The table also excludes UBS Group AG shares purchased by post-employment benefit funds for UBS employees, which are managed by a board of UBS management and employee representatives in accordance with Swiss law. UBS's post-employment benefit funds purchased 1,573,887 UBS Group AG shares during 2024 and held 13,155,186 UBS Group AG shares as of 31 December 2024. <sup>3</sup> Based on the transaction date of the respective treasury share purchases.

### Trading volumes

|                                       | For the year ended |           |           |
|---------------------------------------|--------------------|-----------|-----------|
| 1,000 shares                          | 31.12.24           | 31.12.23  | 31.12.22  |
| SIX Swiss Exchange total              | 1,480,816          | 2,102,613 | 2,433,051 |
| SIX Swiss Exchange daily average      | 5,923              | 8,377     | 9,579     |
| New York Stock Exchange total         | 114,583            | 170,875   | 186,468   |
| New York Stock Exchange daily average | 455                | 684       | 743       |

Source: Reuters.

### Listing of UBS Group AG shares

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. As such, they can be traded and transferred across applicable borders, without the need for conversion, with identical shares traded on different stock exchanges in different currencies.

During 2024, the average daily trading volume of UBS Group AG shares was 5.9m shares on SIX and 0.5m shares on the NYSE. SIX is expected to remain the main venue for determining the movement in our share price, because of the high volume traded on this exchange.

During the hours in which both SIX and the NYSE are simultaneously open for trading, price differences between these exchanges are likely to be arbitrated away by professional market-makers. Accordingly, the share price will typically be similar between the two exchanges when considering the prevailing US dollar / Swiss franc exchange rate. When SIX is closed for trading, globally traded volumes will typically be lower. However, the specialist firm making a market in UBS Group AG shares on the NYSE is required to facilitate sufficient liquidity and maintain an orderly market in UBS Group AG shares throughout normal NYSE trading hours.

### 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 |

# Corporate governance and compensation

Management report

Audited information according to the Swiss law and applicable regulatory requirements and guidance

Disclosures provided are in line with the requirements of the Swiss Code of Obligations (tables containing such information are marked as “Audited” throughout this section), as well as other applicable regulations and guidance.

# Corporate governance

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# Corporate governance

UBS Group AG is subject to, and complies with, all relevant Swiss legal and regulatory requirements regarding corporate governance, including the SIX Swiss Exchange's Directive on Information relating to Corporate Governance (the SIX Swiss Exchange Corporate Governance Directive) and the standards established in the Swiss Code of Best Practice for Corporate Governance.

As a non-US company with shares listed on the New York Stock Exchange (the NYSE), UBS Group AG also complies with all relevant corporate governance standards applicable to foreign private issuers.

The Organization Regulations of UBS Group AG, adopted by the Board of Directors (the BoD) based on Art. 716b of the Swiss Code of Obligations and articles 25 and 27 of the Articles of Association of UBS Group AG (the AoA), constitute UBS Group AG's primary corporate governance guidelines.

- › Refer to the **Articles of Association of UBS Group AG** and to the **Organization Regulations of UBS Group AG**, available at [ubs.com/governance](https://ubs.com/governance), for more information
- › The **SIX Swiss Exchange Corporate Governance Directive** is available at [ser-ag.com/content/dam/serag/downloads/regulation/listing/directives/dcg-en.pdf](https://ser-ag.com/content/dam/serag/downloads/regulation/listing/directives/dcg-en.pdf), the **Swiss Code of Best Practice for Corporate Governance** at [economiesuisse.ch/en/publications/swiss-code-best-practice-corporate-governance](https://economiesuisse.ch/en/publications/swiss-code-best-practice-corporate-governance) and the **NYSE rules** at [nyseguide.srornrules.com/listed-company-manual](https://nyseguide.srornrules.com/listed-company-manual)

## Differences from corporate governance standards relevant to US-listed companies

The NYSE standards on corporate governance require foreign private issuers to disclose any significant ways in which their corporate governance practices differ from those that have to be followed by US companies. The key differences are discussed below.

### Responsibility of the Audit Committee regarding independent auditors

Our Audit Committee is responsible for the compensation, retention and oversight of independent auditors. It assesses the performance and qualifications of external auditors and submits proposals for appointment, reappointment or removal of independent auditors to the BoD. As required by the Swiss Code of Obligations, the BoD submits its proposals for a shareholder vote at the Annual General Meeting (the AGM). Under NYSE standards audit committees are responsible for appointing independent auditors.

### Discussion of risk assessment and risk management policies by the Risk Committee

As per the Organization Regulations of UBS Group AG, the Risk Committee, instead of the Audit Committee, as per NYSE standards, oversees our risk principles and risk capacity on behalf of the BoD. The Risk Committee is responsible for monitoring our adherence to those risk principles and monitoring whether business divisions and control units maintain appropriate systems of risk management and control.

### Supervision of the internal audit function

Although under NYSE standards only audit committees supervise internal audit functions, the Chairman of the BoD (the Chairman) and the Audit Committee share the supervisory responsibility and authority with respect to the internal audit function.

### Responsibility of the Compensation Committee for performance evaluations of senior management of UBS Group AG

In line with Swiss law, our Compensation Committee, together with the BoD, proposes for shareholder approval at the AGM the maximum aggregate amount of compensation for the BoD, the maximum aggregate amount of fixed compensation for the Group Executive Board (the GEB) and the aggregate amount of variable compensation for the GEB. The members of the Compensation Committee are elected by the AGM. Under NYSE standards it is the responsibility of compensation committees to evaluate senior management's performance and to determine and approve, as a committee or together with the other independent directors, the compensation thereof.

### Proxy statement reports of the Audit Committee and the Compensation Committee

NYSE standards require the aforementioned committees to submit their reports directly to shareholders. However, under Swiss law all reports to shareholders, including those from the aforementioned committees, are provided to and approved by the BoD, which has ultimate responsibility to the shareholders.

### Shareholder votes on equity compensation plans

NYSE standards require shareholder approval for establishing all equity compensation plans and material revisions thereto. However, as per Swiss law, the BoD approves compensation plans. Shareholder approval is only mandatory if equity-based compensation plans require an increase in capital. No shareholder approval is required if shares for such plans are purchased in the market.

- › Refer to **"Board of Directors"** in this section for more information about the BoD's committees
- › Refer to **"Share capital structure"** in this section for more information about UBS Group AG's share capital

# Group structure and shareholders

## Operational Group structure

As at 31 December 2024, the operational structure of the UBS Group is composed of the Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank, and Non-core and Legacy business divisions, as well as Group functions.

- › Refer to the **"Our businesses"** section of this report for more information about our business divisions and Group functions
- › Refer to **"Financial and operating performance"** and to **"Note 3a Segment reporting"** in the **"Consolidated financial statements"** section of this report for more information
- › Refer to the **"Our evolution"** section of this report for more information

## Listed and non-listed companies belonging to the Group

The Group includes a number of consolidated entities, of which only UBS Group AG shares are listed.

UBS Group AG's registered office is at Bahnhofstrasse 45, CH-8001 Zurich, Switzerland. UBS Group AG shares are listed on the SIX Swiss Exchange (ISIN CH0244767585) and on the NYSE (CUSIP H42097107).

- › Refer to **"UBS shares"** in the **"Capital, liquidity and funding, and balance sheet"** section of this report for information about UBS Group AG's market capitalization and shares held by Group entities
- › Refer to **"Note 28 Interests in subsidiaries and other entities"** in the **"Consolidated financial statements"** section of this report for more information about the significant subsidiaries of the Group

## Significant shareholders

### General rules

Under the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 (the FMIA), anyone who directly, indirectly or acting in concert with third parties, acquires or disposes of shares in a company listed in Switzerland or holds other purchase or sale positions relating to such shares, and, thereby, directly, indirectly or in concert with third parties reaches, falls below or exceeds one of the following percentage thresholds: 3, 5, 10, 15, 20, 25, 33⅓, 50 or 66⅔% of the voting rights in such company, regardless of whether or not such rights may be exercised, must notify the company and the Swiss stock exchange on which such shares are listed. Nominee companies that cannot autonomously decide how voting rights are exercised are not required to notify the company and such stock exchange if they reach, exceed or fall below the aforementioned thresholds.

### Shareholders subject to FMIA disclosure notifications

According to the mandatory FMIA disclosure notifications filed with UBS Group AG and the SIX Swiss Exchange (SIX), on 31 December 2024, the following entities held more than 3% of the total voting rights of UBS Group AG: Norges Bank, Oslo, which disclosed a holding of 5.00% on 12 December 2024; and BlackRock Inc., New York, which disclosed a holding of 5.01% on 30 November 2023.

On 22 January 2025, Norges Bank, Oslo, disclosed a holding of 4.90% of the total share capital of UBS Group AG. No new disclosures of significant shareholdings have been made since that date.

In accordance with the FMIA, the aforementioned holdings are calculated in relation to the voting rights associated with the total share capital of UBS Group AG entered into the commercial register at the time of the respective disclosure notification.

As registration in the UBS share register is optional, the aforementioned shareholders that crossed the indicated percentage thresholds and were required to notify their holding to UBS and SIX do not necessarily appear in the "Distribution of UBS shares" table below, as such table only discloses registered shareholders.

Information on disclosures under the FMIA is available at [ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html](https://ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html).

## Cross-shareholdings

UBS Group AG has no cross-shareholdings where reciprocal ownership would be in excess of 5% of capital or voting rights with any other company.

# Share capital structure

## Ordinary share capital

At the end of 2024, UBS Group AG had 3,462,087,722 issued fully paid registered shares with a nominal value of USD 0.10 each, equating to a share capital of USD 346,208,772.20.

Under Swiss company law, shareholders must approve, in a general meeting of shareholders, any increase or reduction in the ordinary share capital, the creation of conditional capital or the introduction of a capital band. In addition, under the Swiss Banking Act, shareholders of a Swiss top holding company of a financial group or of a Swiss bank must approve, in a general meeting of shareholders, the introduction of, or changes to, conversion capital or reserve capital.

In 2024, the shareholders of UBS Group AG were not asked to approve the creation of conditional capital or the introduction of capital band or reserve capital. As of the date of this report, UBS Group AG has no capital band or reserve capital.

No shares were issued out of UBS Group AG's existing conditional or conversion capital in 2024.

### Distribution of UBS Group AG shares

| As of 31 December 2024             | Shareholders registered |              | Shares registered          |                    |
|------------------------------------|-------------------------|--------------|----------------------------|--------------------|
| Number of shares registered        | Number                  | %            | Number                     | % of shares issued |
| 1–100                              | 63,246                  | 26.1         | 2,482,570                  | 0.1                |
| 101–1,000                          | 110,923                 | 45.8         | 48,207,063                 | 1.4                |
| 1,001–10,000                       | 61,845                  | 25.5         | 172,602,320                | 5.0                |
| 10,001–100,000                     | 5,602                   | 2.3          | 128,992,928                | 3.7                |
| 100,001–1,000,000                  | 470                     | 0.2          | 134,635,209                | 3.9                |
| 1,000,001–5,000,000                | 89                      | 0.0          | 189,458,478                | 5.5                |
| 5,000,001–34,620,877 (1%)          | 25                      | 0.0          | 259,981,947                | 7.5                |
| 1–2%                               | 2                       | 0.0          | 96,748,112                 | 2.8                |
| 2–3%                               | 0                       | 0.0          | 0                          | 0.0                |
| 3–4%                               | 1                       | 0.0          | 128,119,711                | 3.7                |
| 4–5%                               | 0                       | 0.0          | 0                          | 0.0                |
| Over 5%                            | 1 <sup>1</sup>          | 0.0          | 224,327,195                | 6.5                |
| Total shares registered            | 242,204                 | 100.0        | 1,385,555,533 <sup>2</sup> | 40.0               |
| Shares not registered <sup>3</sup> |                         |              | 2,076,532,189              | 60.0               |
| <b>Total</b>                       |                         | <b>100.0</b> | <b>3,462,087,722</b>       | <b>100.0</b>       |

<sup>1</sup> On 31 December 2024, the US securities clearing organization DTC (Cede & Co.), New York, was registered with 6.48% of all UBS shares issued and is not subject to the 5% voting limit as a securities clearing organization. <sup>2</sup> Of the total shares registered, 106,160,841 shares did not carry voting rights. <sup>3</sup> Shares not entered in the UBS share register as of 31 December 2024.

## Conditional capital

At year-end 2024, the following conditional capital was available to UBS Group AG's BoD.

- Conditional capital in the amount of USD 38,000,000 for the issuance of a maximum of 380,000,000 fully paid registered shares with a nominal value of USD 0.10 each, to be issued through the voluntary or mandatory exercise of conversion rights and / or warrants granted in connection with the issuance of bonds or similar financial instruments by UBS Group AG or another member of the Group on national or international capital markets. This conditional capital allowance was approved at the Extraordinary General Meeting (the EGM) held on 26 November 2014, having originally been approved at the AGM of UBS AG on 14 April 2010. The BoD has not made use of such allowance.
- Conditional capital in the amount of USD 12,170,583 for the issuance of a maximum of 121,705,830 fully paid registered shares with a nominal value of USD 0.10 each, to be issued upon exercise of employee options and stock appreciation rights issued to employees and members of the management and of the BoD of UBS Group AG and its subsidiaries; however, there were no employee options or stock appreciation rights outstanding. This conditional capital allowance was approved by the shareholders at the same EGM in 2014.
  - › Refer to article 4a of the AoA for more information about the terms and conditions of the issue of shares out of existing conditional capital. The AoA are available at [ubs.com/governance](https://ubs.com/governance)
  - › Refer to the "Our evolution" section of this report for more information

### Conditional capital of UBS Group AG

| As of 31 December 2024                                        | Maximum number of shares to be issued | Year approved by Extraordinary General Meeting | % of shares issued |
|---------------------------------------------------------------|---------------------------------------|------------------------------------------------|--------------------|
| Employee equity participation plans                           | 121,705,830                           | 2014                                           | 3.52               |
| Conversion rights / warrants granted in connection with bonds | 380,000,000                           | 2014                                           | 10.98              |
| <b>Total</b>                                                  | <b>501,705,830</b>                    |                                                | <b>14.49</b>       |

## Conversion capital

On 31 December 2024, UBS Group AG had conversion capital in the amount of USD 70,000,000, for the issuance of a maximum of 700,000,000 fully paid registered shares with a nominal value of USD 0.10 each. The issuance of fully paid registered shares only occurs through the mandatory conversion of claims arising upon the occurrence of one or more trigger events under financial market instruments with contingent conversion features issued by UBS Group AG. The creation of this conversion capital was approved at the AGM held on 24 April 2024.

- › Refer to article 4b of the AoA for more information about the terms and conditions of the issue of shares out of existing conversion capital – the AoA are available at [ubs.com/governance](https://ubs.com/governance)

## Capital band and reserve capital

As of the date of this report, UBS Group AG had not introduced any capital band or any reserve capital.

## Changes in capital

In accordance with IFRS Accounting Standards, Group equity attributable to shareholders was USD 85.1bn on 31 December 2024 (2023: USD 85.6bn; 2022: USD 56.9bn). The equity of UBS Group AG shareholders was represented by 3,462,087,722 issued shares on 31 December 2024 (31 December 2023: 3,462,087,722; 31 December 2022: 3,524,635,722 issued shares).

- › Refer to "Statement of changes in equity" in the "Consolidated financial statements" section of this report for more information about changes in shareholders' equity over the last three years

## Ownership

Ownership of UBS Group AG shares is widely spread. The tables in this section provide information about the distribution of UBS Group AG shareholders by category and geographic location. This information relates only to shareholders registered in the UBS share register and cannot be assumed to be representative of UBS Group AG's entire investor base or the actual beneficial ownership. Only shareholders registered in the UBS share register as "shareholders with voting rights" are entitled to exercise voting rights.

- › Refer to "Shareholders' participation rights" in this section for more information

On 31 December 2024, 1,279,394,692 UBS Group AG shares were registered in the UBS share register and carried voting rights, 106,160,841 shares were registered in the UBS share register without voting rights, and 2,076,532,189 shares were not registered in the UBS share register. As of the same date, all such shares were fully paid and eligible for dividends. There are no preferential rights for shareholders, and no other classes of shares have been issued by UBS Group AG.

### Shareholders, legal entities and nominees: type and geographical distribution

| As of 31 December 2024  | Shareholders registered |              |
|-------------------------|-------------------------|--------------|
|                         | Number                  | %            |
| Individual shareholders | 237,531                 | 98.1         |
| Legal entities          | 4,522                   | 1.9          |
| Nominees, fiduciaries   | 151                     | 0.1          |
| Total shares registered | 242,204                 | 100.0        |
| Shares not registered   |                         |              |
| <b>Total</b>            | <b>242,204</b>          | <b>100.0</b> |

|                                       | Individual shareholders |             | Legal entities |            | Nominees   |            | Total          |              |
|---------------------------------------|-------------------------|-------------|----------------|------------|------------|------------|----------------|--------------|
|                                       | Number                  | %           | Number         | %          | Number     | %          | Number         | %            |
| <b>Americas</b>                       | <b>1,826</b>            | <b>0.8</b>  | <b>100</b>     | <b>0.0</b> | <b>70</b>  | <b>0.0</b> | <b>1,996</b>   | <b>0.8</b>   |
| of which: US                          | 1,310                   | 0.5         | 63             | 0.0        | 65         | 0.0        | 1,438          | 0.6          |
| <b>Asia Pacific</b>                   | <b>6,500</b>            | <b>2.7</b>  | <b>89</b>      | <b>0.0</b> | <b>7</b>   | <b>0.0</b> | <b>6,596</b>   | <b>2.7</b>   |
| <b>Europe, Middle East and Africa</b> | <b>14,924</b>           | <b>6.2</b>  | <b>250</b>     | <b>0.1</b> | <b>38</b>  | <b>0.0</b> | <b>15,212</b>  | <b>6.3</b>   |
| of which: Germany                     | 4,450                   | 1.8         | 45             | 0.0        | 3          | 0.0        | 4,498          | 1.9          |
| of which: UK                          | 5,515                   | 2.3         | 7              | 0.0        | 6          | 0.0        | 5,528          | 2.3          |
| of which: rest of Europe              | 4,524                   | 1.9         | 192            | 0.1        | 27         | 0.0        | 4,743          | 2.0          |
| of which: Middle East and Africa      | 435                     | 0.2         | 6              | 0.0        | 2          | 0.0        | 443            | 0.2          |
| <b>Switzerland</b>                    | <b>214,281</b>          | <b>88.5</b> | <b>4,083</b>   | <b>1.7</b> | <b>36</b>  | <b>0.0</b> | <b>218,400</b> | <b>90.2</b>  |
| Total shares registered               |                         |             |                |            |            |            |                |              |
| Shares not registered                 |                         |             |                |            |            |            |                |              |
| <b>Total</b>                          | <b>237,531</b>          | <b>98.1</b> | <b>4,522</b>   | <b>1.9</b> | <b>151</b> | <b>0.1</b> | <b>242,204</b> | <b>100.0</b> |

At year-end 2024, UBS owned 287,262,471 UBS Group AG shares, which corresponded to 8.30% of the total share capital of UBS Group AG. At the same time, UBS had acquisition positions relating to 315,686,229 voting rights of UBS Group AG and disposal positions relating to 501,074,069 such rights, corresponding to 9.12% and 14.47% of the total voting rights of UBS Group AG, respectively. Of the disposal positions, 179,321,831 related to voting rights on shares deliverable in respect of employee awards. The calculation methodology for the acquisition and disposal positions is based on the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading, which states that all future potential share delivery obligations, irrespective of the contingent nature of the delivery, must be considered.

## Employee share ownership

Employee share ownership is encouraged and made possible in a variety of ways. Our Equity Plus Plan is a voluntary plan that provides eligible employees with the opportunity to purchase UBS Group AG shares at market value and receive, at no additional cost, one notional UBS Group AG share for every three shares purchased. Additional shares vest after a maximum of three years, provided the employee remains employed by UBS and has retained the purchased shares throughout the holding period. The Equity Ownership Plan (the EOP) is a mandatory deferral plan for all employees that are subject to deferral requirements (regulatory-driven or total compensation greater than USD / CHF 300,000) but do not receive LTIP awards. EOP recipients receive a portion of their deferred performance award in notional shares (or notional funds under the Fund Ownership Plan for employees in Investment Areas within Asset Management). GEB members and most Managing Directors reporting to the GEB and their direct reports at MD level<sup>1</sup> receive the equity-based Long-Term Incentive Plan (the LTIP) instead of the EOP. Both the EOP and LTIP include employment conditions and malus conditions that allow the firm to reduce or fully forfeit unvested deferred awards under certain circumstances, pursuant to performance and harmful acts provisions. In addition, forfeiture is triggered in cases where employment has been terminated for cause. Underlining our emphasis on sustainable performance and risk management, and to support delivering on our ambitious integration goals and business / financial targets, LTIP awards will only vest if predetermined performance conditions are met.

On 31 December 2024, UBS employees held at least 7.41% of UBS shares outstanding (including approximately 5.03% in unvested deferred notional shares from our compensation programs). These figures are based on known shareholding information from employee participation plans, personal holdings with UBS and selected individual retirement plans. At the end of 2024, at least 26.22% of all employees held UBS shares through the firm's employee share participation plans.

› Refer to the "Compensation" section of this report for more information

## Trading restrictions in UBS shares

UBS employees with regular access to unpublished price-sensitive information about the firm are subject to specific restrictions in respect to UBS financial instruments, including, but not limited to, pre-clearance requirements and regular blackout periods. Such UBS employees are not permitted to trade UBS financial instruments in the period starting from the close of business in New York on the seventh business day of the final month of the financial quarter of UBS Group AG and ending at close of business on the day of the publication of the quarterly financial results.

### Shareholders, legal entities and nominees: type and geographical distribution (continued)

|                         |  |  |  |  |  |  | Shares registered    |              |
|-------------------------|--|--|--|--|--|--|----------------------|--------------|
| As of 31 December 2024  |  |  |  |  |  |  | Number               | %            |
| Individual shareholders |  |  |  |  |  |  | 363,038,328          | 10.5         |
| Legal entities          |  |  |  |  |  |  | 508,691,495          | 14.7         |
| Nominees, fiduciaries   |  |  |  |  |  |  | 513,825,710          | 14.8         |
| Total shares registered |  |  |  |  |  |  | 1,385,555,533        | 40.0         |
| Shares not registered   |  |  |  |  |  |  | 2,076,532,189        | 60.0         |
| <b>Total</b>            |  |  |  |  |  |  | <b>3,462,087,722</b> | <b>100.0</b> |

|                                       | Individual shareholders |             | Legal entities     |             | Nominees           |             | Total                |              |
|---------------------------------------|-------------------------|-------------|--------------------|-------------|--------------------|-------------|----------------------|--------------|
|                                       | Number of shares        | %           | Number of shares   | %           | Number of shares   | %           | Number of shares     | %            |
| <b>Americas</b>                       | <b>2,162,817</b>        | <b>0.1</b>  | <b>59,578,071</b>  | <b>1.7</b>  | <b>308,409,543</b> | <b>8.9</b>  | <b>370,150,431</b>   | <b>10.7</b>  |
| of which: US                          | 896,824                 | 0.0         | 52,238,512         | 1.5         | 308,208,421        | 8.9         | 361,343,757          | 10.4         |
| <b>Asia Pacific</b>                   | <b>18,530,376</b>       | <b>0.5</b>  | <b>7,843,163</b>   | <b>0.2</b>  | <b>4,821,198</b>   | <b>0.1</b>  | <b>31,194,737</b>    | <b>0.9</b>   |
| <b>Europe, Middle East and Africa</b> | <b>38,669,844</b>       | <b>1.1</b>  | <b>32,016,358</b>  | <b>0.9</b>  | <b>189,777,028</b> | <b>5.5</b>  | <b>260,463,230</b>   | <b>7.5</b>   |
| of which: Germany                     | 11,044,097              | 0.3         | 2,099,929          | 0.1         | 7,241,074          | 0.2         | 20,385,100           | 0.6          |
| of which: UK                          | 16,607,619              | 0.5         | 112,392            | 0.0         | 170,123,547        | 4.9         | 186,843,558          | 5.4          |
| of which: rest of Europe              | 9,632,087               | 0.3         | 29,520,767         | 0.9         | 12,293,339         | 0.4         | 51,446,193           | 1.5          |
| of which: Middle East and Africa      | 1,386,041               | 0.0         | 283,270            | 0.0         | 119,068            | 0.0         | 1,788,379            | 0.1          |
| <b>Switzerland</b>                    | <b>303,675,291</b>      | <b>8.8</b>  | <b>409,253,903</b> | <b>11.8</b> | <b>10,817,941</b>  | <b>0.3</b>  | <b>723,747,135</b>   | <b>20.9</b>  |
| Total shares registered               | 363,038,328             | 10.5        | 508,691,495        | 14.7        | 513,825,710        | 14.8        | 1,385,555,533        | 40.0         |
| Shares not registered                 | 0                       |             | 0                  |             | 0                  |             | 2,076,532,189        | 60.0         |
| <b>Total</b>                          | <b>363,038,328</b>      | <b>10.5</b> | <b>508,691,495</b> | <b>14.7</b> | <b>513,825,710</b> | <b>14.8</b> | <b>3,462,087,722</b> | <b>100.0</b> |

## Shares and participation certificates

UBS Group AG has a single class of shares, which are registered shares in the form of uncertificated securities (in the sense of the Swiss Code of Obligations). Each registered share has a nominal value of CHF 0.10 and carries one vote, subject to the restrictions set out under "Transferability, voting rights and nominee registration" below.

We have no participation certificates outstanding.

UBS Group AG shares are listed on SIX and also on the New York Stock Exchange (the NYSE) as global registered shares. As such, they can be traded and transferred across applicable borders, without the need for conversion, with identical shares traded on different stock exchanges in different currencies.

› Refer to "UBS shares" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information

## Distributions to shareholders

The decision to pay a dividend and the amount of any dividend depend on a variety of factors, including our profits, cash flow generation and capital ratios.

At the 2025 AGM, the BoD is proposing to shareholders for approval a dividend of USD 0.90 per share for the 2024 financial year. Shareholders whose shares are held through SIX SIS AG will receive dividends in Swiss francs, based on an exchange rate published on the day prior to the ex-dividend date. Shareholders holding shares through The Depository Trust Company in New York or Computershare will be paid dividends in US dollars.

In compliance with Swiss tax law, 50% of the dividend will be paid out of retained earnings and the balance will be paid out of the capital contribution reserve. Dividends paid out of capital contribution reserves are not subject to Swiss withholding tax. The portion of the dividend paid out of retained earnings will be subject to a 35% Swiss withholding tax. For US federal income tax purposes, we expect that the dividend will be paid out of current or accumulated earnings and profits.

In May 2024, the US changed its settlement practice from T+2, which is common in Europe, to T+1, to reduce the risk between the execution and the settlement of a trade. To align the two different settlement practices regarding the corporate event key dates, UBS has decided to set the ex-dividend date on the NYSE one day later than on SIX. If the proposed dividend distribution out of retained earnings and out of the capital contribution reserve is approved at the AGM on 10 April 2025, the payment of USD 0.90 (or the Swiss franc equivalent) per share will be made on 17 April 2025 to holders of shares on the record date 16 April 2025 on SIX and the NYSE. However, on SIX the shares will be traded ex-dividend as of 15 April 2025, and, accordingly, the last day on which the shares may be traded with entitlement to receive the dividend will be 14 April 2025. On the NYSE the shares will be traded ex-dividend as of 16 April 2025, and the last day on which the shares may be traded with entitlement to receive the dividend will be 15 April 2025.

The 2022 share repurchase program was concluded at the end of its two-year term on 28 March 2024. In total, 298,537,950 UBS Group AG shares were repurchased, representing 8.62% of the current registered share capital of UBS Group AG. The total repurchase volume amounted to CHF 5,009,665,264 (USD 5,244,697,247). On 12 April 2023, the Swiss Takeover Board had approved the use of up to 178,031,942 shares repurchased under the 2022 program, and originally intended for cancellation, for the acquisition of the Credit Suisse Group. The cancellation of the remaining 120,506,008 registered shares repurchased is expected to be resolved at the 2025 AGM.

On 3 April 2024, UBS launched a two-year 2024 share repurchase program of up to USD 2bn and repurchased shares in the amount of USD 1bn by 31 December 2024. All shares repurchased under this program are intended to be canceled by way of capital reduction, which will be subject to shareholder approval at one or several subsequent AGMs. In the interim period, the acquisition and holding of such shares are not subject to the 10% threshold for UBS Group AG's own shares within the meaning of Art. 659 para 2 of the Swiss Code of Obligations.

In 2025, we plan to repurchase USD 1bn of shares in the first half of 2025 and aim to repurchase up to an additional USD 2bn of shares in the second half of 2025. Our share repurchases will be consistent with delivering on our financial plans, maintaining our common equity tier 1 capital ratio target of around 14% and the absence of material, immediate changes to the current capital regime.

› Refer to "UBS shares" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about the share repurchase programs

## Transferability, voting rights and nominee registration

We do not apply any restrictions or limitations on the transferability of UBS Group AG shares. Voting rights may be exercised without any restrictions by shareholders entered into the UBS share register if they expressly render a declaration of beneficial ownership according to the provisions of the AoA.

We have special provisions for the registration of nominees. Nominees are entered in the UBS share register with voting rights up to a total of 5% of all issued UBS Group AG shares if they agree to disclose, upon our request, beneficial owners holding 0.3% or more of all issued UBS Group AG shares. An exception to the 5% voting limit rule is in place for securities clearing organizations, such as The Depository Trust Company in New York.

› Refer to "Shareholders' participation rights" in this section for more information



## Convertible bonds and options

UBS Group AG has issued additional tier 1 (AT1) instruments that have terms providing an equity conversion feature; on 31 December 2024, such instruments with an aggregate principal amount of USD 6.9bn were outstanding.

- › Refer to the “Capital, liquidity and funding, and balance sheet” section of this report for more information about our outstanding capital instruments

On 31 December 2024, there were no employee options or stock appreciation rights outstanding. Option-based compensation plans are sourced by issuing new shares out of UBS Group AG’s conditional capital. On 31 December 2024, UBS Group AG had USD 12,170,583 in conditional capital available for the issuance of new shares for this purpose.

- › Refer to “Conditional capital” in this section for more information
- › Refer to “Note 27 Employee benefits: variable compensation” in the “Consolidated financial statements” section of this report for more information about outstanding options and stock appreciation rights

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<sup>1</sup> Includes senior managers who received LTIP awards for the 2023 performance year and who are no longer reporting to the GEB or their direct reports at MD level, excludes MDs in Asset Management Investment Areas who receive the Fund Ownership Plan instead of LTIP.

## Shareholders’ participation rights

We are committed to shareholder participation in decision-making processes. Our online voting platform offers registered shareholders a convenient log-in and online voting process. Registered shareholders are sent personal invitations to the general meetings. Together with the invitation materials, they receive a personal one-time password and a QR code to easily log into the online voting platform, where they can enter their voting instructions or order an admission card for the general meeting.

Shareholders who choose not to receive the comprehensive invitation materials are informed of upcoming general meetings by a short letter containing a personal one-time password, a QR code for online voting and a reference to [ubs.com/agm](https://ubs.com/agm), where all information for the upcoming meeting is available.

General meetings offer shareholders the opportunity to raise questions for the BoD, the GEB and internal and external auditors.

## Voting rights, restrictions and representation

We place no restrictions on share ownership and voting rights. However, certain limitations apply to nominees pursuant to general principles formulated by the BoD. Nominees normally represent a large number of individual shareholders and may hold an unlimited number of shares. Nominees have voting rights limited to a maximum of 5% of all issued UBS Group AG shares if they agree to disclose, upon our request, beneficial owners holding 0.3% or more of all issued UBS Group AG shares. Any shares above the 5% limit, or for which no agreement exists to disclose the beneficiaries, are entered in the share register without voting rights. This 5% limit has been implemented to avoid large shareholders being entered in the UBS share register via nominee companies so as to exercise influence without directly registering their shares with UBS. An exception to the 5% voting limit rule is in place for securities clearing organizations, such as The Depository Trust Company in New York.

Shareholders can exercise voting rights conferred by shares only if they are registered in our share register with voting rights. To register, shareholders must confirm that they have acquired UBS Group AG shares in their own name and for their own account.

All shareholders registered with voting rights are entitled to participate in general meetings. If they do not wish to attend in person, they may issue instructions to support, reject or abstain for each individual item on the meeting agenda, either by giving instructions to an independent proxy in accordance with article 14 of the AoA or by granting a written power of attorney to a third person of their choice (which does not need to be a shareholder) to vote on their behalf. Alternatively, registered shareholders may issue their voting instructions to the independent proxy electronically through our online voting platform. Nominee companies normally submit the proxy material to the beneficial owners and forward the collected votes to the independent proxy.

- › Refer to article 14 of the AoA, available at [ubs.com/governance](https://ubs.com/governance), for more information about the issuing of instructions to independent voting right representatives

## Statutory quorums

Motions are decided at a general meeting by a majority of the votes represented, excluding blank and invalid ballots. For the approval of certain specific issues, the Swiss Code of Obligations requires a positive vote from a two-thirds majority of the votes represented at the given general meeting and from a majority of the nominal value of shares represented thereat. Such issues include creating shares with privileged voting rights, introducing restrictions on the transferability of registered shares, creating conditional capital or introducing a capital band or reserve capital and restricting or excluding shareholders’ preemptive rights.

The AoA also require a two-thirds majority of votes represented for approval of any change to their provisions regarding the number of BoD members, any decision to remove one-quarter or more of the BoD members and any modification to the provision establishing this qualified quorum.

Votes and elections are generally conducted electronically to ascertain the exact number of votes represented. Voting by a show of hands is possible if a clear majority is predictable. Shareholders representing at least 3% of the votes represented may request that a vote or election be carried out electronically or by written ballot. To allow shareholders to clearly express their views on all individual topics, each agenda item is separately put to a vote and BoD members are elected on a person-by-person basis.

### Convocation of general meetings of shareholders

The AGM must be held within six months of the close of the financial year (i.e. 31 December). In 2025, the AGM will take place on 10 April.

Extraordinary general meetings (EGMs) may be convened whenever the BoD or the auditors consider it necessary. Shareholders individually or jointly representing at least 5% of the share capital may at any time, including during an AGM, require, by way of a written statement, that an EGM be convened to address a specific issue they put forward.

A personal invitation, including a detailed agenda, is made available to every registered shareholder at least 20 days ahead of each scheduled general meeting. The items on the agenda are also published in the Swiss Official Gazette of Commerce, as well as at [ubs.com/agm](https://ubs.com/agm).

### Placing of items on the agenda

Pursuant to the AoA, shareholders individually or jointly representing shares with an aggregate minimum nominal value of USD 62,500 may submit requests for items to be placed on the agenda for consideration at the next general meeting of shareholders or for motions relating to agenda items to be included in the notice to convene the general meeting.

In January of each year, the invitation to submit such agenda items or motions relating to agenda items is published in the Swiss Official Gazette of Commerce and at [ubs.com/agm](https://ubs.com/agm). Requests for motions relating to agenda items and items to be placed on the agenda must include the actual motions to be put forward, together with a short explanation. Such requests must be submitted to the BoD no later than the deadline published by UBS Group AG, including a statement from the depository bank confirming the number of shares held by the requesting shareholder(s) and that these shares are blocked from sale until the end of the general meeting of shareholders. The BoD formulates opinions on such requests from shareholders, which are published together with the motions from the BoD.

### Registrations in the UBS share register

The UBS share register, where around 241,578 UBS Group AG shareholders are directly registered on 24 February 2025, is an internal, non-public register subject to statutory confidentiality, secrecy, privacy and data protection regulations protecting registered shareholders. In general, third parties and shareholders have no inspection rights with regard to data related to other shareholders. Disclosure of such data is permitted only in specific and limited instances. In line with the Swiss Federal Act on Data Protection, the disclosure of personal data as defined thereunder is only allowed with the consent of the registered shareholder and in cases where there is an overriding private or public interest or if explicitly provided for by Swiss law. The Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading contains specific reporting duties, such as in relation to significant shareholders (refer to "Significant shareholders" in this section for more information). Disclosure may also be required or requested by a court of a competent jurisdiction, by any regulatory body that regulates the conduct of UBS Group AG or by other statutory provisions.

The general rules for entry into our Swiss share register with voting rights are described in article 5 of our AoA. The same rules apply to our US transfer agent that operates the US share register for all UBS Group AG shares in a custodian account in the US, where some 424,358 US shareholders are indirectly registered via nominee companies on 29 January 2025. In order to determine the voting rights of each shareholder, our share register generally closes two business days prior to a general meeting. Our independent proxy agent processes voting instructions from shareholders as long as technically possible, generally also until two business days before a general meeting. Such technical closure of our share register facilitates the determination of the actual voting rights of every shareholder that issued a voting instruction. Irrespective of this technical closure, shares that are registered in our share register are never immobilized and such closure does not affect the tradability of such shares at any time, irrespective of any issued voting instructions.

- › Refer to article 5 of our AoA, available at [ubs.com/governance](https://ubs.com/governance), for more information about the general rules for entry into the UBS share register

# Board of Directors

The Board of Directors of UBS Group AG (the BoD), led by the Chairman, consists of between 6 and 12 members, as per our AoA.

The BoD decides on the strategy of the Group, upon recommendation by the Group Chief Executive Officer (the Group CEO), and is responsible for the overall direction, supervision and control of the Group and its management. It is also responsible for supervising compliance with applicable laws, rules and regulations. The BoD exercises oversight over UBS Group AG and its subsidiaries, and is responsible for establishing a clear Group governance framework to provide effective steering and supervision of the Group, taking into account the material risks to which UBS Group AG and its subsidiaries are exposed. The BoD has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value within a framework of prudent and effective controls. It approves all financial statements and appoints and removes all members of the Group Executive Board.

## Members of the Board of Directors

At the AGM on 24 April 2024, Colm Kelleher was re-elected as Chairman of the Board and Lukas Gähwiler, Jeremy Anderson, Claudia Böckstiegel, William C. Dudley, Patrick Firmenich, Fred Hu, Mark Hughes, Nathalie Rachou, Julie G. Richardson and Jeanette Wong were re-elected as members of the BoD. Gail Kelly was elected to the BoD as a new member. At that same AGM, Julie G. Richardson and Jeanette Wong were re-elected and Fred Hu elected as members of the Compensation Committee. ADB Altorfer Duss & Beilstein AG was re-elected as independent proxy agent. Following their election, the BoD appointed Lukas Gähwiler as Vice Chairman and Jeremy Anderson as Senior Independent Director of UBS Group AG.

On 4 March 2025, the BoD announced that Claudia Böckstiegel and Nathalie Rachou would not stand for re-election at the forthcoming AGM, after serving on the BoD for four years and five years, respectively, and that Renata Jungo Brüngger and Lila Tretikov would be nominated for election to the BoD at the same AGM. Ms. Jungo Brüngger has served as a member of the Board of Management of Mercedes-Benz Group AG, overseeing the areas of Integrity, Governance, and Sustainability and being responsible for the legal, compliance and corporate audit functions. In this role, she is appointed until December 2025. Ms. Tretikov leads AI Strategy at New Enterprise Associates, a Silicon Valley-based venture capital firm. Until 2024, she served as Deputy Chief Technology Officer at Microsoft, where she led substantial transformation initiatives.

Article 31 of our AoA limits the number of mandates that members of the BoD may hold outside UBS Group to four mandates in listed companies and five additional mandates in non-listed companies. Mandates in companies that are controlled by us or that control us are not subject to this limitation. In addition, members of the BoD may hold no more than 10 mandates at UBS's request and 10 mandates in associations, charitable organizations, foundations, trusts, and employee welfare foundations without commercial purpose. On 31 December 2024, no member of the BoD reached any of these thresholds.

The following biographies provide information about the BoD members who were in office after the 2024 AGM and the Group Company Secretary. In addition to information on mandates, the biographies include information on memberships or other activities or functions, as required by the SIX Swiss Exchange Corporate Governance Directive.



## Colm Kelleher

### **Chairman of the Board of Directors, independent and non-executive member of the Board since 2022**

- Chairperson of the Corporate Culture and Responsibility Committee since 2022
- Chairperson of the Governance and Nominating Committee since 2022

**Nationality:** Irish | **Year of birth:** 1957

Colm Kelleher was elected Chairman of UBS in April 2022. In March 2023, he led the successful negotiations for UBS to acquire the Credit Suisse Group. He served as President of Morgan Stanley until retiring from that firm in 2019, overseeing both the Institutional Securities Business and Wealth Management. Before that, he was Co-President and then President of Morgan Stanley Institutional Securities. During the global financial crisis, he held the position of CFO and Co-Head Corporate Strategy from 2007 to 2009. Mr. Kelleher is a well-respected leader in the financial services sector. His 30-year career with Morgan Stanley attests to his solid leadership experience in banking and excellent relationships around the world. He has a deep understanding of the global banking landscape and broad banking experience across all the geographical regions and major business areas in which UBS operates.

### **Professional experience**

|             |                                                                                           |
|-------------|-------------------------------------------------------------------------------------------|
| 2016 – 2019 | President, Morgan Stanley, responsible for Institutional Securities and Wealth Management |
| 2011 – 2016 | CEO of Morgan Stanley International, Morgan Stanley                                       |
| 2013 – 2015 | President, Institutional Securities, Morgan Stanley                                       |
| 2010 – 2012 | Co-President, Institutional Securities, Morgan Stanley                                    |
| 2007 – 2009 | CFO and Co-Head Corporate Strategy, Morgan Stanley                                        |
| 2006 – 2007 | Head Global Capital Markets, Morgan Stanley                                               |
| 2004 – 2006 | Co-Head Fixed Income, Europe, Morgan Stanley                                              |
| 1989 – 2004 | Various roles, Morgan Stanley                                                             |

### **Education**

- Master's degree, modern history, the University of Oxford
- Fellow of the Institute of Chartered Accountants in England and Wales

### **Listed company boards**

- Member of the Board of Norfolk Southern Corporation (chair of the finance and risk management committee)

### **Other activities and functions**

- Chairman of the Board of Directors of UBS AG
- Member of the Board of Directors of the Bretton Woods Committee
- Member of the Board of the Swiss Finance Council
- Member of the International Monetary Conference
- Member of the Board of the Bank Policy Institute
- Member of the Board of Americans for Oxford
- Visiting Professor of Banking and Finance, Loughborough Business School
- Member of the European Financial Services Round Table
- Member of the European Banking Group
- Member of the International Advisory Council of the China Securities Regulatory Commission
- Member of the Chief Executive's Advisory Council (Hong Kong)

### **Key competencies**

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Investment banking, capital markets
- Finance, audit, accounting
- Risk management, compliance and legal

### **Leadership experience**

- CEO, Chairman



## Lukas Gähwiler

### Vice Chairman, non-independent and non-executive member of the Board since 2022

- Member of the Governance and Nominating Committee since 2023
- Member of the Risk Committee since 2023

**Nationality:** Swiss | **Year of birth:** 1965

Lukas Gähwiler brings a wealth of industry experience and an in-depth understanding of UBS to the Board of Directors of UBS. He served as Chairman of the Board of UBS Switzerland AG for five years and was previously a member of the Group Executive Board of UBS and President UBS Switzerland, responsible for the private clients, wealth management, corporate and institutional clients, investment banking, and asset management businesses in UBS's home market. Before joining UBS, Mr. Gähwiler worked for Credit Suisse for over twenty years, his last role being Chief Credit Officer, Global Private and Corporate Banking. In addition to his leadership and industry experience across all parts of the banking business, his strong connections and network, particularly in Switzerland, are instrumental for the firm. After the acquisition of the Credit Suisse Group in 2023, Mr. Gähwiler served as Chairman of Credit Suisse AG.

### Professional experience

|                 |                                                                                                        |
|-----------------|--------------------------------------------------------------------------------------------------------|
| 2023 – May 2024 | Chairman of the Board of Directors of Credit Suisse AG                                                 |
| 2017 – 2022     | Chairman of the Board of Directors of UBS Switzerland AG                                               |
| 2010 – 2016     | Member of the Group Executive Board, UBS and President UBS Switzerland                                 |
| 2003 – 2010     | Chief Credit Officer, Global Private and Corporate Banking, Credit Suisse                              |
| 2002 – 2003     | Head Credit Risk Management, Corporate Clients Switzerland, Credit Suisse                              |
| 1998 – 2001     | Chief of Staff to CEO, Private and Corporate Clients, Credit Suisse                                    |
| 1990 – 1998     | Various senior front office roles in Corporate Clients in Switzerland and North America, Credit Suisse |
| 1981 – 1986     | Client Advisor Retail and Wealth Management, St.Galler Kantonalbank                                    |

### Education

- Advanced Management Program, Harvard Business School
- MBA program, International Bankers School, New York
- Bachelor's degree, business administration, University of Applied Sciences, St. Gallen

### Non-listed company boards

- Vice Chairman of the Board of Directors of Pilatus Aircraft Ltd
- Member of the Board of Directors of Ringier AG

### Other activities and functions

- Vice Chairman of the Board of Directors of UBS AG
- Member of the Board and Board Committee of economiesuisse
- Chairman of the Employers Association of Banks in Switzerland
- Member of the Board of Directors of the Swiss Employers Association
- Member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association
- Member of the Board of the Swiss Finance Council
- Member of the Board of Trustees of Avenir Suisse

### Key competencies

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Finance, audit, accounting
- Risk management, compliance and legal
- Human resources management, including compensation

### Leadership experience

- CEO, Chairman



## Jeremy Anderson

### Senior Independent Director since 2020, independent and non-executive member of the Board since 2018

- Chairperson of the Audit Committee since 2018
- Member of the Governance and Nominating Committee since 2019

**Nationality:** British | **Year of birth:** 1958

Jeremy Anderson is a financial services veteran, with more than 30 years' experience working in the banking and insurance sector in an advisory capacity, covering a broad range of topics, including strategy, audit and risk management, technology-enabled transformation, mergers, and bank restructuring. Before retiring from KPMG in 2017, he was its Chairman of Global Financial Services. Mr. Anderson is also an IT expert, having started out as a software developer in the early 1980s, before working in IT consulting and developing a broad knowledge of systems integration and IT outsourcing services, as well as software development. He cemented his reputation as a tech specialist by becoming a founding sponsor of KPMG's Global Fintech Network in 2014.

### Professional experience

|             |                                                                                |
|-------------|--------------------------------------------------------------------------------|
| 2010 – 2017 | Chairman of Global Financial Services, KPMG International                      |
| 2008 – 2011 | Head of Clients and Markets KPMG Europe, KPMG International                    |
| 2006 – 2011 | Head of Financial Services KPMG Europe, KPMG International                     |
| 2004 – 2006 | Head of Financial Services KPMG UK, KPMG International                         |
| 2002 – 2004 | Member of the Group Management Board and Head of UK operations, Atos Origin SA |
| 1985 – 2002 | KPMG consulting UK, KPMG                                                       |
| 1980 – 1985 | Software developer, Triad Computing Systems                                    |

### Education

- Bachelor's degree, economics, University College London

### Listed company boards

- Member of the Board of Prudential plc (chair of the risk committee)

### Non-listed company boards

- Chairman of Lamb's Passage Holding Ltd

### Other activities and functions

- Member of the Board of Directors of UBS AG
- Member of the Board of Credit Suisse International
- Trustee of the UK's Productivity Leadership Group

### Key competencies

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Finance, audit, accounting
- Risk management, compliance and legal
- Technology, including artificial intelligence and cybersecurity

### Leadership experience

- Executive board leadership



## Claudia Böckstiegel

### Independent and non-executive member of the Board since 2021

- Member of the Corporate Culture and Responsibility Committee since 2022

**Nationality:** Swiss and German | **Year of birth:** 1964

Claudia Böckstiegel has been General Counsel and a member of the Enlarged Executive Committee of Roche Holding AG since 2020. She started her professional career as an attorney in private practice in Germany, then joined the Swiss pharmaceutical company Roche in Germany in 2001 and subsequently held various global legal management positions in Switzerland. Ms. Böckstiegel brings a wealth of know-how in a highly regulated sector, including safety, health, and environment and sustainability. Her responsibilities at Roche Holding AG include a broad range of topics, such as patents, audit and risk advisory, and compliance.

#### Professional experience

|             |                                                                                              |
|-------------|----------------------------------------------------------------------------------------------|
| 2020 – date | General Counsel and member of the Enlarged Executive Committee, Roche Holding AG             |
| 2016 – 2020 | Head of Legal Diagnostics, F. Hoffmann-La Roche Ltd, Basel, Switzerland, Roche Group         |
| 2010 – 2016 | Head Legal Business, Roche Diagnostics International Ltd, Rotkreuz, Switzerland, Roche Group |
| 2005 – 2010 | Head Legal Business, Roche Diagnostics GmbH, Mannheim, Germany, Roche Group                  |
| 2001 – 2005 | Legal Counsel, Roche Diagnostics GmbH, Mannheim, Germany, Roche Group                        |
| 1995 – 2001 | Attorney (Partner), Philipp & Littig, Mannheim, Germany                                      |
| 1992 – 1995 | Attorney (Associate), Dr. Hermann Büttner, Karlsruhe, Germany                                |

#### Education

- Master's degree, law, Universities of Mannheim and Heidelberg
- Master of Laws (LL.M.), Georgetown University, Washington, DC

#### Listed company boards

- Member of the Enlarged Executive Committee of Roche Holding AG

#### Other activities and functions

- Member of the Board of Directors of UBS AG
- Member of the Chairman's Committee of the Board of the Chamber of Commerce Germany-Switzerland

#### Key competencies

- Finance, audit, accounting
- Risk management, compliance and legal
- Regulatory authority, central bank
- Environmental, social and governance (ESG)

#### Leadership experience

- Executive board leadership



## William C. Dudley

### Independent and non-executive member of the Board since 2019

- Member of the Corporate Culture and Responsibility Committee since 2019
- Member of the Risk Committee since 2019

**Nationality:** American (US) | **Year of birth:** 1953

William C. Dudley served as the President and CEO of the Federal Reserve Bank of New York for nine years. He demonstrated exceptional leadership in monetary policy and as a top regulator, including during the years of the global financial crisis. During that period, his additional area of focus included cultural behavior and social and governance topics in the financial services industry. He also served as the Vice Chairman and a permanent member of the Federal Open Market Committee. Mr. Dudley brings a wealth of experience in banking and research thanks to his former management positions at Goldman Sachs Group and Morgan Guaranty Trust.

#### Professional experience

|             |                                                                                                                       |
|-------------|-----------------------------------------------------------------------------------------------------------------------|
| 2009 – 2018 | President and CEO, the Federal Reserve Bank of New York                                                               |
| 2007 – 2009 | Executive Vice President and Head Markets Group, the Federal Reserve Bank of New York                                 |
| 2006        | Senior advisor (part-time), Goldman Sachs Group                                                                       |
| 2002 – 2005 | Partner and Director US Economic Research Group, Goldman Sachs Group                                                  |
| 1996 – 2002 | Managing Director and Director US Economic Research Group, Goldman Sachs Group                                        |
| 1983 – 1996 | Economist at Goldman Sachs Group, Morgan Guaranty Trust Company, and Board of Governors of the Federal Reserve System |

#### Education

- Bachelor of Arts, New College of Florida
- Doctorate, economics, University of California, Berkeley

#### Non-listed company boards

- Member of the Advisory Board of Suade Labs

#### Other activities and functions

- Member of the Board of Directors of UBS AG
- Senior Advisor to the Griswold Center for Economic Policy Studies, Princeton University
- Member of the Group of Thirty
- Member of the Council on Foreign Relations
- Chairman of the Bretton Woods Committee Board of Directors
- Member of the Board of the Council for Economic Education

#### Key competencies

- Investment banking, capital markets
- Risk management, compliance and legal
- Regulatory authority, central bank
- Environmental, social and governance (ESG)

#### Leadership experience

- CEO, Chairman





## Patrick Firmenich

### Independent and non-executive member of the Board since 2021

- Member of the Audit Committee since 2021
- Member of the Corporate Culture and Responsibility Committee since 2021

**Nationality:** Swiss | **Year of birth:** 1962

Patrick Firmenich was Chairman of the Board of Firmenich International SA, a privately owned fragrances and flavorings company, from 2016 to 2023 and its CEO for 12 years. In 2023, he became Vice Chairman of dsm-firmenich, a listed company. He has demonstrated his entrepreneurial leadership by significantly advancing the Firmenich group's global position through organic and in-organic growth and succeeded in transforming the organization to continuously respond to client needs and the market environment. He developed an ambitious sustainability strategy for the group to lead the industry in health, safety and environmental performance. Before joining Firmenich, he held several positions in the legal and banking sectors, including working as an international investment banking analyst.

### Professional experience

|             |                                                                                                                              |
|-------------|------------------------------------------------------------------------------------------------------------------------------|
| 2016 – 2023 | Chairman of the Board of Firmenich International SA, Geneva                                                                  |
| 2014 – 2016 | Vice Chairman of the Board, Firmenich International SA, Geneva                                                               |
| 2002 – 2014 | CEO, Firmenich SA, Geneva                                                                                                    |
| 2001 – 2002 | Corporate Vice President, Special Operations, Firmenich SA, Geneva                                                           |
| 1997 – 2001 | Vice President Fine Fragrance worldwide and Président Directeur Général, Firmenich & Cie, Paris, and Firmenich Inc, New York |
| 1993 – 1997 | Vice President Fine Fragrance North America, Firmenich Inc, New York                                                         |
| 1990 – 1993 | Account Manager, Firmenich & Cie, Paris                                                                                      |
| 1988 – 1989 | Analyst, International Investment Banking, Credit Suisse First Boston                                                        |
| 1988        | Production administrator, Firmenich SA de CV, Mexico                                                                         |
| 1984 – 1986 | Attorney, Business Law, Patry, Junet, Simon & Le Fort, Geneva                                                                |

### Education

- Master's degree, law, University of Geneva, admitted to the bar in Geneva
- MBA, INSEAD Fontainebleau

### Listed company boards

- Vice Chairman of the Board of dsm-firmenich (chair of the governance and nomination committee)

### Other activities and functions

- Member of the Board of Directors of UBS AG
- Member of the Board of Directors of INSEAD and La Fondation Mondiale INSEAD
- Member of the Advisory Council of the Swiss Board Institute

### Key competencies

- Finance, audit, accounting
- Risk management, compliance and legal
- Human resources management, including compensation
- Environmental, social and governance (ESG)

### Leadership experience

- CEO, Chairman



## Fred Hu

### Independent and non-executive member of the Board since 2018

- Member of the Compensation Committee since 2024
- Member of the Governance and Nominating Committee since 2020

**Nationality:** Chinese | **Year of birth:** 1963

Fred Hu has been the Chairman and CEO of Primavera Capital Group, an Asia-based private investment firm focused on emerging technology and innovative industries, since founding it in 2010. In that role he oversees the overall strategy, talent development, and culture and assumes the primary responsibilities for establishing and maintaining the long-term partnerships with global investors. Prior to that, he was a Partner and Chairman for Greater China at Goldman Sachs. Mr. Hu has a profound understanding of China's economy and rapidly developing financial system, and a vast amount of experience in founding, advising and investing in leading firms in the tech, consumer and health-care sectors in China and globally. He has worked at the IMF and advised the Chinese government on economic policy.

### Professional experience

|             |                                                               |
|-------------|---------------------------------------------------------------|
| 2010 – date | Founder, Chairman and CEO, Primavera Capital Group, China     |
| 2008 – 2010 | Partner and Chairman of Greater China, Goldman Sachs          |
| 2004 – 2008 | Partner and Co-Head, Investment Banking, China, Goldman Sachs |

### Education

- Master's degree, engineering science, Tsinghua University
- Master's degree and doctorate, economics, Harvard University

### Listed company boards

- Non-executive Chairman of the Board of Yum China Holdings (chair of the nomination and governance committee)
- Member of the Board of ICBC (chair of the nomination committee)

### Non-listed company boards

- Chairman of Primavera Capital Ltd

### Other activities and functions

- Member of the Board of Directors of UBS AG
- Trustee of the China Medical Board
- Co-Chairman of the Nature Conservancy Asia Pacific Council
- Member of the Board of Trustees, the Institute for Advanced Study

### Key competencies

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Investment banking, capital markets
- Technology, including artificial intelligence and cybersecurity
- Regulatory authority, central bank

### Leadership experience

- CEO, Chairman



## Mark Hughes

### Independent and non-executive member of the Board since 2020

- Chairperson of the Risk Committee since 2020
- Member of the Corporate Culture and Responsibility Committee since 2020

**Nationality:** Canadian, British and American (US) | **Year of birth:** 1958

Mark Hughes is a highly experienced professional in the financial services sector, having spent more than 35 years working for RBC (the Royal Bank of Canada) in Canada, the US and the UK. In his final role as Group Chief Risk Officer of RBC, he was responsible for the strategic management of risk on an enterprise-wide basis and oversaw all risk functions. During his career, Mr. Hughes has also held senior management positions in the front office and key operational roles. Currently, he is a frequent lecturer at the University of Leeds and the University of Manchester (both in England) and is chair of the Global Risk Institute, bringing an enormous amount of experience as a risk specialist to the Board of Directors of UBS.

### Professional experience

|             |                                                                    |
|-------------|--------------------------------------------------------------------|
| 2014 – 2018 | Group Chief Risk Officer and member Group Executive Committee, RBC |
| 2013        | Deputy Chief Risk Officer, RBC                                     |
| 2008 – 2013 | COO, RBC Capital Markets, RBC                                      |
| 2001 – 2008 | Head of Global Credit, RBC                                         |
| 1999 – 2001 | Head of Debt Products, RBC                                         |
| 1998 – 1999 | Senior Vice President and General Manager USA, RBC                 |
| 1997 – 1998 | Senior Vice President Financial Services, RBC                      |
| 1982 – 1996 | Various positions, RBC                                             |

### Education

- Bachelor of Laws (LL.B.), University of Leeds
- MBA, finance, University of Manchester

### Other activities and functions

- Member of the Board of Directors of UBS AG
- Chair of the Board of Directors of the Global Risk Institute
- Senior advisor to McKinsey & Company

### Key competencies

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Investment banking, capital markets
- Risk management, compliance and legal
- Technology, including artificial intelligence and cybersecurity

### Leadership experience

- Executive board leadership



## Gail Kelly

### Non-independent and non-executive member of the Board since 2024

- Member of the Governance and Nominating Committee since 2024

**Nationality:** Australian | **Year of birth:** 1956

Gail Kelly brings to the board more than 35 years of banking experience in South Africa and Australia. She served as the Group CEO and Managing Director for two banks in Australia: St. George Bank, from 2002 to 2007, followed by Westpac Banking Corporation, from 2008 to 2015. During her tenure as CEO, Ms. Kelly navigated Westpac through the challenges of the global financial crisis in 2008 and 2009 and the successful merger with St. George Bank in 2008, the largest in-market financial services merger in Australia. At the time of her retirement from that firm, the Westpac Group was the 12th largest bank in the world in terms of market capitalization. After her executive career, Ms. Kelly continues to hold a portfolio of roles, leveraging her experience and insights as a global leader. She was a Senior Global Advisor for UBS from 2016 to 2023.

### Professional experience

|             |                                                                            |
|-------------|----------------------------------------------------------------------------|
| 2008 – 2015 | Group CEO and Managing Director, Westpac Banking Corporation               |
| 2002 – 2007 | Group CEO and Managing Director, St. George Bank                           |
| 1999 – 2001 | Group Executive, Customer Service Division, Commonwealth Bank of Australia |
| 1997 – 1999 | Group Manager, Strategic Marketing, Commonwealth Bank of Australia         |
| 1990 – 1997 | Various General Manager positions, Nedbank Group, South Africa             |

### Education

- Bachelor of Arts, the University of Cape Town
- MBA, University of Witwatersrand, Johannesburg

### Listed company boards

- Member of the Board of Singtel Communications (chair of the executive resource and compensation committee)

### Other activities and functions

- Member of the Board of Directors of UBS AG
- Member of the Group of Thirty
- Member of the Board of Directors of the Bretton Woods Committee
- Member of the Board of Directors of the Australia Philanthropic Services
- Member of the Australian American Leadership Dialogue Advisory Board
- Senior advisor to McKinsey & Company

### Key competencies

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Investment banking, capital markets
- Human resources management, including compensation
- Regulatory authority, central bank

### Leadership experience

- CEO, Chairman



## Nathalie Rachou

### Independent and non-executive member of the Board since 2020

- Member of the Audit Committee since 2024
- Member of the Governance and Nominating Committee since 2022

**Nationality:** French | **Year of birth:** 1957

Nathalie Rachou is a seasoned expert in financial services, having held a number of banking positions, such as CEO of Prime Brokerage and head of a business line in Capital Markets at Crédit Agricole Indosuez in the UK and in France. In 1999, she founded a London-based asset management company that merged with a French asset manager and continued as a senior adviser until 2020. Alongside these roles, Ms. Rachou brings extensive experience from serving as a board member of Société Générale for 12 years. Currently, she sits on the boards of two other listed companies: the pan-European bourse, Euronext N.V., and Lancashire Holdings Limited, a provider of global insurance and reinsurance products.

### Professional experience

- 2015 – 2020 Senior Advisor, Clartan Associés (formerly Rouvier Associés), France
- 1999 – 2014 Founding partner and CEO, Topiary Finance Ltd, UK
- 1996 – 1999 Head of Global Foreign Exchange and Currency Options, Crédit Agricole Indosuez (formerly Banque Indosuez), UK
- 1991 – 1996 Corporate Secretary and Secretary to the Board of Directors, Crédit Agricole Indosuez, France
- 1986 – 1991 COO, Carr Futures, France (owned by Banque Indosuez), Crédit Agricole Indosuez, France
- 1983 – 1986 Head of Asset and Liability Management & Market Risks, Crédit Agricole Indosuez, France
- 1978 – 1982 Position in Forex Exchange Sales, Crédit Agricole Indosuez, France and UK

### Education

- Master's degree, management, HEC Paris
- MBA, INSEAD Fontainebleau

### Listed company boards

- Member of the Board of Euronext N.V. (chair of the remuneration committee)
- Member of the Board of Lancashire Holdings Limited

### Non-listed company boards

- Member of the Board of the African Financial Institutions Investment Platform

### Other activities and functions

- Member of the Board of Directors of UBS AG
- Member of the Board of Directors of Fondation Léopold Bellan

### Key competencies

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Investment banking, capital markets
- Finance, audit, accounting
- Risk management, compliance and legal



## Julie G. Richardson

### Independent and non-executive member of the Board since 2017

- Chairperson of the Compensation Committee since 2019
- Member of the Risk Committee since 2017

**Nationality:** American (US) | **Year of birth:** 1963

Julie G. Richardson spent more than 25 years on Wall Street as a senior investment banker and private equity investor, with a focus on telecom, media and technology. She began her career at Merrill Lynch, before moving to JPMorgan Chase, where she headed the telecommunications, media and technology investment banking group. Later, she moved into private equity, as head, and subsequently senior advisor, of the New York office of Providence Equity Partners, where she spearheaded many important investments and buyouts. Throughout her career, Ms. Richardson has spent substantial amounts of time with both incumbent and new technology companies, acting as an independent board member of a digital knowledge management company, a leading cloud monitoring firm and a cyber insurance company.

### Professional experience

- 2012 – 2014 Senior advisor, Providence Equity Partners, New York
- 2003 – 2012 Partner and Head of the New York office, Providence Equity Partners, New York
- 1998 – 2003 Vice Chairman of the Investment Banking division of JPMorgan Chase & Co. and Head of its Global Telecommunications, Media and Technology group
- 1986 – 1998 Various positions at Merrill Lynch, final position: Managing Director Media and Communications Investment Banking

### Education

- Bachelor's degree, business administration, University of Wisconsin–Madison

### Listed company boards

- Member of the Board of Yext (chair of the audit committee) (stepped down in February 2025)
- Member of the Board of Datadog (chair of the audit committee)

### Non-listed company boards

- Member of the Board of Fivetran
- Member of the Board of Coalition, Inc.

### Other activities and functions

- Member of the Board of Directors of UBS AG

### Key competencies

- Investment banking, capital markets
- Risk management, compliance and legal
- Human resources management, including compensation
- Technology, including artificial intelligence and cybersecurity



## Jeanette Wong

### Independent and non-executive member of the Board since 2019

- Member of the Audit Committee since 2019
- Member of the Compensation Committee since 2020

**Nationality:** Singaporean | **Year of birth:** 1960

Jeanette Wong has more than 30 years of operational experience in the financial sector in Singapore. She retired from DBS Group in 2019, where she was Group Executive responsible for the institutional banking business, a post that encompassed corporate banking, global transaction services, strategic advisory, and mergers and acquisitions. She has also held the positions of Director of DBS Bank (China) Limited, Chairperson of DBS Bank (Taiwan) Ltd and CFO of DBS Group. During a 16-year career with JPMorgan, Ms. Wong helped build up its Asia FX, fixed income and emerging markets business. She brings extensive experience from serving as a member of the board of directors of two high-value listed companies.

### Professional experience

|             |                                                                                                            |
|-------------|------------------------------------------------------------------------------------------------------------|
| 2008 – 2019 | Group Executive institutional banking business, DBS Bank, Singapore                                        |
| 2003 – 2008 | CFO, DBS Bank, Singapore                                                                                   |
| 2003        | Chief Administration Officer, DBS Bank, Singapore                                                          |
| 1997 – 2002 | Country Manager Singapore, JPMorgan, Singapore                                                             |
| 1986 – 1997 | Various roles in Global Markets and Emerging Markets Sales and Trading business, Asia, JPMorgan, Singapore |
| 1984 – 1986 | Manager, Private Banking, Citibank, Singapore                                                              |
| 1982 – 1984 | Manager, Corporate Banking, Paribas, Singapore                                                             |

### Education

- Bachelor's degree, business administration, the National University of Singapore
- MBA, University of Chicago

### Listed company boards

- Member of the Board of Prudential plc
- Member of the Board of Singapore Airlines Limited

### Non-listed company boards

- Member of the Board of GIC Pte Ltd
- Member of the Board of PSA International
- Member of the Board of Pavilion Capital Holdings Pte Ltd

### Other activities and functions

- Member of the Board of Directors of UBS AG
- Chairman of the CareShield Life Council
- Member of the Securities Industry Council
- Member of the Board of Trustees of the National University of Singapore

### Key competencies

- Banking (wealth management, asset management, personal and corporate banking) and insurance
- Investment banking, capital markets
- Finance, audit, accounting
- Environmental, social and governance (ESG)

### Leadership experience

- Executive board leadership



## Markus Baumann

### Group Company Secretary since 2017

**Nationality:** Swiss | **Year of birth:** 1963

Markus Baumann joined UBS in 1979 as a banking apprentice and has now been with the firm for more than 40 years. He has held a broad range of leadership roles across the Group in Switzerland, the US and Japan, including COO EMEA for Asset Management and COO of Group Internal Audit. Since 2015, he has supported the Chairmen of the Board of Directors as Chief of Staff and later as Group Company Secretary.

### Professional experience

|             |                                                                         |
|-------------|-------------------------------------------------------------------------|
| 2017 – date | Group Company Secretary of UBS Group AG and Company Secretary of UBS AG |
| 2015 – 2016 | Chief of Staff to the Chairman of the Board of Directors, UBS           |
| 2006 – 2015 | COO, Group Internal Audit, UBS                                          |
| 2005 – 2006 | Head Global Reporting & Controlling, Global Asset Management, UBS       |
| 2002 – 2004 | Head Management Support CEO EMEA, Global Asset Management, UBS          |
| 1998 – 2002 | COO EMEA, Global Asset Management, UBS                                  |
| 1979 – 1997 | Various positions, Union Bank of Switzerland                            |

### Education

- Swiss Federal Diploma as a Business Analyst
- MBA, INSEAD Fontainebleau

### Other activities and functions

- Chairman of the Board of Directors of the Savoy Baur en Ville, Zurich

## Elections and terms of office

Shareholders annually elect each member of the BoD individually, as well as the Chairman and the members of the Compensation Committee, based on proposals from the BoD.

As set out in the Organization Regulations, BoD members are normally expected to serve for at least three years. BoD members are limited to serving for a maximum of 10 consecutive terms of office; in exceptional circumstances, the BoD may extend that limit.

› Refer to “Skills, expertise and training of the Board of Directors” in this section for more information

## Organizational principles and structure

Following each AGM, the BoD meets to appoint one or more Vice Chairmen, a Senior Independent Director, the BoD committee members (other than the Compensation Committee members, who are elected by the shareholders) and the respective committee Chairpersons. At the same meeting, the BoD appoints the Group Company Secretary, who, pursuant to the Organization Regulations, acts as secretary to the BoD and its committees.

Pursuant to the AoA and the Organization Regulations, the BoD meets as often as business requires but at least six times a year. The presence of either the Chairman, one of the Vice Chairmen or the Senior Independent Director, as well as the majority of the members of the BoD, is required to pass valid BoD resolutions. In 2024, the majority of the meetings of the BoD were held in person. During 2024, a total of 32 BoD meetings were held, 16 of which were attended by GEB members. The average participation in the BoD meetings was 99%. In addition to the BoD meetings attended by GEB members, the Group CEO regularly attended some of the meetings of the BoD without the participation of other GEB members. The meetings had an average duration of 110 minutes.

The BoD held a two-day strategy workshop, which focused on reconfirming the firm’s key strategic priorities, including the integration of Credit Suisse. These were further discussed in meetings throughout the year, with deep dives on the Asia Pacific region and the US wealth management business. The progress of the integration of Credit Suisse was discussed in detail in each meeting of the BoD.

## Board of Directors

| Members in 2024            | Meeting attendance without GEB <sup>1</sup> |      | Meeting attendance with GEB |      | Key responsibilities include:<br><br>The BoD has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value within a framework of prudent and effective controls. It decides on the Group’s strategy and the necessary financial and human resources, upon recommendation of the Group CEO, and sets the Group’s values and standards to ensure that the Group’s obligations to shareholders and other stakeholders are met.<br><br>› Refer to the Organization Regulations of UBS Group AG, available at <a href="https://ubs.com/governance">ubs.com/governance</a> , for more information |
|----------------------------|---------------------------------------------|------|-----------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Colm Kelleher, Chairman    | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Lukas Gähwiler             | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Jeremy Anderson            | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Claudia Böckstiegel        | 16/16                                       | 100% | 15/16                       | 94%  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| William C. Dudley          | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Patrick Firmenich          | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Fred Hu                    | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Mark Hughes                | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Gail Kelly <sup>2</sup>    | 13/14                                       | 93%  | 12/12                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Nathalie Rachou            | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Julie G. Richardson        | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Dieter Wemmer <sup>3</sup> | 2/2                                         | 100% | 5/5                         | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Jeanette Wong              | 16/16                                       | 100% | 16/16                       | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

<sup>1</sup> Additionally, three ad hoc video calls took place in 2024. <sup>2</sup> At the 2024 AGM, Gail Kelly was newly elected to the Board of Directors; indicated are her attended and total meetings. <sup>3</sup> At the 2024 AGM, Dieter Wemmer did not stand for re-election; indicated are his attended and total meetings.

At the BoD meetings, each committee chair provides the BoD with an update on the committee’s activities and important issues. We also continued with the coordination and exchange of information between UBS Group AG and its significant group entities. Joint meetings between the BoD of UBS Group AG and the boards of directors of the significant group entities, as well as between the respective chairs of the risk and audit committees, have been held. As in prior years, an annual workshop was held for non-executive board members of all significant group entities.



## Performance assessment

In spring 2024, the BoD self-assessment was conducted in-house, with an extensive questionnaire. The results confirmed that the BoD operated efficiently and effectively. Every third year, an external assessment of the effectiveness of the BoD is performed. The most recent external review was conducted in 2022 and concluded that the BoD and its committees operate effectively, in line with best practices and meet the highest standards, including in comparison with leading international peers. The next external review will take place in the fourth quarter of 2025.

## BoD committees

The committees listed below assist the BoD with fulfilling its responsibilities. These committees and their charters are described in our Organization Regulations, available at [ubs.com/governance](https://ubs.com/governance). The committees meet as often as their business requires but no less than four times a year in the case of the Audit Committee, the Risk Committee and the Compensation Committee and no less than twice a year in the case of the Corporate Culture and Responsibility Committee (the CCRC) and the Governance and Nominating Committee.

Topics of common interest or affecting more than one committee are discussed at joint committee meetings. During 2024, a total of 12 joint committee meetings were held. The Audit Committee met four times with the Risk Committee and five times with the CCRC. The Risk Committee met twice with the CCRC and once with the Compensation Committee.

## Audit Committee

Throughout 2024, the Audit Committee consisted of four independent BoD members; changes in the composition after the AGM included Nathalie Rachou joining the committee and Dieter Wemmer stepping down. All Audit Committee members have accounting or related financial management expertise and, in compliance with the rules established pursuant to the 2002 US Sarbanes–Oxley Act, at least one member qualifies as a financial expert. The NYSE standards on corporate governance and Rule 10A-3 under the US Securities Exchange Act set more stringent independence requirements for members of audit committees than for the other members of the BoD. Throughout 2024, all members of the Audit Committee satisfied these requirements, in that they did not receive, directly or indirectly, any consulting, advisory or compensatory fees from any member of the Group other than in their capacity as a BoD member, did not hold, directly or indirectly, UBS Group AG shares in excess of 5% of the outstanding capital thereof and did not serve on the audit committees of more than two other public companies.

During 2024, the Audit Committee held 14 committee meetings, with a participation rate of 100%. The meetings had an average duration of approximately 135 minutes. Additional attendees included the Group CFO, the Group Controller, the Chief Accounting Officer, the Head Group Internal Audit (GIA) and the external auditors. The Chairman of the BoD, the Vice Chairman and the Group CEO attended most meetings. The Chairperson and the committee continued to maintain regular contact with core supervisory authorities.

## Audit Committee

| Members in 2024               | Meeting attendance |      | Key responsibilities include:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------|--------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jeremy Anderson (Chairperson) | 14/14              | 100% | The function of the Audit Committee is to support the BoD in fulfilling its oversight duty relating to financial reporting and internal controls over financial reporting, the effectiveness of the external and internal audit functions, and the effectiveness of whistleblowing procedures.<br><br>Management is responsible for the preparation, presentation and integrity of the financial statements, while the external auditors are responsible for auditing financial statements. The Audit Committee's responsibility is one of oversight and review. |
| Patrick Firmenich             | 14/14              | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Nathalie Rachou <sup>1</sup>  | 9/9                | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Dieter Wemmer <sup>2</sup>    | 5/5                | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Jeanette Wong                 | 14/14              | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

➤ Refer to the Organization Regulations of UBS Group AG, available at [ubs.com/governance](https://ubs.com/governance), for more information

<sup>1</sup> Nathalie Rachou became a member of this committee after the 2024 AGM; indicated are her attended and total meetings. <sup>2</sup> Dieter Wemmer stepped down at the 2024 AGM; indicated are his attended and total meetings.



## Compensation Committee

Throughout 2024, the Compensation Committee consisted of three independent members; changes in the composition at the AGM included Fred Hu joining the committee and Dieter Wemmer stepping down at the AGM. In addition to the key responsibilities indicated in the table below, the Compensation Committee reviews the compensation disclosures included in this report.

During 2024, the Compensation Committee held seven meetings, with a participation rate of 95%. The meetings had an average duration of approximately 90 minutes. All meetings in 2024 were held in the presence of the Chairman and the Group CEO. External advisors were present when required. In 2024, the Chairperson met regularly with core supervisory authorities.

› Refer to “Compensation for the Board of Directors” in the “Compensation” section of this report for more information about the Compensation Committee’s decision-making procedures

## Compensation Committee

| Members in 2024                   | Meeting attendance |      | Key responsibilities include:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------|--------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Julie G. Richardson (Chairperson) | 7/7                | 100% | <p>The Compensation Committee is responsible for:</p> <ul style="list-style-type: none"> <li>(i) supporting the BoD in its duties to set guidelines on compensation and benefits;</li> <li>(ii) approving the total compensation for the Chairman and the non-independent BoD members;</li> <li>(iii) proposing, upon proposal of the Chairman, financial and non-financial performance targets and objectives for the Group CEO for approval by the BoD and reviewing, upon the proposal of the Group CEO, the performance framework for the other GEB members;</li> <li>(iv) proposing, upon proposal of the Chairman, the Group CEO’s performance assessment for approval by the BoD, as well as informing the BoD of the performance assessments of all GEB members;</li> <li>(v) proposing, upon proposal of the Chairman, the total compensation for the Group CEO for approval by the BoD; and</li> <li>(vi) proposing, upon proposal of the Group CEO, the individual total compensation for the other GEB members for approval by the BoD.</li> </ul> <p>› Refer to the Organization Regulations of UBS Group AG, available at <a href="https://ubs.com/governance">ubs.com/governance</a>, for more information</p> |
| Fred Hu <sup>1</sup>              | 4/5                | 80%  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Dieter Wemmer <sup>2</sup>        | 2/2                | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Jeanette Wong                     | 7/7                | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

<sup>1</sup> At the 2024 AGM, Fred Hu was elected to this committee; indicated are his attended and total meetings. <sup>2</sup> At the 2024 AGM, Dieter Wemmer did not stand for re-election; indicated are his attended and total meetings.

## Corporate Culture and Responsibility Committee

Throughout 2024, the CCRC consisted of the same five independent BoD members. The Chairman chaired the committee. Additional attendees included the Group CEO, the Group Chief Risk Officer, the GEB Lead for Sustainability and Impact, the Group General Counsel and the Chief Sustainability Officer. During 2024, six meetings were held, with a participation rate of 100%. The average duration of each of the meetings was approximately 70 minutes.

## Corporate Culture and Responsibility Committee

| Members in 2024             | Meeting attendance |      | Key responsibilities include:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------|--------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Colm Kelleher (Chairperson) | 6/6                | 100% | <p>The CCRC supports the BoD in its duties to safeguard and advance the Group’s reputation for responsible and sustainable conduct. Its function is forward-looking in that it monitors and reviews societal trends and transformational developments and assesses their potential relevance for the Group.</p>                                                                                                                                                                                                                                                                            |
| Claudia Böckstiegel         | 6/6                | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| William C. Dudley           | 6/6                | 100% | <p>In undertaking this assessment, it reviews stakeholder concerns and expectations pertaining to the societal performance of UBS and to the development of its corporate culture. The CCRC’s function also encompasses the monitoring of the current state and implementation of the programs and initiatives within the Group pertaining to corporate culture and corporate responsibility, including sustainability.</p> <p>› Refer to the Organization Regulations of UBS Group AG, available at <a href="https://ubs.com/governance">ubs.com/governance</a>, for more information</p> |
| Patrick Firmenich           | 6/6                | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Mark Hughes                 | 6/6                | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Governance and Nominating Committee

Before the 2024 AGM, the Governance and Nominating Committee, chaired by the Chairman, consisted of four independent members and the Vice Chairman, and, after the AGM, Gail Kelly joined the committee. During 2024, six meetings were held, with a participation rate of 97%. The average duration of each of the meetings was approximately 35 minutes. The Group CEO attended meetings as appropriate.

### Governance and Nominating Committee

| Members in 2024             | Meeting attendance <sup>1</sup> |      | Key responsibilities include:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------|---------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Colm Kelleher (Chairperson) | 6/6                             | 100% | <p>The function of the Governance and Nominating Committee is to support the BoD in fulfilling its duty to establish best practices in corporate governance across the Group, including conducting a BoD assessment, establishing and maintaining a process for appointing new BoD and GEB members, as well as for the annual performance assessment of the BoD.</p> <p>➤ Refer to the Organization Regulations of UBS Group AG, available at <a href="https://ubs.com/governance">ubs.com/governance</a>, for more information</p> |
| Lukas Gähwiler              | 6/6                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Jeremy Anderson             | 6/6                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Fred Hu                     | 6/6                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Gail Kelly <sup>2</sup>     | 3/4                             | 75%  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Nathalie Rachou             | 6/6                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

<sup>1</sup> Additionally, two ad hoc calls took place in 2024. <sup>2</sup> Gail Kelly became a member of this committee after the 2024 AGM; indicated are her attended and total meetings.

## Risk Committee

In 2024, the Risk Committee consisted of four independent members and the Vice Chairman before the AGM. Immediately after the AGM, Nathalie Rachou stepped down from this committee. During 2024, the Risk Committee held nine committee meetings, with a participation rate of 100%. The average duration of each of the meetings was approximately 190 minutes. The Chairman of the BoD, the Group CEO, the Group CFO, the Group Chief Risk Officer, the Group Chief Operations and Technology Officer, the Group Treasurer, the Group Chief Compliance and Governance Officer, the Group General Counsel, the Head GIA, and the external auditors attended the meetings as required. The Chairperson and the committee continued to maintain regular contact with core supervisory authorities.

### Risk Committee

| Members in 2024              | Meeting attendance <sup>1</sup> |      | Key responsibilities include:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------|---------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mark Hughes (Chairperson)    | 9/9                             | 100% | <p>The function of the Risk Committee is to oversee and support the BoD in fulfilling its duty to set and supervise an appropriate risk management and control framework in the areas of:</p> <ul style="list-style-type: none"> <li>(i) financial and non-financial risks;</li> <li>(ii) balance sheet, treasury and capital management, including funding, liquidity and equity attribution.</li> </ul> <p>➤ Refer to the Organization Regulations of UBS Group AG, available at <a href="https://ubs.com/governance">ubs.com/governance</a>, for more information</p> |
| Lukas Gähwiler               | 9/9                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| William C. Dudley            | 9/9                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Nathalie Rachou <sup>2</sup> | 2/2                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Julie G. Richardson          | 9/9                             | 100% |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

<sup>1</sup> Additionally, one ad hoc call took place in 2024. <sup>2</sup> Nathalie Rachou stepped down from this committee after the 2024 AGM; indicated are her attended and total meetings.

## Ad hoc committees

The Special Committee and the Strategy Committee are two ad hoc committees, which have a standing composition and hold meetings as and when required.

In 2024, the Special Committee was chaired by Jeremy Anderson, with Colm Kelleher, Lukas Gähwiler, Claudia Böckstiegel, Nathalie Rachou and Julie G. Richardson as its members. Its primary purpose is to oversee activities related to selected litigation and investigation matters, review management's respective proposals and provide to the BoD recommendations for decisions. Additional attendees included the Group CEO and the Group General Counsel. During 2024, one meeting of the Special Committee was held.

In 2024, the Strategy Committee was chaired by Colm Kelleher, with Lukas Gähwiler, William C. Dudley, Fred Hu and Julie Richardson as its standing members. The primary purpose of this committee is to support management and the BoD with regard to the assessment of strategic considerations and to prepare decisions on behalf of the BoD. No Strategy Committee meetings were held, as these topics were discussed in the BoD as a whole.

## Roles and responsibilities of the Chairman of the Board of Directors

At the 2024 AGM, Colm Kelleher was re-elected as the Chairman of the BoD. The Chairman coordinates tasks within the BoD, calls BoD meetings and sets the meeting agendas. He presides over all general meetings of shareholders, chairs the Governance and Nominating Committee, as well as the CCRC, and works with the committee Chairpersons to coordinate the work of all BoD committees. Together with the Group CEO, the Chairman undertakes responsibility for UBS's reputation, and is responsible for effective communication with shareholders and other stakeholders, including government officials, regulators and public organizations. This is in addition to establishing and maintaining close working relationships with the Group CEO and other GEB members, and providing advice and support when appropriate.

› Refer to "Employees" in the "How we create value for our stakeholders" section of this report for information about our Pillars, Principles and Behaviors

In 2024, the Chairman met regularly with core supervisors in all major locations where UBS is active. Meetings with other important supervisory authorities were scheduled on an ad hoc or needs-driven basis.

## Roles and responsibilities of the Vice Chairmen and the Senior Independent Director

The BoD appoints one or more Vice Chairmen and a Senior Independent Director. If the BoD appoints more than one Vice Chairman, at least one of them must be independent. Both the Vice Chairman and the Senior Independent Director support and advise the Chairman. In conjunction with the Chairman and the Governance and Nominating Committee, they facilitate good Group-wide corporate governance, as well as balanced leadership and control within the Group, the BoD and the committees.

Lukas Gähwiler was appointed as Vice Chairman following the 2022 AGM. Jeremy Anderson was re-appointed the Senior Independent Director after that same meeting and has held that post since 2020. The Vice Chairman is required to lead meetings of the BoD in the temporary absence of the Chairman. Together with the Governance and Nominating Committee, either the Senior Independent Director or the Vice Chairman is tasked with the ongoing monitoring and the annual evaluation of the Chairman. The Vice Chairman also represents UBS on behalf of the Chairman in meetings with internal or external stakeholders. In particular, Lukas Gähwiler represents UBS across a broad range of associations and industry bodies in Switzerland.

The Senior Independent Director enables and supports communication and the flow of information among the independent BoD members. At least twice a year, he organizes and leads a meeting of the independent BoD members without the participation of the Chairman. In 2024, two independent BoD meetings were held with a participation rate of 100% and an average duration of approximately 90 minutes. The Senior Independent Director also relays to the Chairman any issues or concerns raised by the independent BoD members and acts as a point of contact for shareholders and stakeholders seeking discussions with an independent BoD member.

## Important business connections of independent members of the Board of Directors

As a global financial services provider and a major Swiss bank, UBS has business relationships with many large companies, including some in which BoD members have management or independent board responsibilities. The Governance and Nominating Committee determines in each instance whether the nature of the Group's business relationship with such a company might compromise our BoD members' capacity to express independent judgment.

Our Organization Regulations require three-quarters of the BoD members to be independent. For this purpose, independence is determined in accordance with FINMA Circular 2017/1 "Corporate governance – banks" and the relevant NYSE rules.

In 2024, our BoD met the standards of the Organization Regulations for the percentage of directors who are considered independent under the criteria described above. No current BoD member has either an employment contract or a significant business connection to UBS or any of its subsidiaries. No BoD member currently carries out operational management tasks within the Group. Except for the Vice Chairman who was Chairman of UBS Switzerland AG until April 2022, and Gail Kelly, who was a Senior Global Advisor for UBS until September 2023, no BoD member has carried out operational management tasks within the Group over the past three years.

All relationships and transactions with UBS Group AG's independent BoD members are conducted in the ordinary course of business and are on the same terms as those prevailing at the time for comparable transactions with non-affiliated persons. All relationships and transactions with BoD members' associated companies are conducted at arm's length.

› Refer to "Note 30 Related parties" in the "Consolidated financial statements" section of this report for more information

## Checks and balances: the Board of Directors and the Group Executive Board

We operate under a strict dual board structure, as mandated by Swiss banking law. The separation of responsibilities between the BoD and the GEB is clearly defined in the Organization Regulations. The BoD decides on the strategy of the Group, upon recommendations by the Group CEO, and exercises ultimate supervision over management; whereas the GEB, headed by the Group CEO, has executive management responsibility. The functions of Chairman and Group CEO are assigned to two different persons, leading to a separation of powers. This structure establishes checks and balances and preserves the institutional independence of the BoD from the executive management of the Group, for which responsibility is delegated to the GEB. No member of one board may simultaneously be a member of the other.

Supervision and control of the GEB remain with the BoD. The authorities and responsibilities of the two bodies are governed by the AoA and the Organization Regulations.

## Skills, expertise and training of the Board of Directors

The BoD is well-diversified and composed of members with a broad spectrum of skills, educational backgrounds, experience, and expertise from a range of sectors that reflect the nature and scope of the firm's business. The Governance and Nominating Committee maintains a competencies and experience matrix to identify gaps in the competencies and experiences considered most relevant to the BoD, taking into consideration the firm's business exposure, risk profile, strategy and geographic reach.

In recent years, the composition of the BoD has been systematically shaped along the identified requirements. The appointments of a new Chairman and Vice Chairman in 2022, as well as the nominations of Gail Kelly in January 2024 and Renata Jungo Brüngger and Lila Tretikov in March 2025, were important elements in this continuous process. We maintain and update a list of potential future candidates for the BoD of UBS Group AG.

### Key competencies

- banking (wealth management, asset management, personal and corporate banking) and insurance
- investment banking, capital markets
- finance, audit, accounting
- risk management, compliance and legal
- human resources management, including compensation
- technology, including artificial intelligence and cybersecurity
- regulatory authority, central bank
- environmental, social and governance (ESG)

### Leadership experience

- experience as a CEO or chairperson
- executive board leadership experience (e.g. as CFO, chief risk officer or COO of a listed company)

The Governance and Nominating Committee reviews these categories and ratings annually to confirm that the BoD continues to possess the most relevant experience and competencies to perform its duties.

With regard to the composition of the BoD after the 2024 AGM, the BoD members thereof identified all of the target competencies as being their key competencies. Particularly strong levels of experience and expertise existed in these areas:

- financial services
- risk management, compliance and legal
- finance, audit, accounting

Furthermore, 10 of the 12 BoD members have held or currently hold chairperson, CEO or other executive board-level leadership positions.

Moreover, we consider the continuous education of our BoD members to be an important priority and support their attendance to various training sessions. In addition to a comprehensive induction program for new BoD members, continuous training and topical deep dives are part of the BoD agenda.

## Cybersecurity governance

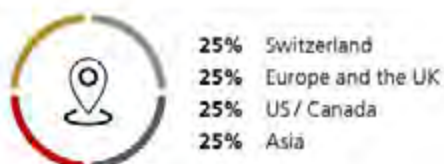
Cybersecurity, as one of the inherently highest and most rapidly evolving non-financial risks, is a key focus for the BoD. It is primarily covered by the Risk Committee through a combination of (i) regular reporting as part of the monthly risk reports and quarterly cybersecurity updates, and (ii) dedicated deep dives on specific cybersecurity topics, including assessments of actual cybersecurity incidents in the industry, assessments of the firm's security posture and related continuous improvement measures. In addition, the BoD members receive periodic updates from the Group Chief Information Security Office on key cybersecurity threats and incidents across the globe and industries, and education and training sessions are organized regularly for all BoD members.

- › Refer to "Risk governance" in the "Risk management and control" section of this report for information about our risk governance framework
- › Refer to "Non-financial risk" in the "Risk management and control" section of this report for information about cybersecurity

## Terms of office<sup>1</sup>



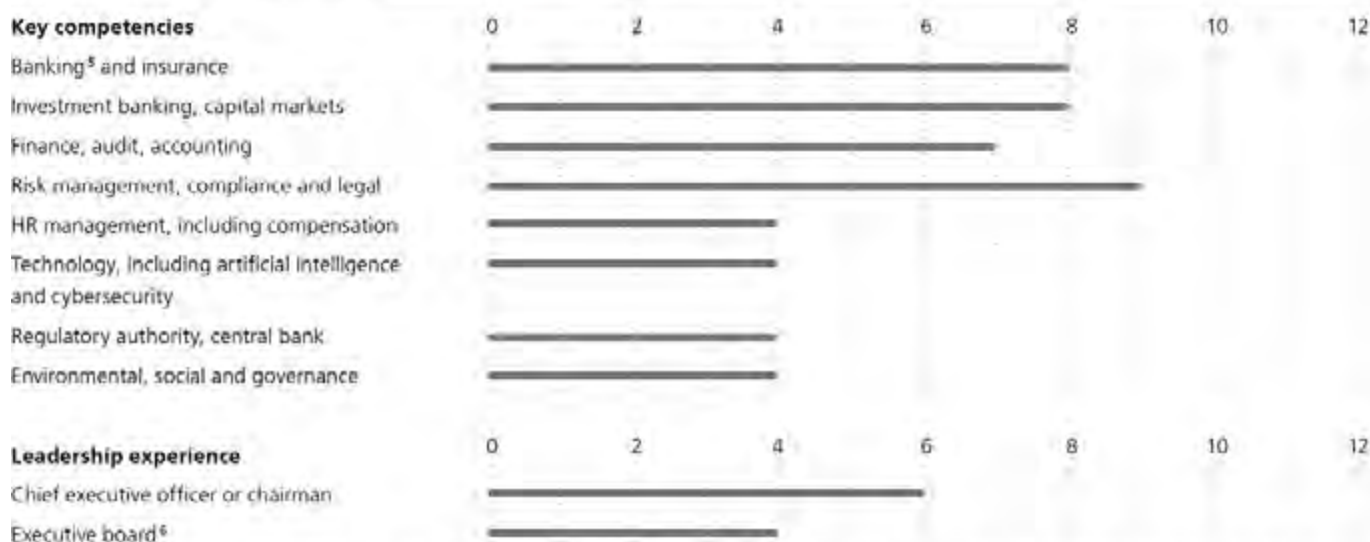
## Geographical diversity<sup>2</sup>



## Gender<sup>3</sup>



## Competencies and experience<sup>4</sup>



<sup>1</sup> Terms of office until the 2025 AGM. <sup>2</sup> In the case of dual-nationals, the domicile applies. <sup>3</sup> In accordance with the 30% gender quota of the revised Swiss Corporate Law. <sup>4</sup> The number of BoD members identifying a key competency as one of their key competencies; each member identified up to four key competencies (although not every sub-area of the respective competency might be applicable), plus one leadership experience. <sup>5</sup> Wealth management, asset management, and personal and corporate banking. <sup>6</sup> For example, a CFO, chief risk officer or COO of a listed company.

## Succession planning

Succession planning is one of the key responsibilities of both the BoD and the GEB. Across all divisions and regions, an inclusive talent development and succession planning process is in place that aims to foster the personal development and Group-wide mobility of our employees. Although the recruiting process for BoD and GEB members takes into account a broad spectrum of factors, such as skills, backgrounds, experience and expertise, our approach with regard to diversity considerations does not constitute a diversity policy within the meaning of the EU Directive on Non-Financial Reporting, and Swiss law does not require UBS to maintain such a policy.

In 2022, the GEB launched several strategic initiatives with the close involvement of the BoD and with the aim of further strengthening internal succession planning at UBS. This included the early identification of talents and their systematic development, including international and cross-divisional rotations. The succession plans for the GEB and the management layers below it are managed under the lead of the Group CEO and are reviewed and approved annually by the BoD. Moreover in 2023, to cater to the challenges posed by the acquisition of the Credit Suisse Group, the composition of the GEB was complemented with new members.

For the BoD, the Chairman leads a systematic succession planning process as illustrated in the chart below. Our strategy and the business environment constitute the main drivers in our succession planning process for new BoD members, as they define the key competencies required on the BoD. Taking the diversity and the tenure of the existing BoD into account, the Governance and Nominating Committee defines the recruiting profile for the search. Both external and internal sources contribute to identifying suitable candidates. The Chairman and the members of the Governance and Nominating Committee meet with potential candidates and, with the support of the full BoD, nominations are submitted to the AGM for approval. New BoD members follow an in-depth onboarding process designed to enable them to integrate efficiently and become effective in their new role. Due to this succession planning process, the composition of the BoD is in line with the demanding requirements of a leading global financial services firm.

The smooth and effective succession at the GEB level and the appointments of internal talent as new GEB members demonstrates the strength of the succession planning at UBS. The BoD and the GEB remain committed to the continuous focus on developing a high-quality bench of succession candidates at all levels in the organization.





### Information and control instruments with regard to the Group Executive Board

The BoD is kept informed of the GEB's activities in various ways, including regular meetings between the Chairman, the Group CEO and GEB members. The Group CEO and other GEB members also participate in BoD meetings to update its members on all significant issues. The BoD receives regular comprehensive reports covering financial, capital, funding, liquidity, regulatory, compliance and legal developments, as well as performance against plan and forecasts for the remainder of the year. For important developments, BoD members are also updated by the GEB in between meetings. In addition, the Chairman receives the meeting material and minutes of the GEB meetings.

BoD members may request from other BoD or GEB members any information about matters concerning the Group that they require in order to fulfill their duties. When these requests are raised outside BoD meetings, such requests must go through the Group Company Secretary and be addressed to the Chairman.

The BoD is supported in discharging its governance responsibilities by GIA, which independently assesses whether risk management, control and governance processes are designed and operating sustainably and effectively.

The Head GIA reports directly to the Chairman. In addition, GIA has a functional reporting line to the Audit Committee in accordance with its responsibilities as set forth in our Organization Regulations. The Audit Committee assesses the independence and performance of GIA and the effectiveness of both the Head GIA and GIA as an organization, approves GIA's annual audit plan and objectives and monitors GIA's delivery of these objectives. The committee is also in regular contact with the Head GIA.

GIA issues quarterly reports that provide an overview of significant audit results and key issues, as well as themes and trends, based on results of individual audits, continuous risk assessment and issue assurance. The reports are provided to the Chairman, the members of the Audit and the Risk Committees, the GEB and other stakeholders. The Head GIA regularly updates the Chairman and the Audit Committee on GIA's activities, processes, audit plan execution, resourcing requirements and other important developments. GIA issues an annual Activity Report, which is provided to the Chairman and the Audit Committee to support their assessment of GIA's effectiveness.

- › Refer to **"Group Internal Audit"** in this section for more information
- › Refer to **"Internal risk reporting"** in the **"Risk management and control"** section of this report for information about reporting to the BoD



# Group Executive Board

The BoD delegates the management of the business to the Group Executive Board (the GEB).

## Responsibilities, authorities and organizational principles of the Group Executive Board

On 31 December 2024, the GEB, under the leadership of the Group CEO, consisted of 15 members. It has executive management responsibility for the steering of the Group and its business, develops the strategies of the Group, business divisions and Group functions, and implements the BoD-approved strategies. The GEB is also the risk council of the Group, with overall responsibility for establishing and supervising the implementation of risk management and control principles, as well as for managing the risk profile of the Group, as determined by the BoD and the Risk Committee.

In 2024, the GEB held a total of 31 meetings.

- › Refer to the Organization Regulations of UBS Group AG, available at [ubs.com/governance](https://ubs.com/governance), for more information about the authorities of the Group Executive Board

## Changes to the Group Executive Board

On 1 March 2024, Aleksandar Ivanovic became President Asset Management, succeeding Suni Harford.

On 30 May 2024, a number of changes to the composition of the GEB were announced.

The following changes became effective on 1 July 2024:

- Iqbal Khan became Co-President Global Wealth Management;
- Robert Karofsky became Co-President Global Wealth Management and President UBS Americas;
- George Athanasopoulos and Marco Valla joined the GEB as Co-Presidents of the Investment Bank;
- Damian Vogel joined the GEB as Group Chief Risk Officer, succeeding Christian Bluhm, who stepped down from the GEB;
- Stefan Seiler, Head Group Human Resources and Corporate Services, additionally took on the responsibility for Group Communications and Branding;
- Ulrich Körner, formerly CEO of Credit Suisse AG, stepped down from the GEB; and
- Naureen Hassan, formerly President UBS Americas, retired from UBS.

Effective 1 September 2024, Edmund Koh stepped down from the GEB, with Iqbal Khan succeeding him as President UBS Asia Pacific, as announced on 30 May 2024. Mr. Koh remains at UBS as Regional Chair Asia Pacific.

The biographies below provide information about the GEB members in office on 31 December 2024. The biographies of five former GEB members (i.e. Christian Bluhm, Suni Harford, Naureen Hassan, Edmund Koh and Ulrich Körner) can be found on pages 211, 212, 214 and 215 of the UBS Group AG Annual Report 2023, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors). In addition to information on mandates, the biographies include memberships and other activities or functions, as required by the SIX Swiss Exchange Corporate Governance Directive.

In line with Swiss law, article 36 of our AoA limits the number of mandates that GEB members may hold outside UBS Group to one mandate in a listed company and five additional mandates in non-listed companies. Mandates in companies that are controlled by UBS or that control UBS are not subject to this limitation. In addition, GEB members may not hold more than 10 mandates at one time at the request of the company and more than eight mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations without commercial purpose. On 31 December 2024, no member of the GEB reached the aforementioned thresholds.

## Responsibilities and authorities of the Asset and Liability Committee

The Asset and Liability Committee of UBS Group AG (the GALCO) is responsible for managing assets and liabilities in line with the strategy, risk appetite, regulatory commitments and the interests of shareholders and other stakeholders. The GALCO proposes the framework for capital management, capital allocation, and liquidity and funding risk, and proposes limits and indicators for the Group to the BoD for approval. It oversees the balance sheet management of the Group, its business divisions and Group functions. In 2024, the GALCO held 11 meetings.

## Management contracts

We have not entered into management contracts with any companies or natural persons that do not belong to the Group.



## Sergio P. Ermotti

**Group Chief Executive Officer, member of the GEB from 2011 to 2020 and since 2023**

**Nationality:** Swiss | **Year of birth:** 1960

Sergio P. Ermotti has been Group CEO of UBS Group AG and President of the Executive Board of UBS AG since 2023. He was also the Group CEO from 2011 to 2020. He re-joined UBS from Swiss Re, where he was Chairman of the Board of Directors until 2023. Prior to joining UBS in 2011, he was at UniCredit Group, where from 2007 to 2010 he served as Group Deputy CEO and Head of Corporate & Investment Banking and Private Banking, prior to which he served as Head of the Markets & Investment Banking Division. Before that, he held various positions at Merrill Lynch & Co. in the areas of equity derivatives and capital markets. He became Co-Head of Global Equity Markets and a member of the Executive Management Committee for Global Markets & Investment Banking in 2001.

### Professional experience

|             |                                                                                                         |
|-------------|---------------------------------------------------------------------------------------------------------|
| 2023 – date | Group CEO, UBS Group AG, and President of the Executive Board, UBS AG                                   |
| 2021 – 2023 | Chairman of the Board of Directors, Swiss Re                                                            |
| 2020 – 2021 | Member of the Board of Directors, Swiss Re                                                              |
| 2011 – 2020 | Group CEO, UBS                                                                                          |
| 2011        | Chairman and CEO UBS Group Europe, Middle East and Africa, and member of the Group Executive Board, UBS |
| 2007 – 2010 | Group Deputy CEO and Head Corporate & Investment Banking and Private Banking, UniCredit                 |
| 2005 – 2007 | Head Markets & Investment Banking Division, UniCredit                                                   |
| 1987 – 2004 | Various senior management positions, Merrill Lynch & Co                                                 |

### Education

- Swiss-certified banking expert
- Advanced Management Programme, the University of Oxford

### Listed company boards

- Member of the Board of Ermenegildo Zegna N.V. (Lead Non-Executive Director)

### Non-listed company boards

- Member of the Board of Società Editrice del Corriere del Ticino SA

### Other activities and functions

- President of the Executive Board of UBS AG
- Member of the Board of Innosuisse, the Swiss Innovation Agency
- Member of Institut International d'Etudes Bancaires
- Member of the WEF International Business Council and Governor of the Financial Services / Banking Community
- Member of the MAS International Advisory Panel
- Member of the Board of the Institute of International Finance
- Member of the Board of the Swiss-American Chamber of Commerce



## George Athanasopoulos

**Co-President Investment Bank, member of the GEB since July 2024**

**Nationality:** Greek and British | **Year of birth:** 1969

George Athanasopoulos became Co-President of the Investment Bank in July 2024. He jointly manages the Investment Bank with Marco Valla across all regions to ensure an unparalleled global offering for our client franchise. Having worked in financial markets for more than 30 years, he brings a wealth of experience into the position. He started his career in 1992, working in Europe and Asia for NatWest Markets and Merrill Lynch. Before joining UBS in 2010, he was General Manager at Eurobank EFG and previously worked for Barclays Capital, most recently responsible for Global Foreign Exchange and Global Emerging Markets Distribution. Since joining UBS in 2010, Mr. Athanasopoulos has held various senior roles, including Co-Head Global Markets from 2020 to June 2024 and Head of Global Family and Institutional Wealth from 2022 to June 2024.

### Professional experience

|                  |                                                                                     |
|------------------|-------------------------------------------------------------------------------------|
| July 2024 – date | Co-President of the Investment Bank, UBS Group AG and UBS AG                        |
| 2022 – June 2024 | Head Global Family and Institutional Wealth, UBS                                    |
| 2020 – June 2024 | Co-Head of Global Markets, UBS                                                      |
| 2016 – 2019      | Global Head of Foreign Exchange, Rates and Credit and Head of Non-Core, UBS         |
| 2013 – 2016      | Global Co-Head of Foreign Exchange, Rates and Credit, UBS                           |
| 2011 – 2013      | Co-Head of Global Foreign Exchange and Precious Metals, UBS                         |
| 2010 – 2011      | Head of Global Foreign Exchange Distribution, UBS                                   |
| 2009 – 2010      | General Manager, Group Head of Trading, Sales and Structuring, Eurobank EFG         |
| 2008 – 2009      | Global Head of Foreign Exchange and Emerging Markets Distribution, Barclays Capital |
| 2004 – 2008      | Various management positions in FX Markets, Barclays Capital                        |

### Education

- Master's degree, shipping, trade and finance, Bayes Business School
- Diploma in mechanical engineering, the National Technical University of Athens

### Other activities and functions

- Member of the Executive Board of UBS AG



## Michelle Beraux

**Group Integration Officer, member of the GEB since 2023**

**Nationality:** British and Trinidadian & Tobagonian | **Year of birth:** 1964

Michelle Beraux was appointed Group Integration Officer in 2023. Working closely with all GEB members and workstream leads, she manages the Group Integration function to ensure the coherent and consistent execution of integration plans and milestones for consolidating Credit Suisse into UBS. Ms. Beraux has been at UBS for more than 25 years and has held various leadership roles across the firm. She has served as both COO and Head HR for our Investment Bank, has successfully led multiple firm-wide cost and transformation projects, and, most recently, served as COO and UK Country Head of Asset Management. She brings both a wealth of transformation experience and a strong legal, HR, investment banking and asset management background to lead our integration efforts.

### Professional experience

|             |                                                                         |
|-------------|-------------------------------------------------------------------------|
| 2023 – date | Group Integration Officer, UBS Group AG and Integration Officer, UBS AG |
| 2021 – 2023 | Country Head UBS Asset Management UK and CEO Asset Management UK Ltd    |
| 2020 – 2023 | COO, UBS Asset Management                                               |
| 2018 – 2020 | Head of Group Efficiency and Cost Management, UBS Business Solutions AG |
| 2015 – 2018 | Non-Executive Director and Chairman Remuneration Committee, UBS Limited |
| 2011 – 2014 | Global Head Human Resources, UBS Investment Bank                        |
| 2011        | Global Strategic Projects at CEO Management Office, UBS Investment Bank |
| 2009 – 2010 | Chief of Staff and Joint Global COO, UBS Investment Bank                |

### Education

- Bachelor's degree, law, the University of Cambridge
- Bachelor's degree, politics, economics and law, the University of Buckingham

### Other activities and functions

- Member of the Executive Board of UBS AG



## Mike Dargan

**Group Chief Operations and Technology Officer, member of the GEB since 2021**

**Nationality:** British | **Year of birth:** 1977

Mike Dargan was appointed Group Chief Operations and Technology Officer in 2023 and is accountable for delivering digital platforms, technology services, infrastructure, and operations, including cybersecurity and information security. In addition, he is responsible for driving Group-wide innovation and digitalization by defining and driving the implementation of the firm's strategy for artificial intelligence, digital assets and other emerging technologies. In his role, Mr. Dargan also oversees the capabilities and tools to migrate Credit Suisse clients and data to UBS platforms, facilitating the firm's key legal entity transactions and the decommissioning of the Credit Suisse applications and infrastructure after these migrations. Previously, he was Group Chief Digital and Information Officer (CDIO), after leading our Group Technology function since joining UBS in 2016. Prior to joining UBS, he held various senior roles in technology, corporate strategy and investment banking at Standard Chartered Bank, Merrill Lynch, and Oliver Wyman.

### Professional experience

|             |                                                                                                                                                                                                  |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2023 – date | Group Chief Operations and Technology Officer, UBS Group AG, and Chief Operations and Technology Officer, UBS AG                                                                                 |
| 2021 – date | President of the Executive Board, UBS Business Solutions AG                                                                                                                                      |
| 2021 – 2023 | Group CDIO, UBS Group AG, and CDIO, UBS AG                                                                                                                                                       |
| 2016 – 2021 | Head Group Technology, UBS                                                                                                                                                                       |
| 2015 – 2016 | CIO for Corporate and Institutional Banking, Standard Chartered Bank                                                                                                                             |
| 2014 – 2015 | Global Group Technology and Operations Head for Global Markets, Wealth Management, Private Banking and Securities Services, Group Technology and Operations Engineering, Standard Chartered Bank |
| 2013 – 2014 | CIO for Financial Markets, Standard Chartered Bank                                                                                                                                               |
| 2009 – 2013 | Global Head of Strategy and Corporate M&A, Global Markets, Standard Chartered Bank                                                                                                               |
| 2005 – 2009 | Head Corporate Strategy & M&A, EMEA and Pacific Rim, Merrill Lynch                                                                                                                               |

### Education

- Master's degree, politics, philosophy and economics, St. John's College, the University of Oxford

### Other activities and functions

- Member of the Executive Board of UBS AG
- Member of the Board of Directors and President of the Executive Board of UBS Business Solutions AG
- Member of the Board of UBS Optimus Foundation
- Member of the Advisory Board of SCION Association



## Aleksandar Ivanovic

**President Asset Management, member of the GEB since March 2024**

**Nationality:** Swiss | **Year of birth:** 1976

Aleksandar Ivanovic was appointed President Asset Management in March 2024. With his experience and broad network across the UBS Group, he is leading the Asset Management business division forward, creating an even stronger organization through integration and providing cross-divisional solutions to clients with industry-leading capabilities on a truly global scale. Before joining the GEB, he was Head Client Coverage and Head of the EMEA and Switzerland regions for Asset Management at UBS. In those functions Mr. Ivanovic played a key role in the development and execution of our strategy for Asset Management while leading the engagement with our institutional and wholesale clients, as well as the ongoing partnership with Global Wealth Management. Starting as an apprentice at UBS in 1992, he has worked in all our business divisions and later held various leadership roles at Credit Suisse and Morgan Stanley.

### Professional experience

|                   |                                                                                                                                                            |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 2024 – date | President Asset Management, UBS Group AG and UBS AG                                                                                                        |
| 2019 – Feb. 2024  | Head Region EMEA, Asset Management, UBS                                                                                                                    |
| 2018 – Feb. 2024  | Head Client Coverage, Asset Management, UBS                                                                                                                |
| 2018 – Feb. 2024  | Head Region Switzerland, Asset Management, UBS                                                                                                             |
| 2017 – 2018       | Head Institutional Client Coverage, Asset Management, UBS                                                                                                  |
| 2011 – 2016       | Head of Europe, Middle East and Africa, Distribution, Financial Engineering, Structured Products, Institutional Equity Derivatives, London, Morgan Stanley |
| 2008 – 2011       | Head of Distribution Northern Europe, Structured Products, Institutional Equity Derivatives, London, Credit Suisse                                         |
| 2000 – 2008       | Various positions in Global Markets, UBS Investment Bank, London / Switzerland, UBS                                                                        |

### Education

- Master's degree, finance, London Business School
- Bachelor's degree, Economics and Business Administration, Hochschule für Wirtschaft Zurich

### Other activities and functions

- Member of the Executive Board of UBS AG
- Chairman of UBS Asset Management AG



## Robert Karofsky

**Co-President Global Wealth Management and President UBS Americas, member of the GEB since 2018**

**Nationality:** American (US) | **Year of birth:** 1967

Robert Karofsky became Co-President Global Wealth Management and President UBS Americas in July 2024. He jointly manages Global Wealth Management across all regions to ensure an unparalleled global offering for our wealth management client franchise. As President UBS Americas, he is responsible for the cross-divisional collaboration and represents the Group to the broader public in the Americas. Mr. Karofsky was President Investment Bank from 2021 to June 2024 and previously Co-President Investment Bank from 2018 to 2021. Before that he was President UBS Securities LLC from 2015 to 2021. He reshaped the Investment Bank business division, realigning efforts around clients' evolving needs, focusing resources on opportunities for profitable growth and reinvesting in UBS's digital transformation. Before joining UBS, he acquired know-how in investment banking as an analyst and trader, working for various financial institutions, including Morgan Stanley, Deutsche Bank and AllianceBernstein.

### Professional experience

|                  |                                                                                           |
|------------------|-------------------------------------------------------------------------------------------|
| July 2024 – date | Co-President Global Wealth Management and President UBS Americas, UBS Group AG and UBS AG |
| 2021 – June 2024 | President Investment Bank, UBS                                                            |
| 2018 – 2021      | Co-President Investment Bank, UBS                                                         |
| 2015 – 2021      | President UBS Securities LLC, UBS                                                         |
| 2014 – 2018      | Global Head Equities, UBS                                                                 |
| 2011 – 2014      | Global Head of Equity Trading, AllianceBernstein                                          |
| 2008 – 2010      | Co-Head of Global Equities, Deutsche Bank                                                 |
| 2005 – 2008      | Head of North American Equities, Deutsche Bank                                            |

### Education

- Bachelor's degree, economics, Hobart and William Smith Colleges, New York
- MBA, finance and statistics, the University of Chicago Booth School of Business

### Other activities and functions

- Member of the Executive Board of UBS AG
- Member of the Board of UBS Americas Holding LLC
- Member of the Board of UBS Optimus Foundation



## Sabine Keller-Busse

**President Personal & Corporate Banking and President UBS Switzerland, member of the GEB since 2016**

**Nationality:** Swiss and German | **Year of birth:** 1965

Sabine Keller-Busse was appointed President Personal & Corporate Banking and President UBS Switzerland in 2021, heading the leading universal bank in Switzerland. In her role, she oversees our comprehensive offering in retail and corporate and institutional banking in Switzerland, selected financial services to businesses and financial institutions globally, and wealth management services to individuals in Switzerland, which are provided jointly with Global Wealth Management. Previously, as Group COO, she oversaw global functions such as technology, operations, human resources and corporate services. She has been pivotal in driving business alignment, and digital and cultural transformation, while also facilitating business growth as President UBS Europe, Middle East and Africa. Ms. Keller-Busse also brings in-depth experience regarding financial market infrastructure, having served on the Board of SIX Group for nine years.

### Professional experience

|             |                                                                                    |
|-------------|------------------------------------------------------------------------------------|
| 2021 – date | President Personal & Corporate Banking and President UBS Switzerland, UBS Group AG |
| 2021 – date | President of the Executive Board, UBS Switzerland AG                               |
| 2019 – 2021 | President UBS Europe, Middle East and Africa, UBS                                  |
| 2018 – 2021 | Group COO of UBS and President of the Executive Board, UBS Business Solutions AG   |
| 2016 – 2021 | Member of the Executive Board of UBS AG                                            |
| 2014 – 2017 | Group Head Human Resources, UBS                                                    |
| 2010 – 2014 | COO UBS Switzerland, UBS                                                           |

### Education

- Master's degree, economic sciences, University of St. Gallen
- Ph.D., economic sciences (Dr. oec.), University of St. Gallen

### Listed company boards

- Member of the Board of Zurich Insurance Group

### Other activities and functions

- President of the Executive Board of UBS Switzerland AG
- Chairwoman of the Foundation Board of the Pension Fund of UBS
- Member of the Foundation Council of the UBS Center for Economics in Society, University of Zurich
- Member of the Board and Board Committee of Zurich Chamber of Commerce
- Member of the Board of the University Hospital Zurich Foundation
- Member of the Board of Trustees of the Swiss Entrepreneurs Foundation
- Member of the Board of Trustees of the HSG Foundation (University of St. Gallen)
- Member of the Foundation Board of Deep Tech Nation Switzerland





## Iqbal Khan

**Co-President Global Wealth Management and President UBS Asia Pacific, member of the GEB since 2019**

**Nationality:** Swiss | **Year of birth:** 1976

Iqbal Khan became Co-President Global Wealth Management in July 2024 and President UBS Asia Pacific in September 2024. He jointly manages Global Wealth Management across all regions to ensure an unparalleled global offering for our wealth management client franchise. As Regional President UBS Asia Pacific, he is responsible for the cross-divisional collaboration and represents the Group to the broader public in the Asia Pacific region. Previously, he was President Global Wealth Management from 2022 to June 2024 and President UBS Europe, Middle East and Africa from 2021 to 2023. He joined UBS in 2019 as Co-President Global Wealth Management. Prior to UBS, Mr. Khan was at Credit Suisse, holding senior leadership positions as CFO Private Banking & Wealth Management and CEO International Wealth Management. He joined Ernst & Young in 2001, holding numerous leadership positions and becoming a very young executive and a partner of the firm's Swiss arm; when leaving Ernst & Young, he was lead auditor of UBS.

### Professional experience

September 2024 – date – President UBS Asia Pacific, UBS Group AG and UBS AG date

July 2024 – date – Co-President Global Wealth Management, UBS Group AG and UBS AG

2022 – June 2024 – President Global Wealth Management, UBS

2021 – 2023 – President UBS Europe, Middle East and Africa, UBS

2019 – 2022 – Co-President Global Wealth Management, UBS

2015 – 2019 – CEO International Wealth Management, Credit Suisse

2013 – 2015 – CFO Private Banking & Wealth Management, Credit Suisse

2011 – 2013 – Managing Partner Assurance and Advisory Services – Financial Services, Ernst & Young

2009 – 2011 – Industry Lead Partner Banking and Capital Markets, Switzerland and EMEA Private Banking, Ernst & Young

2001 – 2009 – Various positions in Ernst & Young

### Education

– Swiss Certified Public Accountant

– Advanced Master of International Business Law (LL.M.) degree, University of Zurich

### Other activities and functions

– Member of the Executive Board of UBS AG

– Member of the Board of UBS Optimus Foundation



## Barbara Levi

**Group General Counsel, member of the GEB since 2021**

**Nationality:** Italian | **Year of birth:** 1971

Barbara Levi has been Group General Counsel since 2021. In her role, she provides legal advice and manages the Group's legal affairs, ensuring effective and timely assessment of legal matters impacting the Group and its businesses. A qualified attorney-at-law, she has been admitted to the Supreme Court of the United States, the New York State bar and the bar of Milan, Italy, and has worked in several law firms in New York and Milan. Ms. Levi began her corporate career with Novartis Group in 2004 and worked there for 16 years, holding a number of senior legal roles across Europe. Before joining UBS, she served as Chief Legal Officer & External Affairs at Rio Tinto Group and, before that, as General Counsel, based in London. In both roles, she was a member of that company's executive committee.

### Professional experience

2021 – date – Group General Counsel, UBS Group AG, and General Counsel, UBS AG

2021 – Chief Legal Officer & External Affairs, Rio Tinto Group

2020 – 2021 – Group General Counsel, Rio Tinto Group

2019 – Group Legal Head, M&A and Strategic Transactions, Novartis

2016 – 2019 – Global General Counsel, Sandoz International GmbH, Novartis

2014 – 2016 – Global Legal Head, Product Strategy & Commercialization, Novartis

2013 – 2014 – Global Legal Head, TechOps, Primary Care and Established Medicines, Novartis

2009 – 2013 – Head of Legal & Compliance, Region Asia-Pacific, Middle East, and African Countries, Region Group Emerging Markets, Novartis

### Education

– Law degree, the University of Milan

– Master of Laws (LL.M.), banking, corporate and finance law, Fordham University School of Law, New York

### Other activities and functions

– Member of the Executive Board of UBS AG

– Member of the Board of Directors of the European General Counsel Association

– Member of the Legal Committee of the Swiss-American Chamber of Commerce





## Beatriz Martin Jimenez

**Head Non-core and Legacy and President UBS Europe, Middle East and Africa, member of the GEB since 2023**

**Nationality:** Spanish | **Year of birth:** 1973

Beatriz Martin Jimenez became Head Non-core and Legacy, as well as President UBS Europe, Middle East and Africa of UBS Group AG, in 2023. She has been the UBS GEB Lead for Sustainability and Impact since March 2024 and the UBS Chief Executive for the UK since 2019. In her role as the GEB Lead for Sustainability and Impact, she is responsible for the implementation of the Group's sustainability and impact strategy. As Head Non-core and Legacy, she effectively manages the derisking and cost efforts for the integration of Credit Suisse into UBS. Her responsibilities as Regional President UBS Europe, Middle East and Africa include the cross-divisional collaboration and representation of the Group to the broader public in the region. Before joining UBS in 2012, she held various roles in fixed income sales and trading at Morgan Stanley and Deutsche Bank.

### Professional experience

|                   |                                                                                                    |
|-------------------|----------------------------------------------------------------------------------------------------|
| 2023 – date       | Head Non-core and Legacy and President UBS Europe, Middle East and Africa, UBS Group AG and UBS AG |
| March 2024 – date | UBS GEB Lead for Sustainability and Impact, UBS Group AG                                           |
| 2019 – date       | UK Chief Executive, UBS AG London Branch                                                           |
| 2020 – 2023       | Group Treasurer, UBS Group AG                                                                      |
| 2022 – 2023       | Chief Transformation Officer, UBS Group AG                                                         |
| 2015 – 2020       | COO, UBS Investment Bank                                                                           |
| 2015 – 2019       | UK COO, UBS AG London Branch and UBS Limited                                                       |
| 2012 – 2015       | Chief of Staff to CEO, UBS Investment Bank                                                         |
| 1996 – 2012       | Various positions in Global Markets, Morgan Stanley and Deutsche Bank                              |

### Education

- Master of Business Administration, Universidad Autónoma de Madrid, Madrid
- Erasmus Exchange programme, Hochschule für Bankwirtschaft, Frankfurt

### Other activities and functions

- Member of the Executive Board of UBS AG
- Member of the Supervisory Board of UBS Europe SE
- Member of the Board of Directors of Credit Suisse International
- Chair of the Board of UBS Optimus Foundation



## Markus Ronner

**Group Chief Compliance and Governance Officer, member of the GEB since 2018**

**Nationality:** Swiss | **Year of birth:** 1965

Markus Ronner has served as Group Chief Compliance and Governance Officer since 2018, overseeing compliance, financial crime prevention and operational risk control as well as regulatory and governance functions at the Group level. In more than 40 years at UBS, he has acquired deep expertise across businesses and in non-financial risk management and control. In that time, Mr. Ronner has held a variety of senior positions across the firm, including managing the Group-wide too-big-to-fail program, COO Wealth Management & Swiss Bank, Head Products and Services of Wealth Management & Swiss Bank, COO Asset Management, and Head Group Internal Audit. From 2022 until 2023, he served as Chairman of UBS Switzerland AG, the leading Swiss universal bank.

### Professional experience

|             |                                                                                                                  |
|-------------|------------------------------------------------------------------------------------------------------------------|
| 2018 – date | Group Chief Compliance and Governance Officer, UBS Group AG, and Chief Compliance and Governance Officer, UBS AG |
| 2022 – 2023 | Chairman of UBS Switzerland AG                                                                                   |
| 2012 – 2018 | Head Group Regulatory and Governance, UBS                                                                        |
| 2011 – 2013 | Manager Group-wide too-big-to-fail program, UBS                                                                  |
| 2010 – 2011 | COO Wealth Management & Swiss Bank, UBS                                                                          |
| 2009 – 2010 | Head Products and Services of Wealth Management & Swiss Bank, UBS                                                |
| 2007 – 2009 | COO Asset Management, UBS                                                                                        |
| 2001 – 2007 | Head Group Internal Audit, UBS                                                                                   |

### Education

- Swiss Banking Diploma

### Other activities and functions

- Member of the Executive Board of UBS AG



## Stefan Seiler

**Head Group Human Resources & Corporate Services, member of the GEB since 2023**

**Nationality:** Swiss | **Year of birth:** 1974

Stefan Seiler has been Head Group Human Resources & Corporate Services of UBS Group AG and UBS AG since 2023. He leads the combined Group Human Resources and Corporate Services function, ensuring effective and efficient alignment of our people, real estate and vendor management strategies. His responsibility was expanded to include Group Communications and Branding in July 2024. Mr. Seiler started his career at the Swiss Military Academy at ETH Zurich and, after working for Credit Suisse from 2002 to 2006, he returned to the Swiss Military Academy as Department Head of Leadership and Communication. Mr. Seiler joined UBS in 2011 and became Group Head HR in 2018 after gaining experience as Head HR for Switzerland and Group Functions, as well as Global Head Talent and Recruiting. During his career, he has lived in Switzerland, the UK, the US and Singapore.

### Professional experience

|             |                                                                                                                                                                  |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2023 – date | Head Group Human Resources & Corporate Services, UBS Group AG and Head Human Resources & Corporate Services, UBS AG                                              |
| 2018 – 2023 | Group Head Human Resources, UBS                                                                                                                                  |
| 2016 – 2018 | Global Head Talent & Recruiting, UBS                                                                                                                             |
| 2014 – 2016 | Head HR UBS Switzerland and Global Head HR Group Control & CEO Functions, UBS                                                                                    |
| 2012 – 2016 | Head HR UBS Switzerland, UBS                                                                                                                                     |
| 2011 – 2012 | Global Head HR Corporate Center, UBS                                                                                                                             |
| 2010 – 2011 | Visiting Professor, Nanyang Business School, Singapore                                                                                                           |
| 2006 – 2011 | Department Head of Leadership and Communication, Swiss Military Academy, ETH Zurich                                                                              |
| 2002 – 2006 | Assessment specialist, HR Transformation Manager and Global Lead for Human Capital Management Implementation Group Functions, Credit Suisse, Zurich and New York |

### Education

- Master of Science (lic. Phil.), Educational Psychology, University of Fribourg
- PhD in Educational Psychology, University of Fribourg

### Other activities and functions

- Member of the Executive Board of UBS AG
- Member of the Foundation Board of the Pension Fund of UBS
- Member of the Foundation Council of the UBS Center for Economics in Society, University of Zurich
- Chairman of the Foundation Board of the Swiss Finance Institute
- Member of the IMD Foundation Board
- Adjunct Professor for Leadership and Strategic Human Resource Management, Nanyang Technological University (NTU), Singapore



## Todd Tuckner

**Group Chief Financial Officer, member of the GEB since 2023**

**Nationality:** American (US) | **Year of birth:** 1965

Todd Tuckner was appointed to the GEB of UBS Group AG in 2023 and became Group CFO on the date of legal closing of the acquisition of the Credit Suisse Group in 2023. In his role, he oversees the Group's financial accounting, controlling, forecasting, planning and reporting processes, ensuring the transparency in and the assessment of the financial performance of the Group and the business divisions. He is also responsible for managing and controlling the Group's tax affairs, treasury and capital management, including funding and liquidity risk, and regulatory capital ratios. Additionally, he coordinates relations with analysts and investors alongside the Group CEO. He was previously CFO and Head Business Performance and Risk Management for our Global Wealth Management business. Mr. Tuckner joined UBS in 2004 after working for KPMG for 17 years and has since held various leadership roles across the Group Finance function.

### Professional experience

|             |                                                                                      |
|-------------|--------------------------------------------------------------------------------------|
| 2023 – date | Group CFO, UBS Group AG and CFO, UBS AG                                              |
| 2020 – 2023 | CFO and Head Business Performance and Risk Management, Global Wealth Management, UBS |
| 2016 – 2021 | Group Controller and Chief Accounting Officer, UBS                                   |
| 2012 – 2019 | Group Finance COO, UBS                                                               |
| 2009 – 2012 | Group Head Tax & Accounting Policy, UBS                                              |
| 2004 – 2009 | Group Head Tax – Americas, UBS                                                       |
| 1987 – 2004 | Various management positions, KPMG LLP, New York                                     |

### Education

- Bachelor's degree, economics, Princeton University
- MBA, accounting, New York University

### Other activities and functions

- Member of the Executive Board of UBS AG



## Marco Valla

**Co-President Investment Bank, member of the GEB since July 2024**

**Nationality:** American (US) | **Year of birth:** 1972

Marco Valla became Co-President of the Investment Bank in July 2024. He jointly manages the Investment Bank with George Athanasopoulos across all regions to ensure an unparalleled global offering for our client franchise. Having spent more than 30 years in investment banking, he brings together a unique set of capabilities to drive UBS's competitive position, creating a powerful proposition for clients, employees, and shareholders. He began his career at Credit Suisse First Boston in 1994 as an Investment Banking analyst, before working for Lehman Brothers and Barclays. During his tenure at Barclays, he was the Global Head of TMT and Consumer Retail Investment Banking, overseeing the coverage of technology, media, telecommunications, consumer and retail clients, and a member of the Investment Banking Management Committee. Mr. Valla has held increasingly senior management roles and advised over 300 completed transactions across various industries.

### Professional experience

|                  |                                                                                                                            |
|------------------|----------------------------------------------------------------------------------------------------------------------------|
| July 2024 – date | Co-President of the Investment Bank, UBS Group AG and UBS AG                                                               |
| 2023 – June 2024 | Co-Head of Global Banking, Investment Banking, UBS                                                                         |
| 2020 – 2023      | Global Head of TMT and Consumer Retail, Investment Banking Member of the Investment Banking Management Committee, Barclays |
| 2013 – 2019      | Global Co-Head of Consumer Retail Group, Investment Banking, Barclays                                                      |
| 2008 – 2013      | Managing Director, Retail Group, Investment Banking, Barclays                                                              |
| 2005 – 2008      | Managing Director, Retail Group, Investment Banking, Lehman Brothers                                                       |
| 1994 – 2005      | Investment Banking, Credit Suisse First Boston                                                                             |

### Education

- Bachelor's degree, economics and Italian literature, University of California, Berkeley

### Other activities and functions

- Member of the Executive Board of UBS AG
- Member of the Board of Directors of Good Shepherd Services
- Member of the Board of the Mount Sinai Department of Urology



## Damian Vogel

**Group Chief Risk Officer, member of the GEB since July 2024**

**Nationality:** Swiss | **Year of birth:** 1972

Damian Vogel was appointed Group Chief Risk Officer in July 2024 and is responsible for the development of the Group's risk management and control framework for various risk categories and the implementation of its independent control frameworks. He has sound financial services experience, as well as risk management experience, which he has gained during his career at UBS and Credit Suisse. Since joining UBS in 2010, he has held various risk-related leadership roles across Global Wealth Management, Personal & Corporate Banking and the Switzerland region before being appointed Chief Risk Officer for Credit Suisse and Group Risk Control Head of Integration in 2023. In his most recent role, he was responsible for the risk control related integration activities, defining the best possible setup for the combined Group Risk Control function and assisting with the shaping of the risk function of the future.

### Professional experience

|                  |                                                                                                  |
|------------------|--------------------------------------------------------------------------------------------------|
| July 2024 – date | Group Chief Risk Officer, UBS Group AG and Chief Risk Officer, UBS AG                            |
| 2023 – June 2024 | Chief Risk Officer, Credit Suisse AG<br>Group Risk Control Head Integration, UBS                 |
| 2018 – 2023      | Chief Risk Officer Global Wealth Management, UBS                                                 |
| 2016 – 2018      | Chief Risk Officer Personal & Corporate Banking and Region Switzerland, Zurich, UBS              |
| 2012 – 2016      | Portfolio Underwriter and Head Risk Control Swiss Corporates, Zurich, UBS                        |
| 2010 – 2011      | Project Manager within Chief Risk Officer Wealth Management and Swiss Bank, Zurich, UBS          |
| 2009 – 2010      | Credit Risk Manager, Credit Risk Management Investment Banking, New York, Credit Suisse          |
| 2008 – 2009      | Head Structured Lombard Solutions, Credit Risk Management Private Banking, Zurich, Credit Suisse |
| 1999 – 2008      | Various management positions in Credit Suisse                                                    |

### Education

- Bachelor's degree, business and administration, University of Applied Sciences, Visp
- Executive Program, Stanford University Graduate School of Business
- Master of Advanced Study, corporate finance, University of Lucerne

### Other activities and functions

- Member of the Executive Board of UBS AG
- Member of the Board of UBS Switzerland AG
- Member of Foundation Board of the International Financial Risk Institute

# Change of control and defense measures

Our Articles of Association (the AoA) do not provide any measures for delaying, deferring or preventing a change of control.

## Duty to make an offer

Pursuant to the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015, anyone who has acquired (whether directly, indirectly or in concert with third parties) more than 33⅓% of all voting rights of a company listed in Switzerland, whether such rights are exercisable or not, is required to submit a takeover offer for all listed shares outstanding. We have not elected to change or opt out of this rule.

## Clauses on change of control

Neither the terms regulating the BoD members' mandate nor any employment contracts with GEB members or employees holding key functions within the Group contain change of control clauses.

All employment contracts with GEB members stipulate a notice period of six to twelve months. During the notice period, GEB members are entitled to their salaries and the continuation of existing employment benefits and may be eligible to be considered for a discretionary performance award based on their contribution during their tenure.

In case of a change of control, we may, at our discretion, accelerate the vesting of and / or relax applicable forfeiture provisions of employees' awards.

› Refer to the "Compensation" section of this report for more information

# Auditors

Audit is an integral part of corporate governance. While safeguarding their independence, the external auditors closely coordinate their work with Group Internal Audit (GIA). The Audit Committee and, ultimately, the BoD supervises the effectiveness of audit work.

› Refer to "Board of Directors" in this section for more information about the Audit Committee

## External independent auditors

The 2024 Annual General Meeting (the AGM) re-elected Ernst & Young Ltd (EY) as auditors for the Group for the 2024 financial year. UBS Group also appointed EY as the auditors of the Credit Suisse entities for the 2024 financial year. EY assumes virtually all auditing functions according to laws, regulatory requests and the AoA. Robert Jacob is the EY partner in charge of the overall coordination of the UBS Group financial and regulatory audits and the co-signing partner of the financial audit. In 2020, Maurice McCormick became the lead audit partner for the financial statement audit and has an incumbency limit of five years. Mr. Jacob will be succeeded in 2025 by Isabelle Santenac, who will take over as the EY partner overseeing UBS Group's financial audits and as the lead audit partner for the financial statement audit, with a five-year term. At the same time, Mr. McCormick will be succeeded by Robert Wadley, who will assume the role of co-signing partner for the financial statement audit, with a seven-year incumbency limit. In 2021, Hannes Smit became the Lead Auditor to the Swiss Financial Market Supervisory Authority (FINMA) with an incumbency limit of seven years. Daniel Martin has been the co-signing partner for the FINMA audit since 2019, with an incumbency limit of seven years.

During 2024, the Audit Committee held 14 meetings with the external auditors.

## Review of UBS Group AG audit engagement

Forvis Mazars has been appointed as auditors of UBS Europe SE, an indirect subsidiary of UBS Group AG, as EU rules require to rotate its external auditors in the 2024 financial year. In connection with this required change, and in consideration of governance best practices, the BoD considered whether it would propose to shareholders a rotation of the Group auditor concurrent with the change at UBS Europe SE. Under the direction of the Audit Committee, UBS conducted a formal review of the Group audit engagement including soliciting proposals from potential auditors. In early 2022, based on the results of this assessment, the BoD decided to retain EY as the Group's external auditors.

### Audit effectiveness assessment

The Audit Committee assesses the performance, effectiveness and independence of the external auditors on an annual basis. The assessment is generally based on interviews with senior management and survey feedback from stakeholders across the Group. Assessment criteria include quality of service delivery, quality and competence of the audit team, value added as part of the audit, insightfulness, and the overall relationship with EY. Based on its own analysis and the assessment results, including feedback received as part of the review of the Group audit engagement described above, the Audit Committee concluded that EY's audit has been effective.

### Services performed by EY and related fees

The Audit Committee oversees all services provided to UBS by the external auditors. For services requiring the approval from the Audit Committee, a preapproval may be granted either for a specific mandate or in the form of a blanket preapproval authorizing a limited and well-defined type and scope of services. The fees (including expenses) paid to EY are set forth in the table below.

Audit work includes all services necessary to perform the audit for the Group in accordance with applicable laws and generally accepted auditing standards, as well as other assurance services that conventionally only the auditor can provide. These include statutory and regulatory audits, attestation services and the review of documents to be filed with regulatory bodies. The additional services classified as audit in 2024 included several engagements for which EY was mandated at the request of FINMA.

Audit-related work consists of assurance and related services traditionally performed by auditors, such as attestation services related to financial reporting, internal control reviews and performance standard reviews, as well as consultation concerning financial accounting and reporting standards.

Tax work involves services performed by professional staff in EY's tax division and includes tax compliance and tax consultation with respect to our own affairs.

"Other" services are permitted services, which include technical IT security control reviews and assessments.

In addition, EY received USD 52m in 2024 (USD 31m in 2023) for services performed on behalf of our investment funds, many of which have independent fund boards or trustees.

### Fees paid to EY

UBS Group AG and its subsidiaries (for 2023 including UBS AG and Credit Suisse AG) paid the following fees (including expenses) to EY.

|                                                                                                                                                | For the year ended |           |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------|
| USD m                                                                                                                                          | 31.12.24           | 31.12.23  |
| <b>Audit</b>                                                                                                                                   |                    |           |
| Global audit fees                                                                                                                              | 121                | 82        |
| Additional services classified as audit (services required by law or statute, including work of a non-recurring nature mandated by regulators) | 24                 | 5         |
| <b>Total audit</b>                                                                                                                             | <b>145</b>         | <b>87</b> |
| <b>Non-audit</b>                                                                                                                               |                    |           |
| Audit-related fees                                                                                                                             | 18                 | 11        |
| <i>of which: assurance and attestation services</i>                                                                                            | 14                 | 6         |
| <i>of which: control and performance reports</i>                                                                                               | 5                  | 5         |
| <i>of which: consultation concerning financial accounting and reporting standards</i>                                                          | 0                  | 0         |
| Tax fees                                                                                                                                       | 3                  | 3         |
| All other fees                                                                                                                                 | 1                  | 6         |
| <b>Total non-audit</b>                                                                                                                         | <b>22</b>          | <b>20</b> |

### Special auditors for potential capital increases

At the AGM on 24 April 2024, BDO AG was reappointed as special auditors for a three-year term of office. Special auditors provide audit opinions in connection with potential capital increases independently from other auditors.

### Group Internal Audit

GIA performs the internal auditing role for the Group. It is an independent function that provides expertise and insights to confirm controls are functioning correctly and highlight where UBS needs to better manage current and emerging risks. In 2024, GIA operated with an average headcount of 898 full-time equivalent employees.

GIA supports the BoD in discharging its governance responsibilities by taking a dynamic approach to audit, issue assurance and risk assessment, confirming where controls are functioning well and highlighting where UBS needs to better manage current and emerging risks. By doing so, it drives action to prevent unexpected loss or damage to the firm's reputation. To support the achievement of UBS's objectives, GIA independently, objectively and systematically assesses the:

- (i) soundness of the Group's risk and control culture;
- (ii) reliability and integrity of financial and operational information, including whether activities are properly, accurately and completely recorded, and the quality of underlying data and models; and
- (iii) design, operating effectiveness and sustainability of:
  - processes to define strategy and risk appetite, as well as the overall adherence to the approved strategy;
  - governance processes;
  - risk management, including whether risks are appropriately identified and managed;
  - internal controls, specifically whether they are commensurate with the risks taken;
  - remediation activities; and
  - processes to comply with legal and regulatory requirements, internal policies, and the Group's constitutional documents and contracts.

Audit reports that include significant issues are provided to the Group CEO, relevant GEB members and other responsible management. The Chairman, the Audit Committee and the Risk Committee of the BoD are regularly informed of such issues.

In addition, GIA provides independent assurance on the effective and sustainable remediation of control deficiencies within its mandate, taking a prudent and conservative risk-based approach and assessing at the issue level whether the root cause and the potential exposure for the firm have been holistically and sustainably addressed. GIA also cooperates closely with risk control functions and internal and external legal advisors on investigations into major control issues.

To ensure GIA's independence from management, the Head GIA reports to the Chairman of the BoD and to the Audit Committee, which assesses annually whether GIA has sufficient resources to perform its function, as well as its independence and performance. In the Audit Committee's assessment, GIA is sufficiently resourced to fulfill its mandate and complete its auditing objectives. GIA's role, position, responsibilities and accountability are set out in our Organization Regulations and the Charter for GIA, available at [ubs.com/governance](https://ubs.com/governance). GIA has unrestricted access to all accounts, books, records, systems, property and personnel, and must be provided with all information and data that it needs to fulfill its auditing responsibilities. GIA also conducts special audits at the request of the Audit Committee, or other BoD members, committees or the Group CEO in consultation with the Audit Committee.

GIA enhances the efficiency of its work through coordination and close cooperation with the external auditors.

## Information policy

We provide regular information to our shareholders and to the wider financial community.

### Financial reports for UBS Group AG are expected to be published on the following dates:

|                     |                 |
|---------------------|-----------------|
| First quarter 2025  | 30 April 2025   |
| Second quarter 2025 | 30 July 2025    |
| Third quarter 2025  | 29 October 2025 |

### The annual general meetings of the shareholders of UBS Group AG will take place on the following dates:

|      |               |
|------|---------------|
| 2025 | 10 April 2025 |
| 2026 | 15 April 2026 |

› Refer to the corporate calendar available at [ubs.com/investors](https://ubs.com/investors) for the dates of the publication of financial reports and other key dates, including the dates of the publication of UBS AG's financial reports

We meet with institutional investors worldwide throughout the year and regularly hold results presentations, attend and present at investor conferences, and, from time to time, host investor days. When appropriate, investor meetings are hosted by senior management and are attended by members of our Investor Relations team. We use various technologies, such as webcasting, audio links and cross-location videoconferencing, to widen our audience and maintain contact with shareholders globally.



We make our publications available to all shareholders simultaneously to provide them with equal access to our financial information.

Our annual and quarterly publications are available in a fully digital and .pdf format at [ubs.com/investors](https://ubs.com/investors), under “Financial information.” We no longer provide printed copies of our Annual Report and our Compensation Report in any language.

- › Refer to [ubs.com/investors](https://ubs.com/investors) for a complete set of published reporting documents and a selection of senior management industry conference presentations
- › Refer to the “Information sources” section of this report for more information
- › Refer to “Corporate information” and “Contacts” of this report for more information

## Financial disclosure principles

We fully support transparency and consistent and informative disclosure. We aim to communicate our strategy and results in a manner that enables stakeholders to gain a good understanding of how our Group operates, what our growth prospects are, and the risks that our businesses and our strategy entail. We assess feedback from analysts and investors on a regular basis and, where appropriate, reflect this in our disclosures. To continue achieving these goals, we apply the following principles in our financial reporting and disclosure:

- *transparency*, which enhances the understanding of economic drivers and builds trust and credibility;
- *consistency*, within each reporting period and between reporting periods;
- *simplicity*, which enables readers to gain a good understanding of the performance of our businesses;
- *relevance*, by focusing not only on what is required by regulation or statute but also on what is relevant to our stakeholders; and
- *best practice*, which leads to improved standards.

We regard the continuous improvement of our disclosures as an ongoing commitment.

## Financial reporting policies

We report our Group’s results for each financial quarter, including a breakdown of results by business division and disclosures or key developments relating to risk management and control, capital, liquidity and funding management. Each quarter, we publish quarterly financial reports for UBS Group AG, on the same day as the earnings releases.

The consolidated financial statements of UBS Group AG and UBS AG are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

- › Refer to “Note 1 Summary of material accounting policies” in the “Consolidated financial statements” section of this report for more information about the basis of accounting

We are committed to maintaining the transparency of our reported results and allowing analysts and investors to make meaningful comparisons with prior periods. If there is a major reorganization of our business divisions or if changes to accounting standards or interpretations lead to a material change in the Group’s reported results, our results are restated for previous periods as required by applicable accounting standards. These restatements show how our results would have been reported on the new basis and provide clear explanations of all relevant changes.

## US disclosure requirements

As a foreign private issuer, we must file reports and other information, including certain financial reports, with the US Securities and Exchange Commission (the SEC) under the US federal securities laws.

An evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a–15e) under the US Securities Exchange Act of 1934 has been carried out, under the supervision of management, including the Group CEO, the Group CFO and the Group Controller. Based on that evaluation, and reflecting the determination that our internal control over financial reporting was not effective as of 31 December 2024, the Group CEO and the Group CFO concluded that our disclosure controls and procedures were not effective as of 31 December 2024.

No significant changes have been made to our internal controls or to other factors that could significantly affect these controls subsequent to the date of their evaluation.

- › Refer to the “Consolidated financial statements” section of this report for more information

# Compensation

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# Compensation



Julie G. Richardson  
Chairperson of the  
Compensation Committee  
of the Board of Directors

Dear Shareholders,

The Board of Directors (the BoD) and I wish to thank you for your support once again at last year's Annual General Meeting (the AGM) and for sharing your views on our compensation practices over the past year.

Throughout 2024, the BoD Compensation Committee continued to oversee the compensation process, aiming to ensure that reward reflects performance, risk-taking is appropriate and employees' interests are aligned with those of our stakeholders. Following these reviews, we concluded that our compensation framework remains well suited to support us in achieving our ambitions for the Group and that it provides strong alignment with shareholders' interests. As the Chairperson of the Compensation Committee, I am pleased to present our Compensation Report for 2024.

## Key achievements support our strategy and business model

Our strong performance in 2024 reflects our unwavering commitment to serving our clients, the strength of our diversified global franchise and the progress we have made on the integration. Throughout 2024, clients continued to extend their trust in UBS, evidenced by Group invested assets of USD 6.1trn, up 7% year-on-year. We maintained robust momentum as we captured growth in Global Wealth Management (USD 97bn of net new assets) and Asset Management (USD 45bn of net new money) and gained market share in the Investment Bank in the areas where we have made strategic investments. With over CHF 70bn of loans granted or renewed last year out of a total book of CHF 350bn, we also maintained our commitment to being a reliable partner for the Swiss economy, helping our communities to prosper in ways that benefit both households and businesses and our shareholders. As a result, we have delivered on our financial ambitions and in many cases surpassed market expectations.

Furthermore, we achieved all our key acquisition-related milestones in 2024 on or ahead of schedule, significantly reduced the execution risk of the acquisition of the Credit Suisse Group and accelerated the transition to growth. We are confident that we will accomplish the most significant aspects of the integration by the end of 2026, achieve our financial targets and fulfill our growth initiatives. At the same time, we are positioning UBS for a successful future with investments in our people, products and capabilities, to enhance client experience, improve productivity and achieve sustainable profitable growth.

## Progress with the integration of Credit Suisse

In 2024, we made substantial progress related to the integration of Credit Suisse. We continue to execute on our integration plans, de-risking and optimizing our balance sheet and delivering on our cost reduction ambitions. We maintained our cost focus momentum across the Group, achieving USD 3.4bn of gross cost savings in 2024 and USD 7.5bn compared with the 2022 baseline, which represents around 58% of our total cumulative gross cost save ambition.

Our Non-core and Legacy division has cut risk-weighted assets by more than half compared with the post-acquisition starting point and released over USD 6bn of capital to the Group. Furthermore, with the successful migration of client accounts in Hong Kong, Singapore, Japan and Luxembourg, we have now transferred over 90% of client accounts outside of Switzerland onto UBS platforms.

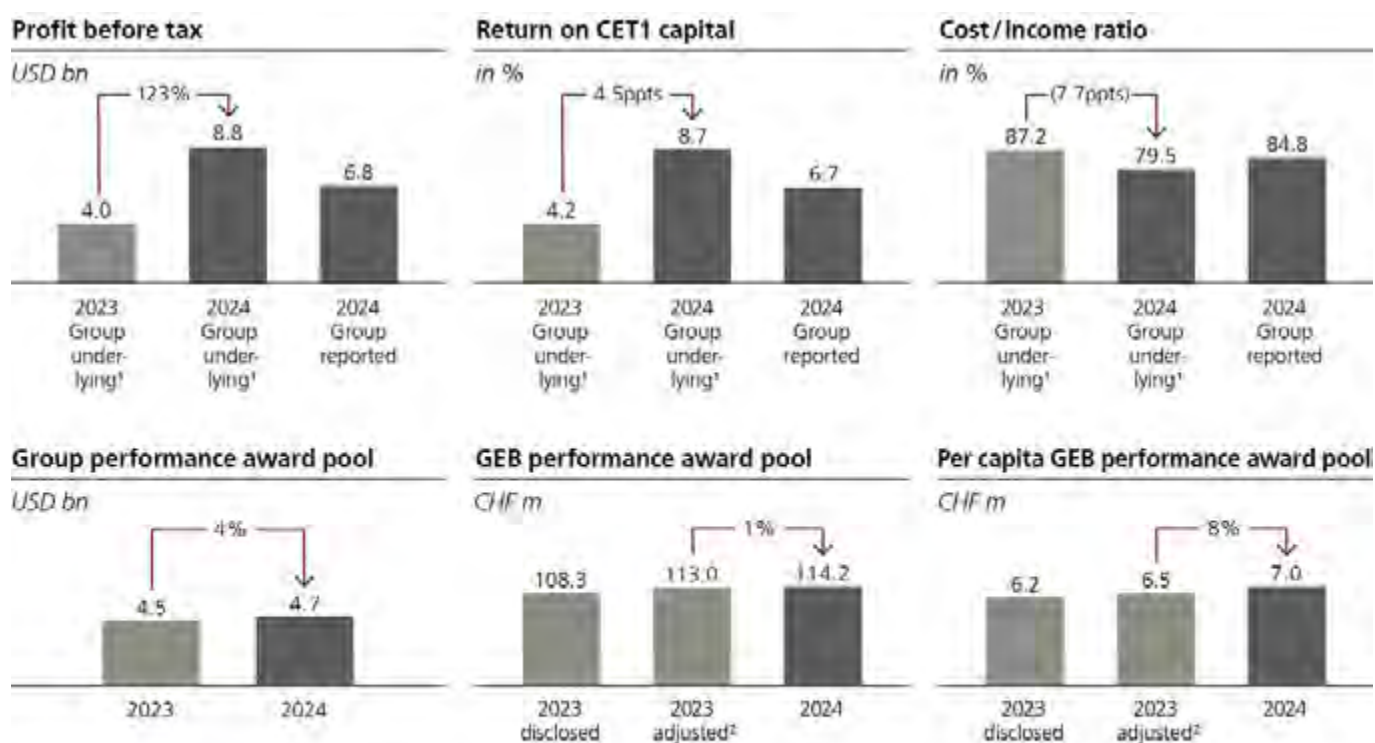
The mergers of UBS AG and Credit Suisse AG and of UBS Switzerland AG and Credit Suisse (Schweiz) AG were successfully completed last year. These mergers are critical steps in enabling us to unlock the next phase of the cost, capital, funding and tax benefits we expect to realize by the end of 2026.

Overall, we successfully transitioned employees from Credit Suisse to UBS entities, with a completion rate of 67%, including four of our top seven countries at 100%. We launched a global initiative, "Crafting Our Future", designed to unite our senior leaders and line managers, fostering alignment around strategy and culture. This program has played a pivotal role in our successful cultural integration, strengthening collaboration, pride and engagement as we gradually transition from integration to growth.

We continue to execute on our ambitious integration priorities, and we remain on track to accomplish the most significant integration aspects by the end of 2026. Over the next two years, we expect our balance sheet optimization efforts and ongoing reduction of the Non-core and Legacy footprint to create capacity for sustainable and profitable growth in our core businesses. We are proud of our employees, who continue to demonstrate high levels of engagement, dedication and resilience.

## Financial performance

Our performance in 2024 reflects increased revenues driven by strong transactional activity and recurring fee income. Underlying profit before tax increased significantly to USD 8.8bn in 2024, up from USD 4.0bn in 2023, while reported profit before tax was USD 6.8bn in 2024. Net profit attributable to shareholders was USD 5.1bn, and return on CET1 (RoCET1) capital was 6.7%, or 8.7% on an underlying basis, above our expectation for 2024 and that of the market. At the same time, we continued to deliver on our cost-reduction ambitions and efficiency plans.



<sup>1</sup> Underlying results exclude items of profit or loss that management believes are not representative of the underlying performance. Underlying results are a non-GAAP financial measure and alternative performance measure (APM). <sup>2</sup> The adjustment reflects a net neutral re-balancing between variable and fixed compensation due to the elimination of role-based allowances (RBA) for GEB members as the UK regulatory regime with a 2:1 variable-to-fixed compensation cap is no longer in effect.

## Commitment to return capital to shareholders

Capital strength is a key pillar of our strategy, and we remain committed to maintaining a balance sheet for all seasons. In 2024, our strong capital position enabled us to voluntarily accelerate the phase-out of the remaining transitional purchase price allocation adjustments for common equity tier 1 (CET1) capital purposes agreed with our regulator while keeping a strong CET1 capital ratio of 14.3%, making us one of the best-capitalized major banks in the world.

For 2024, the Board of Directors plans to propose a dividend to UBS Group AG shareholders of USD 0.90 per share, an increase of 29% year-on-year. In 2024, we completed our USD 1bn of share repurchases. In 2025, we plan to repurchase USD 1bn of shares in the first half of the year and aim to repurchase up to an additional USD 2bn of shares in the second half of the year. We also maintain our ambition for 2026 share repurchases to exceed full-year 2022 levels. Our share repurchases will be consistent with delivering on our financial plans, maintaining our CET1 capital ratio target of around 14% and the absence of material, immediate changes to the current capital regime.

## 2024 Group performance award pool

For 2024, the Group performance award pool was determined by applying our usual approach based on financial performance, along with consideration of non-financial other factors, such as specific focus on the progress of our integration, risk management, achievement of strategic objectives, and market position and trends.

As a result, the overall pool of USD 4.7bn reflects the strong financial performance and the progress with the integration. To further support the long-term value creation of the integrated firm, we have continued to apply our strict pay-for-performance approach with increased performance and pay differentiation aligned with supporting our high performance culture. We are also mindful of the continuing competition to attract and retain a talented workforce that delivers on our strategy and financial ambitions. The final pool also reflects market competitive considerations to protect our franchise and investment.

The Group Executive Board (GEB) pool overall increased by 1% to CHF 114.2m compared with the 2023 GEB pool adjusted to reflect the elimination of role-based allowances (RBA) for GEB members as the UK regulatory regime with a 2:1 variable-to-fixed compensation cap is no longer in effect. The increase reflects the financial performance of the firm, the progress with the integration of Credit Suisse and also the changes in GEB composition during 2024. The GEB per capita performance award increased by 8% compared with the previous year's adjusted per capita performance award.

### Continuity of our overall compensation framework

Following a comprehensive annual review, the Compensation Committee confirmed that our Total Reward Principles and overall compensation framework continue to support the alignment of compensation with the execution of our strategy, sustainable performance and the delivery of our integration goals. Overall, the compensation framework for all employees, including the GEB, remains broadly unchanged compared with 2023.

In context of evolving UK regulatory requirements, where the 2:1 variable-to-fixed pay ratio was removed, we refined the compensation framework for UK-regulated GEB members to more closely align to the overall GEB framework. As a result, we have aligned the individual compensation caps for all GEB members (including UK-regulated members) to seven times their annual fixed compensation rate.

Regarding our Long-Term Incentive Plan (LTIP) awards for 2024 performance, we have reviewed the three-year average (2025 through 2027) reported RoCET1 performance metric to reflect our strategic return ambitions and our revised financial targets.

- Specifically, the required performance threshold for the minimum payout has been raised to 7.5% vs 5% last year, to reflect our financial targets and progress on the integration objectives.
- The required reported RoCET1 performance for a maximum payout has been increased to 14% vs 10% last year, which represents the upper end of our target range.

### The 2025 Annual General Meeting

At the 2025 AGM on 10 April, we will seek your support on the following compensation-related items:

- the maximum aggregate amount of compensation for the BoD for the period from the 2025 AGM to the 2026 AGM;
- the maximum aggregate amount of fixed compensation for the GEB for 2026;
- the aggregate amount of variable compensation for the GEB for 2024; and
- shareholder endorsement in an advisory vote for this Compensation Report.

On behalf of the Compensation Committee and the BoD, I thank you again for your feedback and we respectfully ask for your continued support at the upcoming AGM.



Julie G. Richardson  
Chairperson of the Compensation Committee of the Board of Directors

# 2024 key compensation themes

The feedback that we seek from our shareholders about compensation-related topics is very important to us, as we are committed to maintaining a strong link between the interests of our employees and those of our shareholders. We continued engaging with shareholders during 2024 and received overall positive feedback about our compensation framework. The below summarizes key compensation themes for 2024 and provides answers to the questions we most frequently receive from shareholders.

## Summary of 2024 key compensation themes / responses to frequently asked questions

### How does the Long-Term Incentive Plan work and what does the grant level of 50% of the maximum opportunity mean?

The Long-Term Incentive Plan (the LTIP) is an equity-based award and the final value is subject to performance conditions, as well as share price development. The final value will reflect UBS's future performance, cannot exceed 100% and may also be reduced to zero.

Following the acquisition of the Credit Suisse Group, in 2023 we expanded the scope of the population to approximately 950 participants that receive the LTIP, established a communicated value of 50% and aligned the return on CET1 capital (RoCET1) thresholds with our financial ambitions.

The LTIP is an important element that supports the alignment of the long-term focus of a broad group of senior leaders with shareholders, while supporting appropriate risk-taking and awareness, and aligns the maximum opportunity to exceed the stretching nature of our financial ambitions.

Consistent with the approach used in 2023, we awarded the LTIP for the 2024 performance year with a communicated value of 50% of the maximum opportunity (100%). Each participant has the potential to double the number of shares at grant value, if reported RoCET1 over the three-year performance period is at or above 14% and relative Total Shareholder Return (rTSR) is at or above the peer group index by 25 percentage points or more. Similarly, each participant may receive zero shares if reported RoCET1 over the three-year performance period is less than 7.5% and rTSR is below the peer group index by more than 25 percentage points. The grant valuation percentage is not a share price discount but reflects the inherent risk to the participant, including the fact that the individual may ultimately receive zero value.

The nature of this design incentivizes management to deliver future financial results that exceed our ambitious targets and shareholders returns that outperform our peers. It aligns with our shareholders' experience and the success of the execution of our strategy, which during the ongoing integration requires even more commitment and efforts.

We will re-assess our approach and adjust as appropriate as our progress toward our financial ambitions continues. Given the limited integration- and merger-related incentives utilized to date, the LTIP is important to incentivizing employees to support the integration efforts for our shareholders.

› Refer to "2024 Group performance outcomes" in the "Group compensation" section of this report for more information

### Illustrative example

An employee receives an LTIP award with a value of CHF 100,000 granted at a share price of CHF 30.328 per share (based on the average closing price of UBS shares over the last ten trading days leading up to and including the award date in February). This represents the award granted at 50% of the maximum opportunity. The actual LTIP value at the end of the performance period may vary between:

- CHF 0, i.e. no value, if the achievement level of the performance metrics at the end of the three-year performance period is below 33%; and
- CHF 200,000, if the achievement level of the performance metrics at the end of the three-year performance period is at or above 100%, assuming no change in share price.

Ultimately, the value is determined by consideration of the performance achievement coupled with share price development (positive or negative). In this manner, management is incentivized to deliver on strategy, integration targets and financial objectives and to drive long-term growth while also being fully aligned with shareholders on share price development and relative shareholder returns.



## Did UBS change the compensation framework for 2024?

Following a comprehensive annual review, the Compensation Committee confirmed that our Total Reward Principles and compensation framework continue to support the alignment of compensation with the execution of our strategy, sustainable performance and the delivery of our integration goals. This aims to ensure that the interests of our employees are aligned with those of our clients and other stakeholders. Overall, the compensation framework for all employees, including the GEB, remains broadly unchanged compared with 2023. In the context of evolving regulatory requirements, we refined the compensation framework for GEB members who are UK Senior Management Functions (SMFs) to more closely align to the GEB framework.

› Refer to “GEB compensation framework” in the “Compensation for GEB members” section of this report for more information

## What are the performance metrics of the 2024 LTIP (awarded in 2025)?

The overall design of the LTIP is unchanged compared with last year. The 2024 LTIP continues to feature the same two equally weighted performance metrics (reported RoCET1 and rTSR), which are assessed over a three-year performance period.

For the 2024 LTIP, we have increased the reported RoCET1 performance range to 7.5%–14% from 5%–10% for the 2023 LTIP to support exceeding our financial ambitions over the cycle. This increase demonstrates our commitment to continuously review our LTIP against our evolving return expectations and integration progress.

Other 2024 LTIP key features remain unchanged, including the rTSR performance range of  $\pm 25$  percentage points of UBS's TSR compared with a peer group index TSR, which continues to demonstrate our ambition of delivering attractive relative returns to shareholders.

## What is the achievement level of the LTIP granted in 2022 for 2021 performance?

The deferred portion of the performance award granted in 2022 for the 2021 financial performance year (the 2021 LTIP) to members of the GEB and selected senior management was in part delivered through the LTIP award. This award has been designed to support alignment of compensation with the execution of our strategy, financial performance and long-term growth.

The performance metrics of the 2021 LTIP are average reported RoCET1 and rTSR, both measured over a three-year performance period from 2022 to 2024.

In 2021 when the Compensation Committee set the relevant performance range of the reported RoCET1 metric (i.e. 8%–18% for the performance period 2022–2024), it considered several factors including our strategic plan, which at that time reflected a reported RoCET1 target range of 15%–18%. However, the acquisition and integration of the Credit Suisse Group significantly impacted the financial results of UBS during the performance period of the 2021 LTIP.

Against this background, the Compensation Committee has carefully considered these integration-related aspects and made the following adjustments to the reported RoCET1 for 2023 and 2024 in order to determine the 2021 LTIP achievement level in line with our strict pay-for-performance approach and to remove both the positive and negative impacts related to the integration.

- For 2023 RoCET1, as already communicated in the Compensation Report 2023, we used UBS sub-group results as a starting point but excluded both the positive and negative one-time financial impacts of the acquisition of the Credit Suisse Group (such as the negative goodwill, or gain, of USD 27.7bn).
- For 2024 RoCET1, we used UBS Group results and applied an adjustment based on a review of the plans before and after the integration in order to align the RoCET1 performance relative to the plan applicable at the time of grant.

While the Compensation Committee decided to apply the above-mentioned adjustments with regard to the RoCET1 metric outcomes, no adjustments were made to the rTSR achievement.

The three-year performance period of the 2021 LTIP concluded at the end of 2024. As a result, the RoCET1 metric outcome for the 2021 LTIP, including the adjustments above, was 17.44%. With these adjustments to the RoCET1 metric, the overall achievement level of the 2021 LTIP resulted in 93.33% of the maximum opportunity (100%). If the Compensation Committee had not made the above-mentioned adjustments to the 2023 and 2024 RoCET1 outcomes but had instead applied reported UBS Group AG financial results, the achievement level for RoCET1 would have been 100%.

## Performance achievement for the 2021 LTIP awarded in 2022

| Performance metrics                 | Performance metric outcome |         | 2021 LTIP achievement level              |                             |         |                                                   |
|-------------------------------------|----------------------------|---------|------------------------------------------|-----------------------------|---------|---------------------------------------------------|
|                                     | Threshold                  | Maximum |                                          | Threshold                   | Maximum |                                                   |
| RoCET1<br>(Weight: 50%)             | 8%                         | 18%     | Outcome below threshold: full forfeiture | 33%                         | 100%    | Outcome above maximum: achievement capped at 100% |
|                                     | Outcome: 17.44%            |         |                                          | Achievement: 96.23%         |         |                                                   |
| rTSR<br>(Weight: 50%)               | -25ppts                    | +25ppts |                                          | 33%                         | 100%    |                                                   |
|                                     | Outcome: 17.85ppts         |         |                                          | Achievement: 90.42%         |         |                                                   |
| Overall 2021 LTIP achievement level |                            |         |                                          | Overall achievement: 93.33% |         |                                                   |

## How does UBS support pay fairness?

Compensating employees fairly and consistently is key to ensuring equal opportunities. A strong commitment to pay for performance and pay equity is embedded in our compensation policies. In this context, we regularly conduct internal reviews on pay equity, and our statistical analyses show a differential between male and female employees in similar roles across our core financial hubs of less than 1%. If we find any gaps not explained by business or by appropriate employee factors, such as role, responsibility, experience, performance or location, we look at the root causes and address them.

- › Refer to the “Compensation philosophy and governance” section of this report for more information about pay fairness
- › Refer to the “People and culture make the difference” section of the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information about workforce inclusion

## How is UBS supporting employees during the ongoing integration period?

We are committed to being a responsible employer, and to caring for our employees. To support employees during the integration, UBS offers a range of well-being sessions with internal and external experts on the themes of resilience, growth mindset, dealing with uncertainty and burnout prevention. Employees have ongoing access to confidential support from our global Employee Assistance Program and the Social Counseling team in Switzerland.

Employees in the Swiss labor market affected by restructuring are entitled to a reorientation program with a key focus on redeployment within UBS. Outside of the Swiss labor market, we offer severance terms that at least comply with applicable local laws. In many locations, we provide severance packages negotiated with our local social partners that go beyond these minimum legal requirements or offer additional time in order to find a new position. In many locations, we also offer redeployment support from our internal recruiters and via external outplacement firms for employees affected by redundancies. We believe these measures help skilled employees affected by restructuring to favorably position themselves on the labor market.

- › Refer to the “People and culture make the difference” section of the UBS Group Sustainability Report 2024, available under “Annual reporting” at [ubs.com/investors](https://ubs.com/investors), for more information about workforce inclusion

## How does UBS support the well-being of its employees?

We care about our people’s well-being and want everyone to thrive. A culture of collective well-being and resilience enables us to drive sustainable performance. Spanning social, physical, mental and financial well-being, our comprehensive health and well-being offering includes a wide range of programs, benefits, awareness sessions, e-learning, toolkits and workplace resources. All are designed to help our employees manage their health, foster well-being and promote the organization’s sustainability.

Over the past year, we have particularly focused on helping employees and line managers across our combined organization adapt to changes related to the integration of Credit Suisse, offering a range of well-being sessions with internal and external experts on the themes of resilience, growth mindset, dealing with uncertainty, and burnout prevention.

To promote physical and mental health, we sponsor firm-wide or local initiatives such as fitness challenges and provide mental health support that includes an employee assistance program and access to a specialized mindfulness app.

We are a founding partner of [#WorkingWithCancer](#) to better support employees affected by cancer and focus on prevention. We also sponsor financial education events in every region and help employees positively impact their communities by matching charitable donations and offering paid leave to volunteer in community and environmental initiatives.

- › Refer to [ubs.com/global/en/our-firm/our-employees](https://ubs.com/global/en/our-firm/our-employees) for more information about our workforce

# Say-on-pay

## Say-on-pay votes at the AGM

In line with the Swiss Code of Obligations, we seek binding shareholder approval for the aggregate compensation awarded to the Group Executive Board (the GEB) and the Board of Directors (the BoD). Prospective approval of the fixed compensation of the BoD and GEB provides the firm and its governing bodies with the certainty needed to operate effectively. Retrospective approval of the GEB's variable compensation aligns their compensation with performance and contribution.

The table below outlines our compensation proposals, including supporting rationales, that we plan to submit to the 2025 Annual General Meeting (the AGM) for binding votes, in line with the Swiss Code of Obligations and our Articles of Association.

These binding votes on compensation and the advisory vote on our Compensation Report reflect our commitment to shareholders having their say on pay.

- › Refer to “Provisions of the Articles of Association related to compensation” in the “Supplemental information” section of this report for more information

Audited I

## Approved GEB fixed compensation and BoD compensation

At the 2023 AGM, the shareholders approved a maximum aggregate fixed compensation amount of CHF 33.0m for GEB members for the 2024 performance year. This amount reflects base salaries and estimated standard contributions to retirement benefit plans, as well as other benefits. The aggregate fixed compensation paid in 2024 to GEB members was below the approved amount for 2024.

At the 2024 AGM, the shareholders approved a maximum aggregate amount of compensation of CHF 16.5m for the members of the BoD for the period from the 2024 AGM to the 2025 AGM. ▲

- › Refer to “2024 total compensation for the GEB members” in the “Compensation for GEB members” section of this report
- › Refer to “Remuneration details and additional information for BoD members” in the “Compensation for the Board of Directors” section of this report

## Compensation-related proposals for binding and advisory votes at the 2025 AGM

| Item                                            | Approved at the 2024 AGM                                                                                                    | BoD proposals for the 2025 AGM                                                                                                                             | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GEB variable compensation</b>                | Shareholders approved CHF 108,286,300 for the 2023 financial year <sup>1,2,3</sup> (vote “for”: 88.45%)                     | The BoD proposes an aggregate amount of variable compensation of CHF 114,185,176 <sup>4</sup> for the members of the GEB for the 2024 financial year.      | The GEB performance award pool reflects the strong financial performance of the firm and the significant progress with the integration of Credit Suisse and also considers the changes in GEB composition during 2024. The 2024 GEB performance award pool has been increased by 1% compared with the 2023 adjusted GEB pool, which is below the Group performance award pool increase of 4% year-on-year.                                                                                                                                                                                                   |
| <b>GEB fixed compensation</b>                   | Shareholders approved CHF 33,000,000 for the 2025 financial year <sup>1,2,3</sup> (vote “for”: 90.97%)                      | The BoD proposes a maximum aggregate amount of fixed compensation of CHF 32,000,000 for the members of the GEB for the 2026 financial year.                | The proposed amount for 2026 has been reduced by CHF 1m compared with the approved 2025 aggregate amount. This reduction is driven by the elimination of role-based allowances for UK-regulated GEB members. The proposed amount includes the base salaries of the Group CEO and other GEB members, as well as estimated standard contributions to retirement benefit plans and other benefits. The amount further provides flexibility in light of potential changes in GEB composition or roles, competitive considerations as well as other factors (e.g. changes in foreign exchange rates or benefits). |
| <b>BoD compensation</b>                         | Shareholders approved CHF 16,500,000 for the period from the 2024 AGM to the 2025 AGM <sup>1,2,5</sup> (vote “for”: 89.84%) | The BoD proposes a maximum aggregate amount of compensation of CHF 15,000,000 for the members of the BoD for the period from the 2025 AGM to the 2026 AGM. | The proposed amount is CHF 1.5m lower than the approved aggregate amount for the previous period from the 2024 AGM to the 2025 AGM. This decrease is driven by a lower spend for subsidiary board fees as a result of the reduction in Credit Suisse legal entities. The proposed amount includes the total compensation for the Chairman and the Vice Chairman, both with unchanged base fees. The fees for other BoD members also remain unchanged.                                                                                                                                                        |
| <b>Advisory vote on the Compensation Report</b> | Shareholders approved the UBS Group AG Compensation Report 2023 in an advisory vote (vote “for”: 83.54%)                    | The BoD proposes that the UBS Group AG Compensation Report 2024 be ratified in an advisory vote.                                                           | Our Total Reward Principles and compensation framework continue to support the alignment of compensation with the execution of our strategy and sustainable performance. They also enable UBS to drive the economic and cultural integration of Credit Suisse and the long-term value creation of the combined firm. Overall, the compensation framework for all employees, including the GEB, remains broadly unchanged compared with 2023. Our compensation policies continue to reflect our strong commitment to pay for performance and pay equity.                                                      |

<sup>1</sup> Local currencies are converted into Swiss francs at the 2024 performance award currency exchange rates. <sup>2</sup> Excludes the portion related to the legally required employer's social security contributions. <sup>3</sup> As stated in “Group Executive Board” in the “Corporate governance” section of this report, 15 GEB members were in office on 31 December 2024 and 16 GEB members were in office on 31 December 2023. <sup>4</sup> Includes LTIP awards for the 2024 performance year with a communicated value of 50% of the maximum opportunity (100%). <sup>5</sup> Twelve BoD members were in office on 31 December 2024 and on 31 December 2023.

# Compensation philosophy and governance

## Our compensation philosophy

### Total Reward Principles

Our Total Reward Principles are fully aligned with our strategy and encourage employees to live our strong and inclusive culture that is grounded in our three keys to success: our *Pillars, Principles and Behaviors*. These guiding principles underpin our approach to compensation and define our compensation framework. In 2024, we refined our Total Reward Principles to further align them to our strategy and our three keys to success. This aims to ensure that the interests of our employees are aligned with those of our clients and other stakeholders. In the short-to-medium term, they also enable UBS to drive the economic and cultural integration of Credit Suisse and the long-term value creation of the combined firm.

Therefore, our compensation approach supports our capital strength and risk management, and provides for simplification and efficiency. It encourages employees to focus on client centricity, connectivity and sustainable impact in everything we do. Moreover, we reward behaviors and conduct that help build and protect the firm's reputation, including Accountability with integrity, Collaboration and Innovation. Compensation for each employee is based on individual, team, business division and Group performance, within the context of the markets in which we operate.

### Total Reward Principles

Our Total Reward Principles apply to all employees globally but vary in certain locations according to local legal requirements, regulations and practices. The table below provides a summary of our Total Reward Principles.

|                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Reinforce our culture and strategy</b>                                                      | Compensation reinforces and aligns with the firm's culture and strategy, fosters engagement among employees and aligns their long-term interests with those of clients and stakeholders.                                                                                                                                                                                                                |
| <b>Attract, retain and motivate a talented workforce</b>                                       | We provide competitive and fair pay to support our global and diverse workplace based on meritocracy. Pay at UBS reflects fair and equal treatment and is competitive. Our investment in a motivated workforce supports the sustainability of the organization.                                                                                                                                         |
| <b>Foster pay-for-performance aligned with sustainable achievement and our ways of working</b> | We pay for sustainable and holistic performance. Clear objectives as well as a thorough evaluation of what was achieved and how it was achieved, combined with effective communication, promote clarity, accountability and establish a strong link between pay and performance. This approach emphasizes behaviors and conduct, including Accountability with integrity, Collaboration and Innovation. |
| <b>Reinforce sustainable long-term value creation and growth</b>                               | Compensation is appropriately balanced between fixed and variable elements and delivered over an adequate period to support our growth ambitions and sustainable performance.                                                                                                                                                                                                                           |
| <b>Support risk awareness and appropriate risk-taking</b>                                      | Our compensation structure encourages employees to have a focus on risk management and behave consistently with the firm's risk framework and appetite, thereby anticipating and managing risks effectively to protect our capital and reputation.                                                                                                                                                      |

### Our Total Reward approach

We apply a holistic Total Reward approach, generally consisting of fixed compensation (base salary and role-based allowances, if applicable), performance awards, pension contributions and benefits. Our Total Reward approach is structured to support sustainable results and growth ambitions.

For employees whose total compensation exceeds certain levels, performance awards are delivered in a combination of cash, deferred contingent capital awards and deferred share-based awards.

A substantial portion of performance awards is deferred and vests over a five-year period (or longer for certain regulated employees). This deferral approach supports alignment of employee and investor interests, our capital base and the creation of sustainable shareholder value.

› Refer to "Compensation elements for all employees" in the "Group compensation" section of this report for more information



## Fair and equitable pay

Pay equity and equal opportunity are fundamental to support our strategy. Being an employer of choice and inclusive of all experiences, perspectives and backgrounds is critical to our success. Factors such as gender, culture, race, ethnicity, sexual orientation and identity, disability, family, veteran status, generations and part-time status should not impact opportunities available to our employees.

Fair and consistent pay practices are designed to ensure that employees are appropriately rewarded for their contribution. We pay for performance, and we take pay equity seriously. We have embedded clear commitments in our compensation policies and practices and apply the same fair pay standards across all locations. We annually review our approach and policies, in line with established equal pay methodologies, to support our continuous improvement.

As part of our commitment to equal pay, we regularly conduct internal reviews on pay equity, and our statistical analyses show a differential between male and female employees in similar roles across our core financial hubs of less than 1%. If we find any gaps not explained by business or by appropriate employee factors, such as role, responsibility, experience, performance or location, we look at the root causes and address them.

We also aim to ensure that all employees are paid at least a living wage. We regularly assess employees' salaries against local living wages, using benchmarks defined by the Fair Wage Network. Our analysis in 2024 showed that employees' salaries were at or above the respective benchmarks.

› Refer to the "People and culture make the difference" section of the UBS Group Sustainability Report 2024, available under "Annual reporting" at [ubs.com/investors](https://ubs.com/investors), for more information about workplace inclusion

## Compensation governance

### Board of Directors and Compensation Committee

The Board of Directors (the BoD) is ultimately responsible for approving the compensation strategy and principles proposed by the Compensation Committee, which determines compensation-related matters in line with the principles set forth in the Articles of Association (the AoA).

As determined in the AoA and the firm's Organization Regulations, the Compensation Committee supports the BoD with its duties to set guidelines on compensation and benefits, to oversee implementation thereof, to approve certain compensation and to scrutinize executive performance. The Compensation Committee consists of independent BoD members, who are elected annually by shareholders at the Annual General Meeting (the AGM), and is responsible for governance and oversight of our compensation process and practices. This includes the alignment between pay and performance, and ensuring that the compensation framework supports appropriate risk awareness and management, as well as appropriate risk-taking. In 2024, to additionally support the connection between the Compensation Committee and the Risk Committee, the Compensation Committee Chairperson was also a member of the Risk Committee.

Annually, and on behalf of the BoD, the Compensation Committee:

- reviews our Total Reward Principles;
- approves key features of the compensation framework and plans for the non-independent BoD members and members of the Group Executive Board (the GEB);
- reviews performance award funding throughout the year and proposes, upon proposal of the Group CEO, the final annual Group performance award pool to the BoD for approval;
- upon proposal of the Group CEO, reviews the performance framework for the other GEB members;
- upon proposal of the Group CEO, proposes the performance assessments and the individual total compensation for the other GEB members for approval by the BoD;
- upon proposal of the Chairman, for the Group CEO, proposes the financial and non-financial performance targets and objectives, the performance assessment and the total compensation for approval by the BoD;
- approves the total compensation for the Chairman and the non-independent BoD members;
- upon proposal of the Chairman, proposes the remuneration / fee framework for independent BoD members for approval by the BoD;
- upon proposal of the Chairman and the Group CEO, approves the remuneration / fee frameworks for external supervisory board members of Significant Group Entities and is informed of remuneration / fee frameworks for external supervisory board members of Significant Regional Entities;
- proposes to the BoD for approval the annual compensation report and approves other material public disclosures on UBS compensation matters; and
- proposes to the BoD, for approval by the AGM, the maximum aggregate amounts of BoD compensation and GEB fixed compensation and the aggregate amount of variable compensation for the GEB.

The Compensation Committee is required to meet at least four times each year. All meetings in 2024 were held in the presence of the Chairman and the Group CEO. External advisors were present when required. Individuals, including the Chairman and the Group CEO, are not permitted to attend a meeting or participate in a discussion on their own performance and compensation.



After the meetings, the Chairperson of the Compensation Committee reports to the BoD on the Compensation Committee's activities and discussions and, if necessary, submits proposals for approval by the full BoD. Compensation Committee meeting minutes are also sent to all members of the BoD. On 31 December 2024, the members of the Compensation Committee were Julie G. Richardson (Chairperson), Fred Hu and Jeanette Wong.

› Refer to "Board of Directors" in the "Corporate governance" section of this report for more information

## External advisors

The Compensation Committee may retain external advisors to support it in fulfilling its duties. In 2024, HCM International Ltd. (HCM) provided independent advice on compensation matters. HCM holds no other mandates with UBS. Additionally, Willis Towers Watson plc (WTW) provided the Compensation Committee with data on market trends and pay levels. Various subsidiaries of WTW provide similar information to UBS's human resources department in relation to compensation for employees, including advisory services and secondments to UBS to support the ongoing integration. WTW holds no other compensation-related mandates with UBS.

## The Risk Committee's role in compensation

The Risk Committee, a committee of the BoD, works closely with the Compensation Committee with the goal of ensuring that our compensation framework appropriately reflects risk awareness and management, and supports appropriate risk-taking. It supervises and sets appropriate risk management and risk control principles and is regularly briefed on how risk is factored into the compensation process. It also monitors the involvement of Group Risk Control and Compliance and Operational Risk Control in compensation and reviews risk-related aspects of the compensation process.

› Refer to [ubs.com/governance](https://ubs.com/governance) for more information

## Compensation Committee 2024 / 2025 key activities and timeline

|                                                                                                                     | July | Sept | Oct | Nov | Dec <sup>1</sup> | Jan | Feb |
|---------------------------------------------------------------------------------------------------------------------|------|------|-----|-----|------------------|-----|-----|
| <b>Strategy, policy and governance</b>                                                                              |      |      |     |     |                  |     |     |
| Total Reward Principles                                                                                             | ●    |      |     |     |                  |     | ●   |
| Integration-related compensation matters                                                                            | ●    |      | ●   |     | ●                |     | ●   |
| Pay fairness in the compensation process                                                                            |      |      |     |     |                  | ●   | ●   |
| Compensation disclosure and stakeholder communication matters                                                       | ●    |      | ●   |     |                  |     | ●   |
| AGM reward-related items                                                                                            | ●    |      |     |     |                  | ●   |     |
| Compensation Committee governance                                                                                   |      |      |     |     |                  |     | ●   |
| <b>Annual compensation review</b>                                                                                   |      |      |     |     |                  |     |     |
| Accruals and full-year forecast of the performance award pool funding                                               | ●    |      | ●   | ●   | ●                | ●   | ●   |
| Performance targets and performance assessment of the Group CEO and GEB members                                     |      |      |     |     | ●                | ●   | ●   |
| Group CEO and GEB members' salaries and individual performance awards                                               |      |      |     |     | ●                | ●   |     |
| Update on market practice, trends and peer group matters                                                            | ●    |      |     | ●   |                  | ●   |     |
| Pay for performance, including governance on certain higher-paid employees, and formulaic compensation arrangements | ●    |      | ●   | ●   |                  | ●   | ●   |
| Board of Directors remuneration                                                                                     |      |      |     |     |                  | ●   |     |
| <b>Compensation framework</b>                                                                                       |      |      |     |     |                  |     |     |
| Compensation framework and deferred compensation matters                                                            |      |      | ●   |     | ●                | ●   | ●   |
| <b>Risk and regulatory</b>                                                                                          |      |      |     |     |                  |     |     |
| Risk management in the compensation approach                                                                        |      | ●    |     | ●   |                  | ●   | ●   |
| Joint meeting with the BoD Risk Committee                                                                           |      | ●    |     |     |                  |     |     |
| Regulatory activities impacting employees and engagement with regulators                                            | ●    | ●    | ●   |     | ●                | ●   | ●   |

<sup>1</sup> The Compensation Committee held two meetings in December 2024.

## Compensation governance

The table below provides an overview of compensation governance by specific role.

| Recipients                                              | Compensation recommendations proposed by             | Approved by                                                      |
|---------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------|
| <b>Chairman of the BoD and Vice Chairman of the BoD</b> | Compensation Committee                               | Compensation Committee <sup>1</sup>                              |
| <b>Other BoD members</b>                                | Compensation Committee and Chairman of the BoD       | BoD <sup>1</sup>                                                 |
| <b>Group CEO</b>                                        | Compensation Committee and Chairman of the BoD       | BoD <sup>1</sup>                                                 |
| <b>Other GEB members</b>                                | Compensation Committee and Group CEO                 | BoD <sup>1</sup>                                                 |
| <b>Key Risk Takers (KRTs) / senior employees</b>        | Respective GEB member and functional management team | Individual compensation for KRTs and senior employees: Group CEO |

<sup>1</sup> Aggregate variable compensation and the maximum aggregate amount of fixed compensation for the GEB, as well as maximum aggregate remuneration for the BoD, are subject to shareholder approval.



## Performance award pool funding

Our compensation philosophy focuses on balancing performance with appropriate risk-taking, retaining talented employees and supporting shareholder returns. Our overall performance award pool funding percentage decreases as financial performance increases. In years of strong financial performance, this prevents excessive compensation and results in an increased proportion of profit before performance awards being available for distribution to shareholders or growing the Group's capital. In years where performance declines, the performance award pool will generally decrease; however, the funding percentage may increase.

Our performance award pool funding framework is based on Group and business division performance, including achievements against defined performance measures. In assessing performance, we also consider relative performance versus peers, market competitiveness of our pay position, as well as progress against our strategic and integration objectives, including returns, risk-weighted assets and cost efficiency. The Risk and Compliance functions support our holistic reflection and consideration of the financial and non-financial impact (including reputation) of risk matters. We further consider the firm's risk profile and culture, the extent to which operational risks and audit issues have been identified and resolved, and the success of risk reduction initiatives including accountability for significant events.

The funding for Group functions is linked to overall Group performance and also reflects factors such as headcount and workforce location. For each functional area, quantitative and qualitative assessments evaluate service quality, risk management and financial achievements.

Our decisions regarding the total Group performance award pool also balance consideration of financial performance with a range of factors, including the impact of litigation, regulatory costs, the effect of changes in financial accounting standards, capital returns and relative total shareholder return.

For 2024, the performance award pool was determined by applying our usual approach described above. Our decision-making reflects the progress and complexity of the economic and cultural integration and supports the creation of long-term value in the combined firm for our shareholders.

Sustainability and diversity are well embedded into the culture of our organization and our employee base across all levels. These topics, including serving our clients' needs, delivering on our reporting requirements and supporting an inclusive workplace based on meritocracy where all employees can be successful and thrive, continue to be a priority. Considering our standing in these areas over the last several years, for 2024 these had no impact in our decision-making.

Before making its final proposal to the BoD, the Compensation Committee considers the Group CEO's proposals and can apply a positive or negative adjustment to the performance award pool.

- › Refer to **"2024 Group performance outcomes"** in the **"Group compensation"** section of this report
- › Refer to the **"Group performance"** section of this report for more information about our results

## Performance award funding process – Illustrative overview



# Compensation for GEB members

## GEB compensation framework

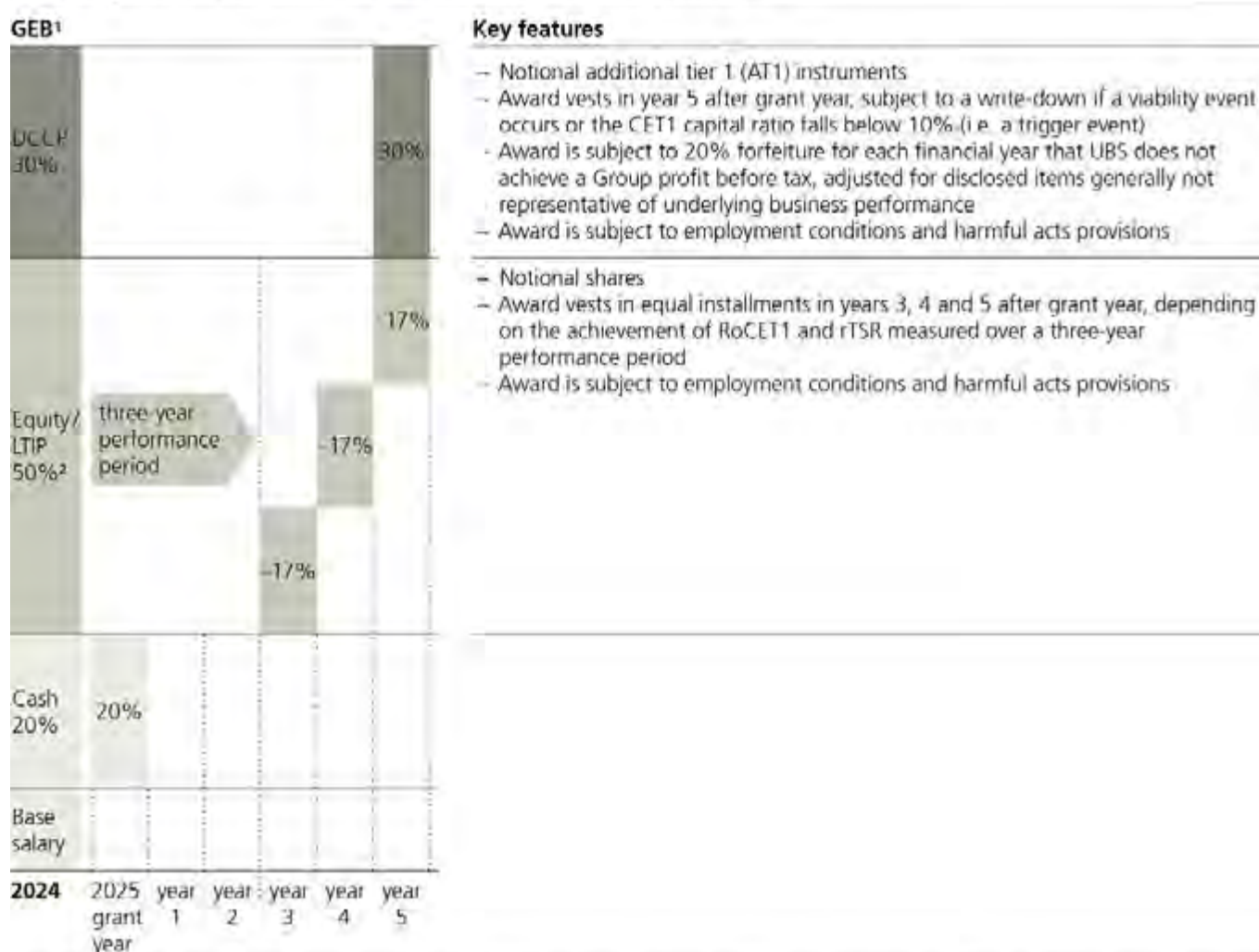
In 2024, the Compensation Committee reviewed the Group Executive Board (the GEB) compensation framework and concluded that it remains well suited to support the alignment of compensation with the execution of our strategy, sustainable performance and the delivery of our integration goals. The chart below illustrates the compensation elements, pay mix and key features for GEB members. Of the annual performance award, 20% is paid in the form of cash and 80% is deferred over a period of five years, with 50% of the annual performance awards granted under the Long-Term Incentive Plan (the LTIP) and 30% under the Deferred Contingent Capital Plan (the DCCP).

To comply with regulatory requirements, performance awards to GEB members who are UK Senior Management Functions (SMFs) are subject to longer deferral, blocking and clawback periods. The deferral period is seven years, with the deferred performance awards vesting no faster than pro rata from years 3 to 7. Such awards are also subject to a 12-month post-vesting blocking period. The clawback policy for SMFs permits clawback for up to 10 years from the date of granting a performance award (applicable if an individual is subject to an investigation at the end of the initial seven-year clawback period).

Effective 1 January 2024, we removed role-based allowances (RBAs) for GEB SMFs, which aligns their fixed compensation with other GEB members. Considering the RBA elimination and the longer deferral, blocking and clawback periods applicable to SMFs, as well as the regulatory requirement to deliver half of cash awards in the form of vested but blocked shares, we have amended the framework for GEB SMFs to more closely align to the overall GEB framework. GEB SMFs receive 50% of their performance award in equity, split between vested but blocked shares (subject to a 12-month blocking period) and the LTIP, 20% in upfront cash and 30% in DCCP.

- › Refer to “Our deferred compensation plans” in the “Group compensation” section of this report for more information
- › Refer to the “Group compensation” section of this report for more information
- › Refer to “Regulated staff” in the “Supplemental information” section of this report for more information

### 2024 compensation framework for GEB members (illustrative example)



<sup>1</sup> Performance awards to GEB members who are SMF/MRI are subject to additional deferral and vesting requirements. <sup>2</sup> The framework for GEB members who are SMFs is amended to be compliant with regulatory requirements. They continue to receive 50% of their performance award in equity, which is delivered in blocked shares and LTIP.

## Pay-for-performance safeguards for GEB members

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Performance award caps</b> | <ul style="list-style-type: none"> <li>– Cap on the total GEB performance award pool (2.5% of profit before tax)<sup>1</sup></li> <li>– Caps on individual performance awards for all GEB members, including the Group CEO, of seven times their annual fixed compensation rate</li> <li>– Cap of 20% of performance award in cash</li> </ul>                                                                                                  |
| <b>Delivery and deferral</b>  | <ul style="list-style-type: none"> <li>– 80% of performance awards are at risk of forfeiture</li> <li>– Long-term deferral over five years (or longer for certain regulated GEB members)</li> <li>– Alignment with shareholders (through the LTIP) and bondholders (through the DCCP)</li> <li>– Final payout of equity-based / LTIP awards subject to absolute and relative performance conditions (three-year performance period)</li> </ul> |
| <b>Contract terms</b>         | <ul style="list-style-type: none"> <li>– No severance terms</li> <li>– Notice period between six and twelve months</li> </ul>                                                                                                                                                                                                                                                                                                                  |
| <b>Other safeguards</b>       | <ul style="list-style-type: none"> <li>– Share ownership requirements</li> <li>– No hedging allowed</li> <li>– GEB variable compensation subject to clawback in line with US regulatory requirements</li> </ul>                                                                                                                                                                                                                                |

<sup>1</sup> The Compensation Committee may consider adjustments to profit for items that are not reflective of underlying performance including integration items.

In 2023, we implemented a clawback policy for current and former GEB members based on the US Securities and Exchange Commission (SEC) requirement for listed companies on US national securities exchanges / associations. This clawback policy is applied if UBS is required to prepare an accounting restatement of financial statements due to material non-compliance with financial reporting requirements. In that event, UBS would consider recovering the amount of variable compensation that exceeds the amount that would have been determined based on the restated financial statements (the final amount will be determined at the discretion of the Compensation Committee).

## GEB share ownership requirements

To align the interests of GEB members with those of our shareholders and to demonstrate personal commitment to the firm, we require all GEB members including the Group CEO to hold a substantial number of UBS shares. GEB members must reach their minimum shareholding requirements within five years from their appointment and retain it throughout their tenure. The total number of UBS shares held by a GEB member consists of any vested or unvested shares, including privately held shares. At the end of 2024, all GEB members met their share ownership requirements, except for some of those appointed within the last four years, who still have time to build up and meet the required share ownership.

As of 31 December 2024, our GEB members held shares with an aggregate value of approximately USD 415m.

### Share ownership requirements

|                   |                       |                                                                                                |
|-------------------|-----------------------|------------------------------------------------------------------------------------------------|
| Group CEO         | min. 1,000,000 shares | Must be built up within five years from their appointment and retained throughout their tenure |
| Other GEB members | min. 500,000 shares   |                                                                                                |

## GEB base salary

Each GEB member receives a fixed base salary, which is reviewed annually by the Compensation Committee. The 2024 annual base salary for the Group CEO role was CHF 2.5m and has remained unchanged since 2011.

Over the course of 2024, two GEB members held a UK SMF role for one of our UK entities, and two additional GEB members were identified as a UK-regulated Material Risk Takers (MRTs). Effective 1 January 2024, we removed RBAs for GEB SMFs and GEB MRTs, which aligns their fixed compensation with other GEB members.

At the Annual General Meeting (the AGM), the shareholders are asked to approve the maximum aggregate amount of fixed compensation for GEB members for the following financial year.

- › Refer to the “Supplemental information” section of this report for more information about MRTs and SMFs
- › Refer to the “Say-on-pay” section of this report for more information about the AGM vote on fixed compensation for the GEB

## Caps on the GEB performance award pool

The size of the GEB performance award pool may not exceed 2.5% of the Group's profit before tax. This limits the overall GEB compensation based on the firm's profitability. For 2024, the total GEB performance award pool was CHF 114.2m and below the 2.5% cap.

In line with the individual compensation caps on the proportion of fixed pay to variable pay for all GEB members (introduced in 2013), granted performance awards (at communicated value) of GEB members (including the Group CEO) are capped at seven times their annual fixed compensation rate. Where the annual fixed compensation rate (i.e. salary) is delivered in currencies other than the Swiss franc, the maximum total compensation is aligned to the Swiss franc-determined GEB members. To the extent that local regulatory requirements on compensation caps apply, we will consider equivalent ratios to comply with the respective regulatory regime. For 2024, performance awards (at communicated value) granted to all GEB members including the Group CEO were, on average, 4.5 times their fixed compensation (in Swiss franc terms, excluding one-time replacement awards, benefits and contributions to retirement plans).

› Refer to "Performance award pool funding" in the "Compensation philosophy and governance" section of this report for more information

## GEB employment contracts

GEB members' employment contracts do not include severance terms and are subject to a six-to-twelve-month notice period. A GEB member leaving UBS before the end of a performance year may be considered for a performance award. Such awards are subject to approval by the Board of Directors (the BoD), and ultimately by the shareholders at the AGM.

## Benchmarking for GEB members

When recommending performance awards for the Group CEO and the other GEB members, the Compensation Committee reviews the respective total compensation for each role against a financial industry peer group. The peer group is selected based on comparability of their size, business mix, geographic presence and the extent to which they compete with us for talent. The Compensation Committee considers our peers' strategies, practices and pay levels, as well as their regulatory environment; it also periodically reviews other firms' pay levels or practices, including both financial and non-financial sector peers, as applicable. The total compensation for a GEB member's specific role considers the compensation paid by our peers for a comparable role and performance within the context of our organizational profile. The Compensation Committee periodically reviews and approves the peer group composition.

The table below presents the composition of our peer group as approved by the Compensation Committee for the 2024 performance year.

|                 |                    |
|-----------------|--------------------|
| Bank of America | HSBC               |
| Barclays        | JPMorgan Chase     |
| BlackRock       | Julius Baer        |
| BNP Paribas     | Morgan Stanley     |
| Citigroup       | Standard Chartered |
| Deutsche Bank   | State Street       |
| Goldman Sachs   |                    |



# GEB performance assessments

We assess each GEB member's performance against a set of financial targets, non-financial objectives and Behaviors. For 2024, the non-financial objectives continue to be assessed predominantly based on achievements relative to concrete quantitative and measurable key performance indicators and are focused on delivering integration- and strategy-related initiatives, client centricity, risk and regulatory, environmental and sustainability, and people- and governance-related objectives. This approach continues to foster a focus on GEB priorities, including delivering the integration objectives and the success of the Group, and promotes strong individual accountability.

Sustainability and diversity are well embedded into the culture of our organization and our employee base across all levels. These topics, including serving our clients' needs, delivering on our reporting requirements and supporting an inclusive workplace based on meritocracy where all employees can be successful and thrive, continue to be a priority. Considering our standing in these areas over the last several years, in 2024 these had no impact in our decision-making.

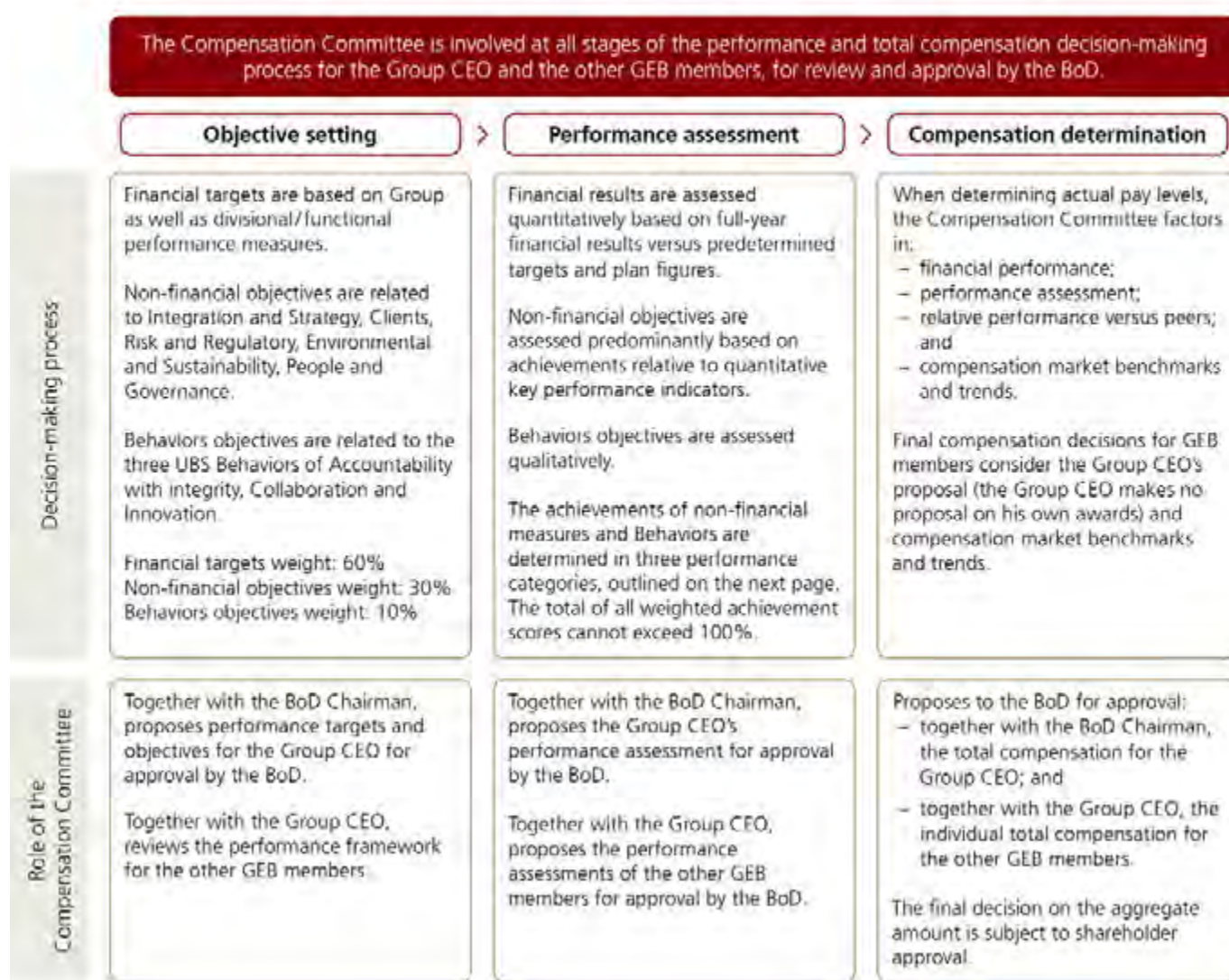
In 2024, we enhanced our objective setting and performance assessment approach by leveraging generative artificial intelligence in the summarization of concrete performance measures. This enhancement contributed toward a consistent and fact-based initial assessment, which was then robustly reviewed by management and the BoD to ensure accuracy and contextualize results.

The Compensation Committee exercises its judgment with respect to the performance achieved relative to the prior year, our strategic plan and our competitors, and considers the Group CEO's proposals. The Compensation Committee's proposals are subject to approval by the BoD.

For the Group CEO, a similar process is followed by the Compensation Committee, and then the full BoD, except that the proposal comes from the Chairman of the BoD.

## Overview of the GEB compensation determination process

The compensation for the Group CEO and the other GEB members is governed by a rigorous process under Compensation Committee and BoD oversight. The chart below shows how compensation for all GEB members is determined.





## Overview of performance assessment measures

We apply a range of quantitative measures to assess GEB member performance against financial and non-financial objectives, while Behaviors are assessed qualitatively. For 2024 the financial measures were expanded to include divisional and functional measures, as applicable. The table below provides a summary of the main metrics and measures used for 2024.

|                                     |                                  |                                                                                                                                                                                                                                                                                            |
|-------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial measures (60%)</b>     |                                  | <ul style="list-style-type: none"> <li>– Group profit before tax</li> <li>– Group cost / income ratio</li> <li>– Group return on CET1 capital</li> <li>– Divisional and functional measures (30%, as applicable)</li> </ul>                                                                |
| <b>Non-financial measures (30%)</b> | Integration and Strategy         | <ul style="list-style-type: none"> <li>– Progress on Group strategic and integration priorities</li> <li>– Delivery on division- / function-specific strategic programs and initiatives</li> </ul>                                                                                         |
|                                     | Clients                          | <ul style="list-style-type: none"> <li>– Foster delivery of the whole firm to our clients</li> <li>– Promoting collaboration across the combined organization</li> <li>– Delivery on specific key client initiatives</li> </ul>                                                            |
|                                     | Risk and Regulatory              | <ul style="list-style-type: none"> <li>– Operating within risk appetite</li> <li>– Progress on delivering on risk initiatives and regulatory commitments</li> </ul>                                                                                                                        |
|                                     | Environmental and Sustainability | <ul style="list-style-type: none"> <li>– Supporting clients' activities related to the environment and sustainability</li> <li>– Management of required external sustainability reporting, including consideration of investor feedback</li> </ul>                                         |
|                                     | People and Governance            | <ul style="list-style-type: none"> <li>– People development, mobility, turnover and succession plan metrics</li> <li>– Employee listening / sentiment results and feedback on engagement and culture</li> </ul>                                                                            |
| <b>Behaviors (10%)</b>              | Accountability with integrity    | <ul style="list-style-type: none"> <li>– Responsible for what they say and do</li> <li>– Takes ownership and makes things happen</li> <li>– Steps up and acts when something is not right</li> </ul>                                                                                       |
|                                     | Collaboration                    | <div>Qualitative assessment against expected Behaviors:</div> <ul style="list-style-type: none"> <li>– Trusts others and helps them to be successful</li> <li>– Delivers One UBS, together with their colleagues</li> <li>– Fosters an inclusive and equitable work environment</li> </ul> |
|                                     | Innovation                       | <ul style="list-style-type: none"> <li>– Challenges perspectives and looks at every opportunity to improve</li> <li>– Actively seeks and provides feedback</li> <li>– Learns from every success and failure</li> </ul>                                                                     |

## Performance assessment categories

The performance of non-financial objectives and Behaviors is assessed against three performance categories, Excellent contribution / Exemplary behavior, Good contribution / Expected behavior, and Needs focus, relative to defined measures and outcomes. The achievement level for each measure results in a cumulative assessment score for non-financial objectives and Behaviors, respectively, and cannot exceed 100%.

# 2024 performance for the Group CEO

The performance award for the Group CEO is based on the achievement of financial performance targets and non-financial objectives and Behaviors, as described earlier in this section.

These objectives were set to reflect the strategic priorities determined by the Chairman and the BoD.

› Refer to “GEB compensation framework” in this section of this report for more information

## Performance assessment for the Group CEO

The Board of Directors (the BoD) recognizes Mr. Ermotti’s strong and effective leadership throughout 2024 and his continued excellent performance, in particular with progress on the integration of Credit Suisse, delivering a strong financial performance and positioning UBS for long-term growth. We completed over 4,000 integration milestones in 2024, including delivering on key legal-entity integrations that unlocked benefits such as the successful migration of over 90% of client accounts outside of Switzerland onto UBS platforms and a more efficient capital utilization. Additional integration milestones achieved include the continued active wind-down of Non-core and Legacy, where we delivered USD 33bn of risk-weighted asset reductions in 2024, well ahead of schedule. All of these efforts supported our ability to capture almost 60% of our targeted USD 13bn gross cost savings as of the end of 2024.

At the same time, Mr. Ermotti successfully positioned the organization for future growth with investments in our people, products and capabilities.

The financial results for 2024 continued to be marked by the acquisition of Credit Suisse but outperformed UBS’s financial plan and market expectations, with a reported profit before tax of USD 6.8bn and a reported return on common equity tier 1 (CET1) capital of 6.7%. These results demonstrate our ability to serve clients and the strength of our diversified global franchise while delivering on our integration milestones. The Group’s capital situation remained very robust, with a CET1 ratio of 14.3%, despite the voluntary acceleration of the remaining transitional capital adjustments agreed with the Swiss Financial Market Supervisory Authority (FINMA). We also continued to execute our capital return plans. We accrued for a USD 0.90 dividend, a 29% year-on-year increase, to be approved by shareholders at the 2025 AGM. We also completed our planned USD 1bn of share repurchases in 2024.

The BoD further recognizes Mr. Ermotti’s continued significant personal engagement with clients and his relentless drive to focus the organization on serving clients. This supported continued client momentum, with USD 97bn of net new assets in Global Wealth Management and Group invested assets of USD 6.1trn, up 7% year on year.

Mr. Ermotti continued to champion a strong risk management and control culture by setting a clear and consistent tone from the top. He kept the Group focused on evolving regulatory and risk requirements and demonstrated strong leadership by driving the integration with effective governance to manage the associated risks and by steering the firm through a challenging geopolitical environment.

Furthermore, the BoD acknowledges that Mr. Ermotti successfully recomposed and strengthened the GEB to meet strategic needs. He remained an effective ambassador for the integrated firm, both internally and externally, and continued to successfully drive the cultural integration. Employee surveys demonstrated excellent outcomes with significant positive feedback, including recommending UBS as a place to work, feeling proud to work for UBS and believing in our strong team culture. Mr. Ermotti also demonstrated a strong focus on innovation by accelerating development and adoption of generative artificial intelligence (gen AI) solutions that benefit clients and employees. In addition, he effectively navigated the firm through the evolving environmental- and sustainability-related requirements.

The table below illustrates the assessment criteria used to evaluate the achievements of Mr. Ermotti in 2024.

## Financial performance

| Weight | Performance measures                          | 2024 targets | 2024 results | Achievement <sup>1</sup> | Assessment | 2024 commentary                                                                                                                               |
|--------|-----------------------------------------------|--------------|--------------|--------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 20%    | <b>Reported Group PbT</b>                     | USD 3.9bn    | USD 6.8bn    | 100%                     | 20%        | – Profit before tax benefited from strong client momentum, gains in Non-core and Legacy and progress on synergy realization.                  |
| 20%    | <b>Reported Group C / I ratio<sup>2</sup></b> | 90.2%        | 84.8%        | 100%                     | 20%        | – Strong operating leverage drove a 10-ppt year-on-year improvement in the cost / income ratio.                                               |
| 20%    | <b>Reported Group RoCET1</b>                  | 2.6%         | 6.7%         | 100%                     | 20%        | – Return on CET1 was well above our plans and guidance, significantly de-risking the trajectory towards pre-acquisition profitability levels. |

<sup>1</sup> Achievement score capped at 100%. <sup>2</sup> For the assessment of the cost / income ratio, the percentage change of result versus plan is subtracted from the maximum achievement level (100%).

## Performance assessment for the Group CEO (continued)

### Non-financial performance and Behaviors

| Weight                                 | Performance measures                                                                                                                                 | Achievement            | Assessment   | 2024 commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 30%                                    | <b>Non-financial objectives</b><br>(Integration and Strategy, Clients, Risk and Regulatory, Environmental and Sustainability, People and Governance) | Excellent contribution | 27.0%        | <p>The evaluation of each of the five non-financial objectives considers quantitative metrics that are assessed against internal targets / plan.</p> <ul style="list-style-type: none"> <li>– Progressed with the integration of Credit Suisse and delivered on agreed key 2024 milestones, including legal-entity integration and migration of over 90% of client accounts outside of Switzerland.</li> <li>– Positioned UBS for future growth with investments in our people, products and capabilities. To date, captured almost 60% of our targeted USD 13bn gross cost savings.</li> <li>– Progressed strategic initiatives in key businesses and markets laying the ground for business and revenue growth, for example, by initiating a comprehensive set of measures to enhance the profitability of Global Wealth Management Americas.</li> <li>– Strong financial results enabled UBS to maintain its robust capital position and enabled us to voluntarily accelerate the phase-out of the remaining transitional capital adjustments agreed with our regulator.</li> <li>– Engaged personally with clients and continued to focus the organization on serving clients.</li> <li>– Championed a strong risk management and control culture, kept the Group focused on risk remediation items.</li> <li>– Recomposed and strengthened the GEB to meet strategic needs.</li> <li>– Further strengthened UBS's culture at the combined firm, as evidenced by excellent employee feedback.</li> <li>– Effectively navigated the firm through the evolving environmental- and sustainability-related requirements.</li> </ul> |
| 10%                                    | <b>Behaviors</b><br>(Accountability with Integrity, Collaboration, Innovation)                                                                       | Exemplary behavior     | 10.0%        | <p>The assessment of the Behavior objectives is qualitative and has resulted in the following summary assessment.</p> <ul style="list-style-type: none"> <li>– Remained a role model for the UBS behaviors. Demonstrated exemplary accountability as well as drive and vision to successfully position the firm for future growth.</li> <li>– Further strengthened collaboration throughout the organization, effectively balanced between delivering integration activities and staying focused on clients.</li> <li>– Continued to challenge the organization to be more innovative and leverage technology, including accelerated development and adoption of gen AI solutions, for the benefit of clients, employees and shareholders.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Total assessment (maximum 100%)</b> |                                                                                                                                                      |                        | <b>97.0%</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

The BoD approved the proposal by the Compensation Committee to grant Mr. Ermotti a performance award of CHF 12.1m, resulting in a total compensation for 2024 of CHF 14.6m (excluding benefits and contributions to his retirement benefit plan).

Aligned with the GEB compensation framework, the Group CEO's performance award will be delivered 20% (CHF 2.4m) in cash and the remaining 80% (CHF 9.7m) subject to deferral and forfeiture provisions, as well as meeting performance conditions over the next five years.

## 2024 total compensation for the GEB members

At the 2025 AGM, shareholders will vote on the aggregate 2024 total variable compensation for the GEB in Swiss francs. The tables below provide the awarded compensation for the Group CEO and the GEB members in Swiss francs and, for reference, the total amounts in US dollars for comparability with financial performance. The individual variable performance awards for each GEB member will only be confirmed upon shareholder approval at the AGM.

- › Refer to “Deferred compensation” in the “Supplemental information” section of this report for more information about the vesting of outstanding awards for GEB members
- › Refer to “Provisions of the Articles of Association related to compensation” in the “Supplemental information” section of this report for more information

Audited I

### Total compensation for GEB members

CHF, except where indicated

| CHF, except where indicated                                                 |             |                                          |                       |                          |                   |                                           |                                           | USD (for reference) <sup>1</sup> |                                                    |                          |                             |                                                    |
|-----------------------------------------------------------------------------|-------------|------------------------------------------|-----------------------|--------------------------|-------------------|-------------------------------------------|-------------------------------------------|----------------------------------|----------------------------------------------------|--------------------------|-----------------------------|----------------------------------------------------|
| For the year                                                                | Base salary | Contribution to retirement benefit plans | Benefits <sup>2</sup> | Total fixed compensation | Cash <sup>3</sup> | Performance award under LTIP <sup>4</sup> | Performance award under DCCP <sup>5</sup> | Total variable compensation      | Total fixed and variable compensation <sup>6</sup> | Total fixed compensation | Total variable compensation | Total fixed and variable compensation <sup>6</sup> |
| Highest Paid Executive (for 2024 and for 2023 Sergio P. Ermotti, Group CEO) |             |                                          |                       |                          |                   |                                           |                                           |                                  |                                                    |                          |                             |                                                    |
| 2024                                                                        | 2,500,000   | 248,320                                  | 78,707                | 2,827,027                | 2,420,000         | 6,050,000                                 | 3,630,000                                 | 12,100,000                       | 14,927,027                                         | 3,220,808                | 13,785,427                  | 17,006,235                                         |
| 2023                                                                        | 1,875,000   | 186,240                                  | 84,078                | 2,145,317                | 2,450,000         | 6,125,000                                 | 3,675,000                                 | 12,250,000                       | 14,395,317                                         |                          |                             |                                                    |

### Aggregate of all GEB members<sup>7,8,9,10</sup>

|      |            |           |           |            |            |            |            |             |             |            |             |             |
|------|------------|-----------|-----------|------------|------------|------------|------------|-------------|-------------|------------|-------------|-------------|
| 2024 | 25,461,247 | 2,684,041 | 1,231,177 | 29,376,465 | 26,438,714 | 53,490,910 | 34,255,553 | 114,185,176 | 143,561,641 | 33,468,357 | 130,090,201 | 163,558,558 |
| 2023 | 28,677,051 | 2,120,421 | 1,238,708 | 32,036,180 | 21,398,036 | 54,305,166 | 32,583,098 | 108,286,300 | 140,322,480 |            |             |             |

1 Swiss franc amounts have been translated into US dollars for reference at the 2024 performance award currency exchange rate of CHF / USD 1.139291. 2 All benefits are valued at market price. 3 For GEB members who are also MRTs or SMFs, the cash portion includes blocked shares. 4 LTIP awards for performance year 2024 were awarded at a value of 50.0% of maximum which reflects our best estimate of the value of the award. The maximum number of shares is determined by dividing the awarded amount by the estimated value of the award at grant, divided by CHF 30.328 or USD 33.537, the average closing price of UBS shares over the last ten trading days leading up to and including the award date in February. 5 The amounts reflect the amount of the notional additional tier 1 (AT1) capital instrument excluding future notional interest. 6 Excludes the portion related to the legally required employer's social security contributions for 2024 and 2023, which are estimated at grant at CHF 9,990,000 and CHF 7,291,554, respectively, of which CHF 1,333,000 and CHF 897,679, respectively, are for the highest-paid GEB member. The legally required employees' social security contributions are included in the amounts shown in the table above, as appropriate. 7 As stated in “Group Executive Board” in the “Corporate governance” section of this report, 15 GEB members were in office on 31 December 2024 and 16 GEB members were in office on 31 December 2023. 8 Includes compensation paid under employment contracts during notice periods for GEB members who stepped down during the respective years. 9 Includes compensation for newly appointed GEB members for their time in office as GEB members during the respective years. 10 For 2023, base salary may include role-based allowances in line with market practice in response to regulatory requirements. For 2024, base salary does not include role-based allowances as these have been eliminated since the UK regulatory regime with a 2:1 variable-to-fixed compensation cap is no longer in effect.



## Total realized compensation for the Group CEO

The realized compensation for the Group CEO reflects the total amount paid out in the year. It includes the base salary, cash performance award payments, and all deferred performance awards vested in the year. As such, realized pay is the natural culmination of awards granted and approved by shareholders in previous years.

To illustrate the effect of our long-term deferral approach, which has been in place since 2012, we disclose the annual realized compensation of Mr. Ermotti, including a comparison with his total awarded compensation.

### Total realized compensation vs awarded compensation for Sergio Ermotti

| CHF               |             |                         |                                                   |                                           | Realized                                       | Awarded                                                    |
|-------------------|-------------|-------------------------|---------------------------------------------------|-------------------------------------------|------------------------------------------------|------------------------------------------------------------|
| For the year      | Base salary | Cash award <sup>1</sup> | Performance award under equity plans <sup>1</sup> | Performance award under DCCP <sup>1</sup> | Total realized fixed and variable compensation | Total awarded fixed and variable compensation <sup>2</sup> |
| 2024              | 2,500,000   | 2,450,000               | 0                                                 | 0                                         | 4,950,000                                      | 14,600,000                                                 |
| 2023 <sup>3</sup> | 1,875,000   | 0                       | 0                                                 | 0                                         | 1,875,000                                      | 14,125,000                                                 |

1 Excludes dividend / interest payments. 2 Excludes contributions to retirement benefit plans and benefits. Includes social security contributions paid by Sergio Ermotti but excludes the portion related to the legally required social security contributions paid by UBS. 3 Includes compensation for 9 months as Sergio Ermotti joined UBS in April 2023.

# Group compensation

## Compensation elements for all employees

All elements of pay are considered when making our compensation decisions. We regularly review our principles and compensation framework in order to remain competitive and aligned with stakeholders' interests. In 2024, our compensation framework remained broadly unchanged. We will continue to review our approach to salaries and performance awards, considering market developments, our performance and our commitment to deliver sustainable returns to shareholders.

### Base salary and role-based allowance

Employees' fixed compensation (e.g. base salary) reflects their level of skill, role and experience, as well as local market practice. Base salaries are usually paid monthly or fortnightly, in line with local market practice. We offer competitive base salaries that reflect location, function and role. Salary increases generally consider promotions, skill set, performance and overall responsibility.

In addition to base salary, and as part of fixed compensation, some employees may receive a role-based allowance. This allowance is a shift in the compensation mix between fixed and variable compensation, not an increase in total compensation. It reflects the market value of a specific role and is fixed, non-forfeitable compensation. Unlike salary, a role-based allowance is paid only if the employee is in a specific role. Similar to previous years, 2024 role-based allowances consisted of a cash portion and, where applicable, a blocked UBS share award.

### Pensions and benefits

We provide access to a range of benefit plans, such as retirement benefits and health insurance, aiming to provide financial protection in case of significant life events, and support our employees' well-being and diverse needs. Retirement and other benefits are set in the context of local market practice and regularly reviewed for competitiveness.

Pension plan rules in any one location are generally the same for all employees in similar circumstances, including GEB members and other management. Under the Switzerland Pension Fund rules, there are no enhanced or supplementary pension contributions for the GEB.

### Performance award

Most of our employees are eligible for an annual performance award. The level of this award, where applicable, generally depends on the firm's overall performance, the employee's business division, team and individual performance, and behavior, reflecting their overall contribution to the firm's results. These awards are in line with applicable local employment conditions and at the discretion of the firm.

In addition to the firm's Pillars and Principles, Behaviors related to Accountability with integrity, Collaboration and Innovation are part of the performance management approach. Therefore, when assessing performance, we consider not only what was achieved but also how it was achieved.

### Our deferred compensation plans

Underlining our emphasis on sustainable performance and risk management, and our focus on achieving our growth ambitions, we deliver part of our employees' annual variable compensation through deferred compensation plans. We believe that our approach, with a single incentive decision and mandatory deferral framework, is transparent and well suited to implementing our compensation philosophy and delivering sustainable performance. This aligns the interests of our employees and shareholders and appropriately links compensation to longer-term sustainable performance.

Our mandatory deferral approach applies to all employees with regulatory-driven deferral requirements or total compensation greater than USD / CHF 300,000. Certain regulated employees, such as Senior Management Functions (SMFs) and Material Risk Takers (MRTs), are subject to additional requirements (e.g. more stringent deferral requirements and additional blocking periods). In addition, SMFs and MRTs receive 50% of their cash portion in the form of immediately vested shares, which are blocked for 12 months after grant.

The deferred amount increases at higher marginal rates in line with the value of the performance award. The effective deferral rate therefore depends on the amount of the performance award and the amount of total compensation.

We believe our deferral regime has one of the longest vesting periods in the industry. The weighted average deferral period for non-regulated employees is 4.4 years for GEB members, 3.8 years for Managing Directors (MDs) receiving the Long-Term Incentive Plan (LTIP) and 3.5 years for other employees. Additionally, from time to time, we may utilize alternative deferred compensation arrangements to remain competitive in specific business areas.

To further promote sustainable performance, all of our deferred compensation plans include employment conditions and malus conditions. These enable the firm to reduce or fully forfeit unvested deferred awards under certain circumstances, pursuant to performance and harmful acts provisions. In addition, forfeiture is triggered in cases where employment has been terminated for cause.

Upon vesting of the notional share awards, we fulfill our share delivery obligations by delivering treasury shares purchased in the market.

- › Refer to “Note 27 Employee benefits: variable compensation” in the “Consolidated financial statements” section of this report for more information
- › Refer to the “Supplemental information” section of this report for more information about MRTs and SMFs

#### Variable compensation elements by employee category

| Employee category                                                                                                           | Deferred compensation elements |                |                |      |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|----------------|------|
|                                                                                                                             | Cash                           | LTIP           | EOP            | DCCP |
| GEB members and Managing Directors reporting to the GEB and their direct reports at Managing Director level (as applicable) | ✓                              | ✓ <sup>1</sup> |                | ✓    |
| Employees subject to mandatory deferral framework                                                                           | ✓                              |                | ✓ <sup>1</sup> | ✓    |

<sup>1</sup> Employees in investment areas within Asset Management typically receive notional funds (Fund Ownership Plan) in lieu of EOP/LTIP to align their compensation more closely with fund performance, industry standards and regulatory requirements.

### Long-Term Incentive Plan

The LTIP granted for 2024 performance is a mandatory deferral plan for GEB members and MDs reporting to the GEB and their direct reports at MD level.<sup>1</sup> These senior leaders receive the equity portion of their 2024 performance award in LTIP to support delivering on our ambitious integration goals and business / financial targets. This further mitigates the need for a distinct integration award typical for a transaction of this nature. For the 2024 performance year, we awarded the LTIP to 19 GEB members and 934 MDs in office during 2024, at a communicated value of 50% of the maximum, to further align the maximum opportunity to exceed the stretching nature of our financial ambitions.

The performance metrics of the share-based LTIP awards are average reported return on CET1 capital (RoCET1) and relative total shareholder return (rTSR) over a three-year performance period starting on 1 January in the year of grant. Performance outcomes and actual payout levels will be disclosed at the end of the performance period.

For the 2024 LTIP granted in 2025, we have increased the performance range of the three-year average reported RoCET1 metric (50% weighting) to a new range of 7.5%–14% from the previous 5%–10%. This adjustment reflects the progress of our ambitious integration objectives, as well as the evolving return ambitions and financial targets over the cycle, ensuring that the incentive structure of our LTIP is more closely aligned with our long-term objectives and shareholder interests:

- the maximum reported RoCET1 of 14% corresponds with a 100% payout and represents the upper end of our target range;
- the minimum reported RoCET1 of 7.5% corresponds with a 33% payout aligned with sustainable results in the context of the integration, there is zero payout if RoCET1 is below 7.5%; and
- the linear payout between the threshold and maximum levels supports our focus on delivering sustainable performance without encouraging excessive risk-taking.

The rTSR performance metric (50% weighting) over the three-year period further aligns the interests of employees with those of shareholders. This metric compares the total shareholder return (the TSR) of UBS with the TSR of an index consisting of listed Global Systemically Important Banks (G-SIBs):

- the maximum payout outcome is reached when rTSR is 25 percentage points or more above the index, to mitigate the potential for excessive risk-taking;
- there is zero payout if rTSR is more than 25 percentage points below the index; and
- the linear payout between the threshold and maximum levels further supports appropriate risk-taking

This G-SIB index is independently determined by the Financial Stability Board (excluding the UBS Group), our index includes all publicly traded G-SIBs and reflects companies with a comparable risk profile and impact on the global economy. The index is equally weighted, calculated in Swiss francs and maintained by an independent index provider, ensuring independence of the TSR calculation.

<sup>1</sup> Includes senior managers who received LTIP awards for the 2023 performance year and who are no longer reporting to the GEB or their direct reports at MD level, excludes MDs in Asset Management Investment Areas who receive the Fund Ownership Plan (FOP) instead of the LTIP.



## G-SIBs that are listed companies<sup>1</sup>

|                            |                        |                    |
|----------------------------|------------------------|--------------------|
| Agricultural Bank of China | Goldman Sachs          | Santander          |
| Bank of America            | Groupe Crédit Agricole | Société Générale   |
| Bank of China              | HSBC                   | Standard Chartered |
| Bank of Communications     | ICBC                   | State Street       |
| Bank of New York Mellon    | ING                    | Sumitomo Mitsui FG |
| Barclays                   | JPMorgan Chase         | Toronto-Dominion   |
| BNP Paribas                | Mitsubishi UFJ FG      | Wells Fargo        |
| China Construction Bank    | Mizuho FG              |                    |
| Citigroup                  | Morgan Stanley         |                    |
| Deutsche Bank              | Royal Bank of Canada   |                    |

<sup>1</sup> As of November 2024. Excludes the UBS Group.

Dividend equivalents (granted where applicable regulation permits) are subject to the same terms as the underlying LTIP award.

LTIP awards reflect the long-term focus of our compensation framework. The final number of shares as determined at the end of the three-year performance period will vest in three equal installments in each of the three years following the performance period for GEB members (i.e. years 3, 4 and 5 after grant) and will cliff-vest for other award recipients after the performance period (i.e. year 3 after grant), although longer deferral periods may apply for regulated GEB and other regulated employees.

## LTIP payout illustration

- The final number of notional shares vesting will vary based on the achievement versus the performance metrics.
- Linear payout between threshold and maximum performance.
- Achievement levels are a percentage of the maximum opportunity of the LTIP and cannot exceed 100%.
- Full forfeiture for performance below the predefined threshold levels.
- UK Senior Management Function holders (SMFs) and UK Material Risk Takers (UK MRTs) are subject to an additional non-financial metric based on a conduct assessment with a potential downward adjustment of up to 100% of the entire award.

| Performance metric: <b>average RoCET1 (50% of award)</b> |                                                       |                                   |
|----------------------------------------------------------|-------------------------------------------------------|-----------------------------------|
| Below threshold (<7.5%)                                  | Threshold (7.5%) up to maximum (<14%)                 | Maximum and above (≥14%)          |
| <b>Full forfeiture</b><br>(payout 0%)                    | <b>Partial vest</b><br>(payout between 33% and <100%) | <b>Full vest</b><br>(payout 100%) |

| Performance metric: <b>rTSR vs G-SIBs index (50% of award)</b> |                                                       |                                   |
|----------------------------------------------------------------|-------------------------------------------------------|-----------------------------------|
| Below threshold (<-25 pts)                                     | Threshold (-25 pts) up to maximum (<+25 pts)          | Maximum and above (≥+25 pts)      |
| <b>Full forfeiture</b><br>(payout 0%)                          | <b>Partial vest</b><br>(payout between 33% and <100%) | <b>Full vest</b><br>(payout 100%) |

## Performance achievement of the 2021 LTIP granted in 2022

The 2021 LTIP was granted in 2022 (for 2021 performance) at a fair value of 67.7% of a maximum of 100%. The final performance achieved is 93.33% of a maximum of 100%. This achievement reflects the outcome of the two equally weighted performance metrics, RoCET1 and rTSR, both measured over the three-year performance period from 1 January 2022 to 31 December 2024. The achievement level of this 2021 LTIP award (granted in 2022) applies to 13 current GEB members and 99 other plan participants.

We achieved a three-year average RoCET1 performance of 17.44% against the performance range of 8% to 18%, and an rTSR performance of +17.85 percentage points versus the index of listed G SIBs.

As explained in the key compensation themes section of this report, the Compensation Committee made certain adjustments to the reported 2023 and 2024 RoCET1 outcomes to determine the 2021 LTIP achievement level. As noted, if the Compensation Committee had not made these adjustments but applied reported RoCET1 results, the achievement level would have been 100%.

For GEB members, the first of the three equal installments of the 2021 LTIP vests on 17 March 2025, and the second and third installments will vest in March 2026 and 2027; while for selected senior management, the 2021 LTIP cliff vests on 17 March 2025 (later dates may apply for regulated employees).

## Performance achievement for the 2021 LTIP awarded in 2022

| Performance metrics                 | Performance metric outcome |         | 2021 LTIP achievement level              |                                                   |
|-------------------------------------|----------------------------|---------|------------------------------------------|---------------------------------------------------|
|                                     | Threshold                  | Maximum | Threshold                                | Maximum                                           |
| RoCET1<br>(Weight: 50%)             | 8%                         | 18%     | 33%                                      | 100%                                              |
|                                     | Outcome: 17.44%            |         | Outcome below threshold: full forfeiture | Achievement: 96.23%                               |
|                                     |                            |         |                                          | Outcome above maximum: achievement capped at 100% |
| rTSR<br>(Weight: 50%)               | -25ppts                    | +25ppts | 33%                                      | 100%                                              |
|                                     | Outcome: 17.85ppts         |         | Achievement: 90.42%                      |                                                   |
| Overall 2021 LTIP achievement level |                            |         | Overall achievement: 93.33%              |                                                   |

## Equity Ownership Plan / Fund Ownership Plan

The Equity Ownership Plan (the EOP) is the deferred compensation plan for employees that are subject to deferral requirements but do not receive LTIP awards. For the 2024 performance year, we granted EOP awards to 4,123 employees.

Delivering sustainable results is a key objective for UBS. Our EOP creates a direct link with shareholder returns as a notional equity award and has no upward leverage. This approach promotes growth and sustainable performance. EOP awards generally vest over three years.

In place of EOP, 359 employees in investment areas within Asset Management receive notional funds under the Fund Ownership Plan (the FOP), to align their compensation more closely with industry standards. This plan is generally delivered in cash and vests over three years.

- › Refer to “Vesting of outstanding awards granted in prior years subject to performance metrics and thresholds” in the “Supplemental information” section of this report for more information

## Deferred Contingent Capital Plan

The Deferred Contingent Capital Plan (the DCCP) is a key component of our compensation framework and supports alignment of the interests of our senior employees with those of our stakeholders.

Generally, all employees subject to deferral requirements receive DCCP awards. For the 2024 performance year, we granted DCCP awards to 5,359 employees.

The DCCP is consistent with many of the features of the loss-absorbing bonds that we issue to investors and may be paid at vesting in cash or, at the discretion of the firm, as a perpetual, marketable additional tier 1 (AT1) capital instrument. Employees can elect to have their DCCP awards denominated in Swiss francs or US dollars.

DCCP awards vest in full after five years (longer deferral periods may apply for regulated employees). DCCP awards bear notional interest paid annually (except as limited by regulation for MRTs), subject to review and confirmation by the Compensation Committee. The notional interest rate for grants in 2025 was 2.7% for awards denominated in Swiss francs and 7.05% for awards denominated in US dollars. These interest rates are based on the current market rates for similar AT1 capital instruments issued by the UBS Group.

Awards are forfeited if a viability event occurs (i.e. if FINMA notifies the firm that the DCCP awards must be written down to mitigate the risk of an insolvency, bankruptcy or failure of UBS) or if the firm receives a commitment of extraordinary support from the public sector that is necessary to prevent such an event. DCCP awards are also written down for GEB members if the Group's CET1 capital ratio falls below 10% and for all other employees if it falls below 7%.

In addition, GEB members forfeit 20% of DCCP awards for each loss-making year during the vesting period. This means 100% of the award is subject to risk of forfeiture. The forfeiture features of DCCP create a strong alignment with our debt holders and support the sustainability of the firm.

Over the last five years, USD 2.07bn of DCCP awards have been issued. DCCP contributes to the Group's total loss-absorbing capacity (TLAC). Therefore, DCCP awards not only support competitive pay but also provide a loss absorption buffer that protects the firm's capital position. The following table illustrates the contribution of the DCCP to our AT1 capital and the effect on our TLAC ratio.

- › Refer to the “Supplemental information” section of this report for more information about performance award and personnel-related expenses
- › Refer to the “Supplemental information” section of this report for more information about longer vesting and clawback periods for MRTs and SMFs

## Contribution of the Deferred Contingent Capital Plan to our loss-absorbing capacity<sup>1</sup>

|                                                                                                            |          |          |
|------------------------------------------------------------------------------------------------------------|----------|----------|
| USD m, except where indicated                                                                              | 31.12.24 | 31.12.23 |
| Deferred Contingent Capital Plan (DCCP), eligible as high-trigger loss-absorbing additional tier 1 capital | 2,044    | 1,935    |
| DCCP contribution to the total loss-absorbing capacity ratio (%)                                           | 0.4      | 0.4      |

<sup>1</sup> Refer to “Bondholder information” at [ubs.com/investors](https://ubs.com/investors) for more information about the capital instruments of UBS Group AG and UBS AG both on a consolidated and a standalone basis.

## Other variable compensation components

To support hiring and retention, particularly at senior levels, we may offer other compensation components, such as:

- retention payments to key employees to induce them to stay, particularly during critical periods for the firm, such as a sale or wind-down of a business;
- on a limited basis, guarantees that may be required to attract individuals with certain skills and experience, these awards are fixed incentives subject to our standard deferral rules and limited to the first full year of employment;
- awards granted to employees hired late in the year to replace performance awards that they would have earned at their previous employer but have foregone by joining UBS, these awards are generally structured with the same level of deferral as for employees at a similar level at UBS; and
- in exceptional cases, sign-on awards may be offered to candidates to increase the chances of them accepting our offer.

These other variable compensation components are subject to a comprehensive governance process, which may involve the Compensation Committee, depending on the amount or type of such payments.

Employees outside of the GEB that are made redundant may receive severance payments. Our severance terms comply with the applicable local laws (legally obligated severance). In certain locations, we may provide severance packages that are negotiated with our local social partners and may go beyond the applicable minimum legal requirements (standard severance). Such payments are governed by location-specific severance policies. In addition, we may make severance payments that exceed legally obligated or standard severance payments where we believe these are aligned with market practice and appropriate under the circumstances (supplemental severance). GEB members do not receive severance payments.

## Replacement awards and forfeitures

In line with industry practice, our compensation framework and plans include provisions generally requiring reduction / forfeiture of a terminated employee's unvested or deferred awards. In particular, these provisions apply if the terminated employee joins another financial services organization and / or violates restrictive covenants, such as solicitation of clients or employees.

Conversely, to attract external top talent, market practice dictates that we consider replacing their forfeited compensation from their prior employer. In select situations and based on careful consideration, we replace the lost compensation of senior hires. The replacement awards are subject to UBS's harmful acts provisions. Their value is subject to independent review as part of the "Report of the statutory auditor on the compensation report" to support the like-for-like nature of the replacement and to confirm that these awards do not represent sign-on payments (i.e. there are no golden hellos).

Based on a thorough review of available documentation, we aim to mirror the type, conditions and timing of the forfeited compensation, based on actual facts and circumstances. Replacement awards can include cash payments and / or deferred awards, including EOP share awards and DCCP awards. Where payments are made in cash, there is typically a clawback period if the employee leaves UBS voluntarily within 12 months of the start of employment. The replacement awards do not exceed the commercial or fair value of the compensation actually forfeited by the individual and, in case of GEB members, are disclosed transparently. The total 2024 forfeitures of USD 256m of previously awarded deferred compensation offset the 2024 total sign-on payments, replacement payments and guarantees of USD 144m.

### Sign-on payments, replacement payments, guarantees and severance payments

|                                               | Total 2024 | of which: non-deferred cash | of which: deferred compensation awards | Total 2023 | Number of beneficiaries |              |
|-----------------------------------------------|------------|-----------------------------|----------------------------------------|------------|-------------------------|--------------|
|                                               |            |                             |                                        |            | 2024                    | 2023         |
| <i>USD m, except where indicated</i>          |            |                             |                                        |            |                         |              |
| <b>Total sign-on payments<sup>1</sup></b>     | <b>0</b>   | <b>0</b>                    | <b>0</b>                               | <b>0</b>   | <b>0</b>                | <b>0</b>     |
| <i>of which: Key Risk Takers<sup>2</sup></i>  | <i>0</i>   | <i>0</i>                    | <i>0</i>                               | <i>0</i>   | <i>0</i>                | <i>0</i>     |
| <b>Total replacement payments<sup>3</sup></b> | <b>108</b> | <b>17</b>                   | <b>92</b>                              | <b>145</b> | <b>244</b>              | <b>422</b>   |
| <i>of which: Key Risk Takers<sup>2</sup></i>  | <i>30</i>  | <i>4</i>                    | <i>25</i>                              | <i>65</i>  | <i>10</i>               | <i>34</i>    |
| <b>Total guarantees<sup>4</sup></b>           | <b>36</b>  | <b>17</b>                   | <b>19</b>                              | <b>71</b>  | <b>21</b>               | <b>39</b>    |
| <i>of which: Key Risk Takers<sup>2</sup></i>  | <i>21</i>  | <i>9</i>                    | <i>12</i>                              | <i>51</i>  | <i>4</i>                | <i>15</i>    |
| <b>Total severance payments<sup>1,5</sup></b> | <b>735</b> | <b>735</b>                  | <b>0</b>                               | <b>485</b> | <b>5,696</b>            | <b>4,389</b> |
| <i>of which: Key Risk Takers<sup>2</sup></i>  | <i>5</i>   | <i>5</i>                    | <i>0</i>                               | <i>7</i>   | <i>21</i>               | <i>34</i>    |

<sup>1</sup> GEB members are not eligible for sign-on or severance payments. Sign-on awards exclude one-time payments for junior associate hires into the Investment Bank. Including these, the total sign-on payments are USD 1m for 2024 and USD 4m for 2023. All one-time payments for junior associate hires are subject to a 12-month clawback condition. <sup>2</sup> Expenses for Key Risk Takers are full-year amounts for individuals in office on 31 December 2024. Key Risk Takers as defined by UBS, including all employees with a total compensation exceeding USD / CHF 2.5m (highly paid employees). <sup>3</sup> No GEB member received a replacement payment in 2024 and 2023. Total amounts include awards granted to employees hired late in the year to replace performance awards that they would have earned at their previous employers, but have foregone by joining UBS. <sup>4</sup> No GEB member received a guarantee in 2024 or 2023. <sup>5</sup> Includes legally obligated and standard severance payments, as well as payments in lieu of notice.

## Forfeitures<sup>1</sup>

|                                              | Total 2024 | Total 2023   |
|----------------------------------------------|------------|--------------|
| <i>USD m, except where indicated</i>         |            |              |
| <b>Total forfeitures</b>                     | <b>256</b> | <b>1,903</b> |
| <i>of which: former GEB members</i>          | <i>0</i>   | <i>0</i>     |
| <i>of which: Key Risk Takers<sup>2</sup></i> | <i>2</i>   | <i>293</i>   |

<sup>1</sup> For notional share awards, forfeitures are calculated as units forfeited during the year, valued at the share price on 31 December 2024 (USD 30.32) for 2024. The 2023 data is valued using the share price on 29 December 2023 (USD 30.90) except for CS Legacy Awards. For LTIP the forfeited units reflect the fair value awarded at grant. For the notional funds awarded to Asset Management employees under the AM EOP/FOP in 2024 and 2023, and CS Legacy notional funds for 2024, this represents the fair value at the time of the employee forfeiture. The CS Legacy 2023 data, both for notional share and fund awards, were calculated using value at grant and included the explicit adjustments resulting from the cancellation and reduction order issued by the Federal Department of Finance (FDF) of Switzerland. For the DCCP, the fair value at grant of the forfeited awards during the year is reflected. All values shown exclude DCCP interest and CCA coupon forfeitures. Value also excludes the forfeited CS Legacy Plan Strategic Delivery Plan Uplift. Numbers presented may differ from the effect on the income statement in accordance with IFRS. <sup>2</sup> Key Risk Takers as defined by UBS, including all employees with a total compensation exceeding USD / CHF 2.5m (Highly Paid Employees) and excluding former GEB members who forfeited awards in 2024 or 2023.

## Employee share ownership

Employee share ownership is encouraged and, in addition to our mandatory deferred share-based compensation plans LTIP and EOP, made possible through our Equity Plus Plan (EPP). The EPP is our employee share purchase program. It allows employees up to Executive Director level to voluntarily invest up to 30% of their base salary and / or regular commission payments to purchase UBS shares. In addition (where offered), eligible employees can invest up to 35% of their performance award under the program. Participation in the program is capped at USD / CHF 20,000 annually.

Eligible employees may purchase UBS shares at market price and receive, at no additional cost, one additional notional share for every three shares purchased through the program. Additional shares vest after a maximum of three years, provided the employee remains employed by UBS and has retained the purchased shares throughout the holding period.

On 31 December 2024, employees held at least USD 7.1bn of UBS shares (of which approximately USD 4.8bn were unvested), representing approximately 6.8% of our total shares issued. These figures are based on known shareholding information from employee participation plans, personal holdings with UBS and selected individual retirement plans. At the end of 2024, at least 26% of all employees held UBS shares through the firm's employee share participation plans.

➤ Refer to "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information

## Compensation for US financial advisors in Global Wealth Management

In line with market practice for US wealth management businesses, the compensation for US financial advisors in Global Wealth Management consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. The compensation approach for US financial advisors is set in the context of local market practice and is regularly reviewed for competitiveness by the Compensation Committee.

The monthly cash compensation is determined using an overall percentage rate for each financial advisor. It reflects a percentage of the compensable production that each financial advisor generates during that month. Compensable production is generally based on transaction revenue and investment advisory fees and may reflect further adjustments. The percentage rate generally varies based on the level of the production and firm tenure, supporting growth and alignment with the investment strategy and goals of our clients.

Financial advisors may also be granted deferred awards. These amounts generally vest over a six-year period. The deferred awards may take into account the overall percentage rate and production, as previously outlined.

Cash compensation and deferred awards may be reduced for, among other things, errors, negligence or carelessness, or failure to comply with the firm's rules, standards, practices and / or policies, and / or applicable laws and regulations. Similar as with our deferred compensation plans, any cash compensation or deferred awards for US financial advisors are subject to harmful acts provisions.

Financial advisors may also participate in additional programs to support promoting and developing their business or supporting the transition of client relationships where appropriate.

# 2024 Group performance outcomes

## Performance awards granted for the 2024 performance year

The “Variable compensation” table below shows the amount of variable compensation awarded to employees for the 2024 performance year, together with the number of beneficiaries for each type of award granted. In the case of deferred awards, the final amount paid to an employee depends on performance conditions and consideration of relevant forfeiture provisions. The deferred share award amount is based on the market value of these awards on the date of grant.

### Variable compensation

|                                                               | Expenses recognized in the IFRS Accounting Standards income statement |              | Expenses deferred to future periods <sup>1</sup> |              | Adjustments <sup>1</sup> |                          | Total         |               | Number of beneficiaries <sup>2</sup> |               |
|---------------------------------------------------------------|-----------------------------------------------------------------------|--------------|--------------------------------------------------|--------------|--------------------------|--------------------------|---------------|---------------|--------------------------------------|---------------|
|                                                               | 2024                                                                  | 2023         | 2024                                             | 2023         | 2024                     | 2023                     | 2024          | 2023          | 2024                                 | 2023          |
| <i>USD m, except where indicated</i>                          |                                                                       |              |                                                  |              |                          |                          |               |               |                                      |               |
| Non-deferred cash                                             | 3,290                                                                 | 2,859        | 0                                                | 0            | 2                        | 333 <sup>3</sup>         | 3,292         | 3,192         | 94,086                               | 97,265        |
| Deferred compensation awards                                  | 563                                                                   | 523          | 813                                              | 777          | 30                       | 27                       | 1,406         | 1,327         | 5,517                                | 5,489         |
| <i>of which: Equity Ownership Plan</i>                        | 180                                                                   | 155          | 280                                              | 263          | 42 <sup>4</sup>          | 33 <sup>4</sup>          | 501           | 452           | 4,228                                | 4,177         |
| <i>of which: Deferred Contingent Capital Plan</i>             | 197                                                                   | 180          | 336                                              | 312          | 0                        | 0                        | 533           | 493           | 5,378                                | 5,448         |
| <i>of which: Long-Term Incentive Plan</i>                     | 161                                                                   | 164          | 166                                              | 160          | (12) <sup>5</sup>        | (6) <sup>5</sup>         | 314           | 318           | 948                                  | 954           |
| <i>of which: Fund Ownership Plan</i>                          | 26                                                                    | 24           | 32                                               | 41           | 0                        | 0                        | 58            | 65            | 360                                  | 371           |
| <b>Variable compensation – performance award pool</b>         | <b>3,853</b>                                                          | <b>3,382</b> | <b>813</b>                                       | <b>777</b>   | <b>32</b>                | <b>360</b>               | <b>4,698</b>  | <b>4,519</b>  | <b>94,105</b>                        | <b>97,290</b> |
| <b>Variable compensation – financial advisors<sup>6</sup></b> | <b>4,485</b>                                                          | <b>3,761</b> | <b>1,028</b>                                     | <b>1,236</b> | <b>0</b>                 | <b>0</b>                 | <b>5,512</b>  | <b>4,997</b>  | <b>5,812</b>                         | <b>5,804</b>  |
| <b>Variable compensation – other<sup>7</sup></b>              | <b>539</b>                                                            | <b>784</b>   | <b>229</b>                                       | <b>384</b>   | <b>(175)<sup>8</sup></b> | <b>(190)<sup>8</sup></b> | <b>593</b>    | <b>978</b>    |                                      |               |
| <b>Total variable compensation</b>                            | <b>8,876</b>                                                          | <b>7,927</b> | <b>2,070</b>                                     | <b>2,398</b> | <b>(143)</b>             | <b>170</b>               | <b>10,803</b> | <b>10,495</b> |                                      |               |

<sup>1</sup> Estimates as of 31 December 2024 and 2023. Actual amounts to be expensed in future periods may vary; e.g. due to forfeiture of awards. <sup>2</sup> Excludes number of beneficiaries who received awards that form part of Variable compensation – other. <sup>3</sup> Includes the 2023 cash bonus liability recognized as of the date of the acquisition of Credit Suisse, of USD 351m, relating to pre-acquisition service as well as currency translation adjustments. <sup>4</sup> Represents estimated post-vesting transfer restriction and permanent forfeiture discounts. <sup>5</sup> Net adjustments for LTIP are USD -12m (2023: USD -6m) and include the estimated amounts for (i) the difference of USD -66m (2023: USD -53m) between the IFRS 2 expense and the communicated value included in the performance award pool, and (ii) the post-vesting transfer restriction and permanent forfeiture discounts of USD 54m (2023: USD 47m). <sup>6</sup> Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. <sup>7</sup> Consists of retention awards granted to Credit Suisse employees to support the completion of the transaction and the early phase of the integration, replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. <sup>8</sup> Included in expenses deferred to future periods is an amount of USD 175m (2023: USD 190m) in interest expense related to the Deferred Contingent Capital Plan. As the amount recognized as performance award represents the present value of the award at the date it is granted to the employee, this amount is excluded.

## 2024 performance award pool and expenses

The performance award pool, which includes performance-based variable awards for 2024, was USD 4.7bn, reflecting an increase of 4% compared with 2023. Performance award expenses for 2024 increased to USD 4.5bn, reflecting higher performance award expenses accrued in the performance year mainly driven by the consolidation of Credit Suisse expenses for the full period. The “Performance award pool and expenses” table below compares the performance award pool with performance award expenses.

### Performance award pool and expenses

| <i>USD m, except where indicated</i>                                               | 2024         | 2023         | % change    |
|------------------------------------------------------------------------------------|--------------|--------------|-------------|
| Performance award pool <sup>1</sup>                                                | 4,698        | 4,519        | 4           |
| <i>of which: expenses deferred to future periods and adjustments<sup>2,3</sup></i> | <i>845</i>   | <i>1,137</i> | <i>(26)</i> |
| Performance award expenses accrued in the performance year                         | 3,853        | 3,382        | 14          |
| Performance award expenses related to prior performance years                      | 603          | 604          | 0           |
| <b>Total performance award expenses recognized for the year<sup>4</sup></b>        | <b>4,456</b> | <b>3,986</b> | <b>12</b>   |

<sup>1</sup> Excluding employer-paid taxes and social security. <sup>2</sup> Estimate as of the end of the performance year. Actual amounts expensed in future periods may vary; e.g. due to forfeiture of awards. <sup>3</sup> Refer to details in the preceding “Variable compensation” table for more information. <sup>4</sup> Refer to “Note 27 Employee benefits: variable compensation” in the “Consolidated financial statements” section of this report for more information.

# Compensation for the Board of Directors

## Chairman of the BoD

Under the leadership of the Chairman, Colm Kelleher, the BoD determines, among other things, the strategy for the Group, based on recommendations by the Group CEO, exercises ultimate supervision over management and appoints all GEB members.

The Chairman leads all general meetings and BoD meetings and works with the committee Chairpersons to coordinate the work of all BoD committees. Together with the Group CEO, the Chairman is responsible for effective communication with shareholders and stakeholders, including clients, government officials, regulators and public organizations. The Chairman works closely with the Group CEO and other GEB members, providing advice and support when appropriate, and continues to strengthen and promote our culture through the three keys to success: our *Pillars, Principles and Behaviors*.

As an independent director, the Chairman's total compensation for the period from Annual General Meeting (AGM) to AGM consists of a fixed fee without any variable component, which is delivered 50% in cash and 50% in shares (blocked for four years). For the current period, from the 2024 AGM to the 2025 AGM, his fixed fee was CHF 5.5m and consisted of a cash payment of CHF 2.75m and a share component of CHF 2.75m, consisting of 90,675 UBS shares at CHF 30.328 per share. The share component aligns the Chairman's pay with the Group's long-term performance. The Chairman does not receive performance awards, severance payments or pension contributions in addition to his fixed fee, but, given the full-time nature of his role, he is eligible for employee conditions on UBS products and services.

- › Refer to "Board of Directors" in the "Corporate governance" section of this report for more information about the responsibilities of the Chairman

## Vice Chairman of the BoD

As the Vice Chairman of the BoD, Lukas Gähwiler leads the BoD in the absence of the Chairman and, together with the Senior Independent Director, he also supports the Chairman in all aspects of corporate governance and oversight across the Group. In particular, he represents UBS across a broad range of associations and industry bodies in Switzerland. In 2023, Lukas Gähwiler took on additional responsibilities as the chairman of the board of Credit Suisse AG, a subsidiary of UBS Group AG. This nomination was critical to providing strong governance and oversight of the subsidiary, in a manner consistent and in compliance with UBS Group AG governance principles, and also to facilitate the integration of Credit Suisse AG into UBS. Mr. Gähwiler held this mandate until the completion of the legal merger of UBS AG and Credit Suisse AG on 31 May 2024.

The Vice Chairman's total compensation for his services in the UBS Group AG Board for the period from AGM to AGM consists of a fixed fee without any variable component, which is delivered 50% in cash and 50% in shares (blocked for four years). For the current period, from the 2024 AGM to the 2025 AGM, his fixed fee was CHF 1.5m, excluding benefits and pension fund contributions. The fixed fee consisted of a cash payment of CHF 0.75m and a share component of CHF 0.75m, consisting of 24,729 UBS shares at CHF 30.328 per share.

As a non-independent director, Mr. Gähwiler is entitled to pension fund contributions and benefits. Including these, his total reward for his service as Vice Chairman for the current period was CHF 1,869,051.

Serving in a subsidiary board continued to be a substantial increase in the scope, responsibility and complexity of his mandate and was critical to supporting the integration. Therefore, Mr. Gähwiler is entitled to receive an additional board member fee for his role as Chairman of Credit Suisse AG, which consists of a fixed fee without any variable component and is delivered 100% in cash. For the current period, from the 2024 AGM to the date of the completion of the legal-entity merger between Credit Suisse AG and UBS AG, his pro-rated total fee for his services as chairman of the board of Credit Suisse AG was CHF 250,000.

The Vice Chairman is not eligible for performance awards, severance terms or supplementary contributions to pension plans. The pension contributions and benefits for the Vice Chairman, in his capacity as non-independent director, are consistent with all UBS employees and aligned with local market practice.

- › Refer to "Board of Directors" in the "Corporate governance" section of this report for more information about the responsibilities of the Vice Chairman
- › Refer to the "Say-on-pay" section of this report for more information about compensation-related proposals at the AGM 2025



## Other BoD members

Other BoD members receive fixed base fees for their services on the BoD and its committees. These fees are unchanged from the last AGM-to-AGM period. BoD members do not receive performance awards, severance payments, benefits or pension contributions (the benefit eligibility of the Chairman and that of the Vice Chairman are described above).

BoD members other than the Chairman and the Vice Chairman receive at minimum 50% of their fees in UBS shares, which are blocked for four years, and they may elect to receive up to 100% of their fees in blocked UBS shares. The number of shares is calculated based on the average closing price of the 10 trading days leading up to and including the grant date.

Since 2023, in order to facilitate the integration of Credit Suisse into UBS, two independent BoD members have served on the boards of directors of significant subsidiary entities. UBS Group AG Board members who have additional roles on the boards of significant subsidiary entities receive respective fees for the significant increase in the scope, responsibility and complexity of their mandates. These fees are aligned with other non-executive directors of the respective subsidiary entities. The total remuneration of other UBS Group AG members, including fees from subsidiaries, is summarized in the "Remuneration details and additional information for BoD members" table below.

At each AGM, shareholders are invited to approve the aggregate amount of BoD remuneration, including the compensation for the Chairman and Vice Chairman, which applies until the next AGM. The chart and the tables below provide details on the fee structure for the BoD members.

### Remuneration framework for UBS Group AG BoD members

| CHF                                            | 2024 AGM to 2025 AGM |               | Pay mix                  |                   | Delivery      |               |               |               |
|------------------------------------------------|----------------------|---------------|--------------------------|-------------------|---------------|---------------|---------------|---------------|
| <b>Annual fixed fees<sup>1</sup></b>           |                      |               |                          |                   |               |               |               |               |
| Chairman                                       |                      | 5,500,000     |                          |                   |               |               |               |               |
| Vice Chairman                                  |                      | 1,500,000     |                          |                   |               |               |               |               |
| <b>Fees for other BoD members<sup>2</sup></b>  |                      |               |                          |                   |               |               |               |               |
| Fixed base fee                                 |                      | 300,000       |                          |                   |               |               |               |               |
| Senior Independent Director                    |                      | 150,000       |                          |                   |               |               |               |               |
|                                                | <b>Chair</b>         | <b>Member</b> |                          |                   |               |               |               |               |
| Audit Committee                                | 300,000              | 200,000       |                          |                   |               |               |               |               |
| Compensation Committee                         | 200,000              | 100,000       |                          |                   |               |               |               |               |
| Governance and Nominating Committee            |                      | 100,000       |                          |                   |               |               |               |               |
| Corporate Culture and Responsibility Committee |                      | 50,000        |                          |                   |               |               |               |               |
| Risk Committee                                 | 350,000              | 200,000       |                          |                   |               |               |               |               |
|                                                |                      |               | <b>Blocked shares</b>    |                   |               |               |               | <b>50%</b>    |
|                                                |                      |               | <b>Cash</b>              | <b>50%</b>        |               |               |               |               |
|                                                |                      |               | <b>AGM-to-AGM period</b> | <b>grant year</b> | <b>year 1</b> | <b>year 2</b> | <b>year 3</b> | <b>year 4</b> |

<sup>1</sup> The Chairman and the Vice Chairman do not receive committee or other fees in addition to their annual fixed fee. Their fixed fee is delivered 50% in cash and 50% in shares (blocked for four years). See above for the benefit eligibility of the Chairman and Vice Chairman. <sup>2</sup> Other BoD members receive at minimum 50% of their fees in UBS shares, which are blocked for four years, and they may elect to receive up to 100% of their fees in blocked UBS shares.

## Approval governance for BoD compensation

The Chairperson of the Compensation Committee proposes and the Compensation Committee approves the compensation of the Chairman and that of the Vice Chairman annually for the upcoming AGM-to-AGM period, taking into consideration fee or compensation levels for comparable roles based on our core financial industry peers and other relevant leading Swiss companies included in the Swiss Market Index.

The fee structure for the other BoD members is reviewed annually based on the Chairman's proposal to the Compensation Committee, which in turn submits a proposal to the BoD for approval. In our regular review of the BoD fee structure, we concluded that our overall approach for BoD member compensation remains appropriate and therefore unchanged.

- › Refer to "Compensation Governance" in the "Compensation philosophy and governance" section of this report for more information about the remuneration responsibilities of the BoD and Compensation Committee

## Remuneration details and additional information for BoD members

Period 2024 AGM to 2025 AGM

CHF, except where indicated

| Name, function <sup>1</sup>                                                | Audit Committee | Compensation Committee | Corporate Culture and Responsibility Committee | Governance and Nominating Committee | Risk Committee | Base fee  | Committee fee(s) | Additional payments <sup>2</sup> | Benefits <sup>3</sup> | Total <sup>4</sup> | Share percentage <sup>5</sup> | Number of shares <sup>6,7</sup> | Subsidiary entity board fees | Total including subsidiary fees |
|----------------------------------------------------------------------------|-----------------|------------------------|------------------------------------------------|-------------------------------------|----------------|-----------|------------------|----------------------------------|-----------------------|--------------------|-------------------------------|---------------------------------|------------------------------|---------------------------------|
| Colm Kelleher, Chairman <sup>8</sup>                                       |                 |                        | C                                              | C                                   |                | 5,500,000 |                  |                                  | 16,915                | 5,516,915          | 50                            | 90,675                          |                              | 5,516,915                       |
| Lukas Gähwiler, Vice Chairman <sup>8</sup>                                 |                 |                        |                                                | M                                   | M              | 1,500,000 |                  |                                  | 369,051               | 1,869,051          | 50                            | 24,729                          | 250,000                      | 2,119,051                       |
| Jeremy Anderson, Senior Independent Director                               | C               |                        |                                                | M                                   |                | 300,000   | 400,000          | 150,000                          |                       | 850,000            | 50                            | 14,013                          | 368,755                      | 1,218,755                       |
| Claudia Böckstiegel, member                                                |                 |                        | M                                              |                                     |                | 300,000   | 50,000           |                                  |                       | 350,000            | 50                            | 5,770                           |                              | 350,000                         |
| William C. Dudley, member                                                  |                 |                        | M                                              |                                     | M              | 300,000   | 250,000          |                                  |                       | 550,000            | 50                            | 9,067                           |                              | 550,000                         |
| Patrick Firmenich, member                                                  | M               |                        | M                                              |                                     |                | 300,000   | 250,000          |                                  |                       | 550,000            | 100                           | 13,432                          |                              | 550,000                         |
| Fred Hu, member                                                            |                 | M                      |                                                | M                                   |                | 300,000   | 200,000          |                                  |                       | 500,000            | 100                           | 12,206                          |                              | 500,000                         |
| Mark Hughes, member                                                        |                 |                        | M                                              |                                     | C              | 300,000   | 400,000          |                                  |                       | 700,000            | 50                            | 11,540                          | 210,607                      | 910,607                         |
| Gail Kelly, member                                                         |                 |                        |                                                | M                                   |                | 300,000   | 100,000          |                                  |                       | 400,000            | 50                            | 6,594                           |                              | 400,000                         |
| Nathalie Rachou, member                                                    | M               |                        |                                                | M                                   |                | 300,000   | 300,000          |                                  |                       | 600,000            | 50                            | 9,891                           |                              | 600,000                         |
| Julie G. Richardson, member                                                |                 | C                      |                                                |                                     | M              | 300,000   | 400,000          |                                  |                       | 700,000            | 50                            | 11,540                          |                              | 700,000                         |
| Jeanette Wong, member                                                      | M               | M                      |                                                |                                     |                | 300,000   | 300,000          |                                  |                       | 600,000            | 100                           | 14,658                          |                              | 600,000                         |
| Aggregate of all BoD members 2024/2025                                     |                 |                        |                                                |                                     |                |           |                  |                                  |                       | 13,185,966         |                               |                                 |                              | 14,015,328                      |
| Aggregate of all BoD members 2024/2025 in USD (for reference) <sup>9</sup> |                 |                        |                                                |                                     |                |           |                  |                                  |                       | 15,022,659         |                               |                                 |                              | 15,967,544                      |

Period 2023 AGM to 2024 AGM

CHF, except where indicated

| Name, function <sup>1</sup>                  | Audit Committee | Compensation Committee | Corporate Culture and Responsibility Committee | Governance and Nominating Committee | Risk Committee | Base fee  | Committee fee(s) | Additional payments <sup>2</sup> | Benefits <sup>3</sup> | Total <sup>4</sup> | Share percentage <sup>5</sup> | Number of shares <sup>6,7</sup> | Subsidiary entity board fees | Total including subsidiary fees |
|----------------------------------------------|-----------------|------------------------|------------------------------------------------|-------------------------------------|----------------|-----------|------------------|----------------------------------|-----------------------|--------------------|-------------------------------|---------------------------------|------------------------------|---------------------------------|
| Colm Kelleher, Chairman <sup>8</sup>         |                 |                        | C                                              | C                                   |                | 4,700,000 |                  |                                  | 12,830                | 4,712,830          | 50                            | 96,173                          |                              | 4,712,830                       |
| Lukas Gähwiler, Vice Chairman <sup>8</sup>   |                 |                        |                                                | M                                   | M              | 1,500,000 |                  |                                  | 381,368               | 1,881,368          | 50                            | 30,693                          | 1,000,000                    | 2,881,368                       |
| Jeremy Anderson, Senior Independent Director | C               |                        |                                                | M                                   |                | 300,000   | 400,000          | 150,000                          |                       | 850,000            | 100                           | 26,624                          | 893,215                      | 1,743,215                       |
| Claudia Böckstiegel, member                  |                 |                        | M                                              |                                     |                | 300,000   | 50,000           |                                  |                       | 350,000            | 50                            | 7,161                           |                              | 350,000                         |
| William C. Dudley, member                    |                 |                        | M                                              |                                     | M              | 300,000   | 250,000          |                                  |                       | 550,000            | 50                            | 11,254                          |                              | 550,000                         |
| Patrick Firmenich, member                    | M               |                        | M                                              |                                     |                | 300,000   | 250,000          |                                  |                       | 550,000            | 100                           | 16,672                          |                              | 550,000                         |
| Fred Hu, member                              |                 |                        |                                                | M                                   |                | 300,000   | 100,000          |                                  |                       | 400,000            | 100                           | 12,105                          |                              | 400,000                         |
| Mark Hughes, member                          |                 |                        | M                                              |                                     | C              | 300,000   | 400,000          |                                  |                       | 700,000            | 50                            | 14,323                          | 795,677                      | 1,495,677                       |
| Nathalie Rachou, member                      |                 |                        |                                                | M                                   | M              | 300,000   | 300,000          |                                  |                       | 600,000            | 50                            | 12,277                          |                              | 600,000                         |
| Julie G. Richardson, member                  |                 | C                      |                                                |                                     | M              | 300,000   | 400,000          |                                  |                       | 700,000            | 50                            | 14,323                          |                              | 700,000                         |
| Dieter Wemmer, member                        | M               | M                      |                                                |                                     |                | 300,000   | 300,000          |                                  |                       | 600,000            | 100                           | 23,549                          |                              | 600,000                         |
| Jeanette Wong, member                        | M               | M                      |                                                |                                     |                | 300,000   | 300,000          |                                  |                       | 600,000            | 100                           | 18,194                          |                              | 600,000                         |
| Aggregate of all BoD members 2023/2024       |                 |                        |                                                |                                     |                |           |                  |                                  |                       | 12,494,198         |                               |                                 |                              | 15,183,090                      |

Legend: C = Chairperson of the respective Committee, M = Member of the respective Committee

<sup>1</sup> Twelve BoD members were in office on 31 December 2024 and on 31 December 2023. <sup>2</sup> These payments are associated with the Senior Independent Director role. <sup>3</sup> For the period from the 2024 AGM to the 2025 AGM, benefits amount is an estimate. For the Vice Chairman, the benefits include the portion related to UBS's contribution to the statutory pension scheme. <sup>4</sup> Excludes UBS's portion related to the legally required social security contributions, which for the period from the 2024 AGM to the 2025 AGM (including the Chairman, Vice Chairman and UBS Group AG members with a role in subsidiaries) is estimated at grant at CHF 753,000 and which for the period from the 2023 AGM to the 2024 AGM was estimated at grant at CHF 1,000,000. The legally required social security contributions paid by the independent BoD members are included in the amounts shown in this table, as appropriate. <sup>5</sup> For the Chairman and Vice Chairman, fees are paid 50% in cash and 50% in blocked UBS shares. Other BoD members receive at minimum 50% of their fees in UBS shares, which are blocked for four years. <sup>6</sup> For 2024, UBS shares were valued at CHF 30.328 (average closing price of UBS shares over the last 10 trading days leading up to and including the grant date). For 2023, UBS shares were valued at CHF 24.435 (average closing price of UBS shares over the last 10 trading days leading up to and including the grant date). These shares are blocked for four years. <sup>7</sup> Number of shares is reduced in case of the 100% election to deduct legally required contributions. All remuneration payments are, where applicable, subject to social security contributions and / or withholding tax. <sup>8</sup> The Chairman and the Vice Chairman do not receive committee fees in addition to their annual fixed fee. <sup>9</sup> Swiss franc amounts have been translated into US dollars for reference at the 2024 performance award currency exchange rate of CHF / USD 1.139291.



# Supplemental information

## Fixed and variable compensation for GEB members

### Fixed and variable compensation for GEB members<sup>1,2,3</sup>

| CHF m, except where indicated                        | Total for 2024 |     | Not deferred |     | Deferred <sup>4</sup> |    | Total for 2023 |
|------------------------------------------------------|----------------|-----|--------------|-----|-----------------------|----|----------------|
|                                                      | Amount         | %   | Amount       | %   | Amount                | %  | Amount         |
| <b>Total compensation</b>                            |                |     |              |     |                       |    |                |
| Amount <sup>5</sup>                                  | 140            | 100 | 52           | 37  | 88                    | 63 | 137            |
| Number of beneficiaries                              | 20             |     |              |     |                       |    | 18             |
| <b>Fixed compensation<sup>5,6</sup></b>              | 25             | 18  | 25           | 100 | 0                     | 0  | 29             |
| Cash-based                                           | 25             | 18  |              |     |                       |    | 27             |
| Equity-based                                         | 0              | 0   |              |     |                       |    | 2              |
| <b>Variable compensation</b>                         | 114            | 82  | 26           | 23  | 88                    | 77 | 108            |
| Cash <sup>7</sup>                                    | 26             | 19  |              |     |                       |    | 21             |
| Long-Term Incentive Plan (LTIP) <sup>8</sup>         | 53             | 38  |              |     |                       |    | 54             |
| Deferred Contingent Capital Plan (DCCP) <sup>8</sup> | 34             | 25  |              |     |                       |    | 33             |

<sup>1</sup> The figures include all GEB members in office during the respective years. <sup>2</sup> Includes compensation paid under the employment contract during the notice period for GEB members who stepped down during the respective years. <sup>3</sup> Includes compensation for newly appointed GEB members for their time in office as a GEB member during the respective years. <sup>4</sup> Based on the specific plan vesting and reflecting the total award value at grant, which may differ from the expense recognized in the income statement in accordance with IFRS Accounting Standards. <sup>5</sup> Excludes benefits and employer's contributions to retirement benefit plans. Includes social security contributions paid by GEB members but excludes the portion related to the legally required social security contributions paid by UBS. <sup>6</sup> Includes base salary and role-based allowances, rounded to the nearest million. <sup>7</sup> Includes allocation of vested but blocked shares, in line with the remuneration section of the UK Prudential Regulation Authority Rulebook. <sup>8</sup> For the GEB members who are also MRTs or SMFs, the awards do not include dividend and interest payments.

## Regulated staff

### Key Risk Takers

Key Risk Takers (KRTs) are defined as those employees that, by the nature of their roles, have been determined to materially set, commit or control significant amounts of the firm's resources and / or exert significant influence over its risk profile. This includes employees working in front-office roles, logistics and control functions. Identifying KRTs globally is part of our risk control framework and an important element in ensuring we incentivize only appropriate risk-taking. For 2024, in addition to GEB members, 835 employees were classified as KRTs throughout the UBS Group globally, including all employees with a total compensation exceeding USD / CHF 2.5m (Highly Paid Employees), who may not have been identified as KRTs during the performance year.

In line with regulatory requirements, the performance of employees identified as KRTs during the performance year is evaluated by the control functions. In addition, KRTs' performance awards are subject to a mandatory deferral rate of at least 50%, regardless of whether the deferral threshold has been met (excluding KRTs with de minimis performance awards below a predetermined threshold where standard deferral rates apply). Consistent with all other employees, the deferred portion of a KRT's compensation is also subject to forfeiture or reduction if the KRT commits harmful acts.

### Fixed and variable compensation for Key Risk Takers<sup>1</sup>

| USD m, except where indicated                                                                          | Total for 2024 |     | Not deferred |     | Deferred <sup>2</sup> |    | Total for 2023 <sup>3</sup> |
|--------------------------------------------------------------------------------------------------------|----------------|-----|--------------|-----|-----------------------|----|-----------------------------|
|                                                                                                        | Amount         | %   | Amount       | %   | Amount                | %  | Amount                      |
| <b>Total compensation</b>                                                                              |                |     |              |     |                       |    |                             |
| Amount                                                                                                 | 1,705          | 100 | 1,037        | 61  | 667                   | 39 | 1,801                       |
| Number of beneficiaries                                                                                | 835            |     |              |     |                       |    | 1,038                       |
| <b>Fixed compensation<sup>3,4</sup></b>                                                                | 550            | 32  | 550          | 100 | 0                     | 0  | 668                         |
| Cash-based                                                                                             | 547            | 32  | 547          |     | 0                     |    | 665                         |
| Equity-based                                                                                           | 3              | 0   | 3            |     | 0                     |    | 3                           |
| <b>Variable compensation</b>                                                                           | 1,155          | 68  | 488          | 42  | 667                   | 58 | 1,133                       |
| Cash <sup>5</sup>                                                                                      | 488            | 29  | 488          |     |                       |    | 479                         |
| Long-Term Incentive Plan (LTIP) / Equity Ownership Plan (EOP) / Fund Ownership Plan (FOP) <sup>6</sup> | 401            | 24  |              |     | 401                   |    | 396                         |
| Deferred Contingent Capital Plan (DCCP) <sup>6</sup>                                                   | 266            | 16  |              |     | 266                   |    | 258                         |

<sup>1</sup> Includes employees with a total compensation exceeding USD / CHF 2.5m (Highly Paid Employees), excludes payments made to individuals related to their time as GEB member. <sup>2</sup> Based on the specific plan vesting and reflecting the total value at grant, which may differ from the expense recognized in the income statement in accordance with IFRS Accounting Standards. <sup>3</sup> Excludes benefits and employer's contributions to retirement benefits plan. Includes social security contributions paid by KRTs but excludes the legally required social security contributions paid by UBS. <sup>4</sup> Includes base salary and role-based allowances. <sup>5</sup> Includes allocation of vested but blocked shares, in line with regulatory requirements where applicable. <sup>6</sup> KRTs who are also MRTs do not receive dividend and interest payments.

## Deferred compensation of the GEB and KRTs

The table below shows the current economic value of unvested outstanding deferred variable compensation awards subject to ex post adjustments. For share-based plans, the economic value is determined based on the closing share price on 31 December 2024. For notional funds, it is determined using the latest available market price for the underlying funds at the end of 2024, and for deferred cash plans, it is determined based on the outstanding amount of cash owed to award recipients.

### Deferred compensation of the GEB and KRTs<sup>1,2,3</sup>

| <i>USD m, except where indicated</i>                                            | Relating to awards for 2024 <sup>4</sup> | Relating to awards for prior years <sup>5</sup> | Total        | <i>of which: exposed to ex post explicit and / or implicit adjustments</i> | Total deferred compensation year-end 2023 | Total amount of deferred compensation distributed in 2024 <sup>6</sup> |
|---------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------|--------------|----------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------|
| <b>GEB</b>                                                                      |                                          |                                                 |              |                                                                            |                                           |                                                                        |
| Deferred Contingent Capital Plan                                                | 39                                       | 146                                             | 185          | 100%                                                                       | 153                                       | 26                                                                     |
| Equity Ownership Plan (including notional funds and Credit Suisse legacy plans) | 0                                        | 43                                              | 43           | 100%                                                                       | 57                                        | 28                                                                     |
| Long-Term Incentive Plan                                                        | 61                                       | 274                                             | 335          | 100%                                                                       | 322                                       | 92                                                                     |
| <b>KRTs</b>                                                                     |                                          |                                                 |              |                                                                            |                                           |                                                                        |
| Deferred Contingent Capital Plan                                                | 266                                      | 920                                             | 1,186        | 100%                                                                       | 1,183                                     | 153                                                                    |
| Equity Ownership Plan (including notional funds)                                | 169                                      | 894                                             | 1,063        | 100%                                                                       | 1,527                                     | 479                                                                    |
| Long-Term Incentive Plan                                                        | 232                                      | 290                                             | 522          | 100%                                                                       | 393                                       | 97                                                                     |
| Credit Suisse legacy plans                                                      | 0                                        | 104                                             | 104          | 100%                                                                       | 195                                       | 54                                                                     |
| <b>Total GEB and KRTs</b>                                                       | <b>767</b>                               | <b>2,670</b>                                    | <b>3,438</b> |                                                                            | <b>3,830</b>                              | <b>929</b>                                                             |

1 Based on the specific plan vesting and reflecting the economic value of the outstanding awards, which may differ from the expense recognized in the income statement in accordance with IFRS. Year-to-year reconciliations would also need to consider the impacts of additional items including off-cycle awards, FX movements, population changes, and dividend equivalent reinvestments. 2 Refer to "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information. 3 GEB members and KRTs who are also MRTs do not receive dividend and interest payments. 4 Where applicable, amounts are translated into US dollars at the performance award currency exchange rate. LTIP values reflect the fair value awarded at grant. 5 Takes into account the ex post implicit adjustments, given the share price movements since grant. Where applicable, amounts are translated from award currency into US dollars using FX rates as of 31 December 2024. LTIP values reflect the fair value awarded at grant. 6 Valued at distribution price and FX rate for all awards distributed in 2024 (this excludes interests on DCCP).

The table below shows the value of actual ex post explicit and implicit adjustments to outstanding deferred compensation in the 2024 financial year for GEB members and KRTs.

Ex post adjustments occur after an award has been granted. Explicit adjustments occur when we adjust compensation by forfeiting deferred awards. Implicit adjustments are unrelated to any action taken by the firm and occur as a result of price movements that affect the value of an award.

### GEB and KRTs ex post explicit and implicit adjustments to deferred compensation

| <i>USD m</i>                                                                                   | Ex post explicit adjustments to unvested awards <sup>1</sup><br>31.12.24 | 31.12.23     | Ex post implicit adjustments to unvested awards <sup>2</sup><br>31.12.24 | 31.12.23   |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------|------------|
| <b>GEB</b>                                                                                     |                                                                          |              |                                                                          |            |
| Deferred Contingent Capital Plan                                                               | 0                                                                        | 0            | 0                                                                        | 0          |
| Equity Ownership Plan (including notional funds and Credit Suisse legacy plans, if applicable) | 0                                                                        | (1)          | 13                                                                       | 25         |
| Long-Term Incentive Plan                                                                       | 0                                                                        | 0            | 94                                                                       | 119        |
| <b>KRTs</b>                                                                                    |                                                                          |              |                                                                          |            |
| Deferred Contingent Capital Plan                                                               | (1)                                                                      | (2)          | 0                                                                        | 0          |
| Equity Ownership Plan (including notional funds)                                               | (1)                                                                      | (6)          | 265                                                                      | 530        |
| Long-Term Incentive Plan                                                                       | 0                                                                        | 0            | 99                                                                       | 82         |
| Credit Suisse legacy plans                                                                     | (1)                                                                      | (285)        | 22                                                                       | (108)      |
| <b>Total GEB and KRTs</b>                                                                      | <b>(2)</b>                                                               | <b>(294)</b> | <b>492</b>                                                               | <b>648</b> |

1 For notional share awards, ex post explicit adjustments are calculated as units forfeited during the year, valued at the share price on 31 December 2024 (USD 30.32) for 2024 (which may differ from the expense recognized in the income statement in accordance with IFRS). The 2023 data is valued using the share price on 31 December 2023 (USD 30.9). For LTIP, the forfeited units reflect the fair value awarded at grant. For the notional funds awarded to Asset Management employees under the AM EOP/FOP in 2024 and 2023, and CS Legacy notional funds for 2024, this represents the fair value at the time of the employee forfeiture. For DCCP, the fair value at grant of the forfeited awards during the year is reflected. Credit Suisse legacy plan awards (including Credit Suisse notional fund awards) for 2023 are calculated using value at grant and include the explicit adjustments resulting from the cancellation and reduction order issued by the Federal Department of Finance (FDF) of Switzerland. All values shown exclude DCCP interest and CCA coupon forfeitures. 2 Ex post implicit adjustments for UBS shares are calculated based on the difference between the weighted average grant date fair value and the share price at year-end. The amount for UBS and CS legacy notional funds is calculated using the mark-to-market change during 2024 and 2023. For the GEB members who were appointed to the GEB during 2024, awards have been fully reflected in the GEB categories.

## Material Risk Takers

For relevant EU- or UK-regulated entities, we identify individuals who are deemed to be Material Risk Takers (MRTs) based on sectorial and / or local regulatory requirements, including the respective EU Commission Delegated Regulation, the fifth iteration of the EU Capital Requirements Directive (CRD V) and equivalent UK requirements, as applicable. This group consists of senior management, risk takers, selected staff in control or support functions and certain highly compensated employees. For 2024, UBS identified 1,274 MRTs in relation to its relevant EU or UK entities.

Subject to individual or legal-entity level proportionality considerations, variable compensation awarded to MRTs is subject to additional deferral and other requirements. For CRD-relevant entities, these include a minimum deferral rate of 40% or 60% (depending on role / variable compensation level) on performance awards and delivery of at least 50% of any upfront performance award in UBS shares that are vested but blocked for 12 months after grant. Deferred awards granted to MRTs under UBS's deferred compensation plans for their performance in 2024 are subject to 6- or 12-month post-vesting blocking periods and do not pay out dividends or interest during the deferral period.

Additionally, MRTs are subject to a maximum ratio between fixed and variable pay. Across EU locations, the maximum variable to fixed compensation ratio is set to 200%, based on approval through relevant shareholder votes.

For UK-regulated MRTs, the maximum ratio was set by UBS taking into account the business activities and prudential and conduct risks of the relevant legal entities. In addition, the maximum ratios were set considering the scenario that the relevant legal entities might exceed their financial objectives, and to align with the ratios applicable for GEB members on a communicated value basis.

The maximum ratio for all UK-regulated MRTs was approved by the compensation committees of the relevant entities.

For up to seven years after grant, performance awards granted to MRTs are subject to clawback provisions, which allow the firm to claim repayment of both the upfront and the vested deferred element of any performance award if an individual is found to have contributed substantially to significant financial losses for the Group or corporate structure in scope, a material downward restatement of disclosed results, or engaged in misconduct and / or failed to take expected actions, thus contributing to significant reputational harm.

LTIP awards granted to UK MRTs and Senior Management Functions (SMFs) are subject to an additional non-financial conduct-related metric as required by UK regulation.

## UK Senior Managers and Certification Regime

The Senior Managers and Certification Regime (the SMCR) of the UK Prudential Regulation Authority and Financial Conduct Authority requires that individuals with specified responsibilities, performing certain significant functions and / or those in certain other identified categories be designated as SMFs.

Subject to de minimis and other compensation-related considerations, variable compensation awards made to SMFs must comply with specific requirements, including longer deferral, blocking and clawback periods. The deferral period for SMFs is seven years, with the deferred performance awards vesting no faster than pro rata from years 3 to 7, except those that have total compensation below GBP 500,000 and variable incentive accounting for less than 33% of total compensation, for whom a five-year deferral period (instead of a seven-year period) applies. Such awards are also subject to a 12-month post-vesting blocking period. The clawback policy for SMFs permits clawback for up to 10 years from the date of performance award grants (applicable if an individual is subject to an investigation at the end of the initial seven-year clawback period). All SMFs are also MRTs and, as such, subject to the same prohibitions on dividend and interest payments.

## Australian Material Risk Takers

For UBS AG, Australia Branch, we identified individuals who are Australian Material Risk Takers (AUSMRTs) under the new Australian Prudential Regulation Authority Prudential Standard CPS 511 requirements, effective 1 January 2024. The Prudential Standard outlines that AUSMRTs are individuals whose professional activities have a material potential impact on the entity's risk profile, performance and long-term soundness. Variable compensation for these individuals is subject to additional deferral and other requirements, which includes a minimum deferral rate of 40%, minimum vesting periods and harmful acts provisions.

## Control functions and Group Internal Audit

Our control functions must be independent in order to monitor risk effectively. Therefore, their compensation is determined separately from the revenue areas that they oversee, supervise or monitor. Their performance award pool is based not on the performance of these businesses, but on the performance of the Group as a whole. We also consider other factors, such as how effectively the function has performed and our market position. Decisions on individual compensation for the senior managers of the control functions are made by the function heads and approved by the Group CEO. Decisions on individual compensation for the members of Group Internal Audit (GIA) are made by the Head GIA and approved by the Chairman. Following a proposal by the Chairman, total compensation for the Head GIA is approved by the Compensation Committee.



## 2024 Group personnel expenses

The number of personnel employed as of 31 December 2024 decreased by 4,194 to 108,648 (full-time equivalents) compared with 31 December 2023.

The table below shows our total personnel expenses for 2024, including salaries, pension expenses, social security contributions, variable compensation and other personnel costs. Variable compensation includes cash performance awards paid in 2025 for the 2024 performance year, amortization of unvested deferred awards granted in previous years and the cost of deferred awards granted to employees that are eligible for retirement in the context of the compensation framework at the date of grant.

The performance award pool reflects the value of performance awards granted relating to the 2024 performance year, including awards that are paid out immediately and those that are deferred. To determine our variable compensation expenses, the following adjustments are required in order to reconcile the performance award pool to the expenses recognized in the Group's Financial Statements prepared in accordance with IFRS Accounting Standards:

- a reduction for expenses deferred to future periods (amortization of unvested awards granted in 2025 for the 2024 performance year) and accounting adjustments; and
- an addition for the 2024 amortization of unvested deferred awards granted in prior years.

As a large part of compensation consists of deferred awards, the amortization of unvested deferred awards granted in prior years forms a significant part of the IFRS Accounting Standards expenses in both 2024 and 2025. The expenses related to prior performance years and total expenses recognized in 2024 include deferred compensation granted under Credit Suisse Group compensation plans in previous years, which have been expensed from 2023 onward due to the integration of Credit Suisse into UBS.

► Refer to "Note 7 Personnel expenses" and "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information

### Personnel expenses

| USD m                                                              | Expenses recognized in the IFRS Accounting Standards income statement |                                    |                                   |                                   |                                   |
|--------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                                                    | Related to the 2024 performance year                                  | Related to prior performance years | Total expenses recognized in 2024 | Total expenses recognized in 2023 | Total expenses recognized in 2022 |
| <b>Salaries<sup>1</sup></b>                                        | <b>12,178</b>                                                         | <b>0</b>                           | <b>12,178</b>                     | <b>10,997</b>                     | <b>7,045</b>                      |
| Non-deferred cash                                                  | 3,290                                                                 | (83)                               | 3,206                             | 2,807                             | 2,260                             |
| Deferred compensation awards                                       | 563                                                                   | 687                                | 1,250                             | 1,179                             | 945                               |
| of which: Equity Ownership Plan                                    | 180                                                                   | 279                                | 458                               | 485                               | 437                               |
| of which: Deferred Contingent Capital Plan                         | 197                                                                   | 290                                | 487                               | 421                               | 349                               |
| of which: Long-Term Incentive Plan                                 | 161                                                                   | 76                                 | 237                               | 204                               | 43                                |
| of which: Fund Ownership Plan                                      | 26                                                                    | 42                                 | 68                                | 69                                | 116                               |
| <b>Variable compensation – performance awards</b>                  | <b>3,853</b>                                                          | <b>603</b>                         | <b>4,456</b>                      | <b>3,986</b>                      | <b>3,205</b>                      |
| <b>Variable compensation – financial advisors<sup>2</sup></b>      | <b>4,485</b>                                                          | <b>808</b>                         | <b>5,293</b>                      | <b>4,549</b>                      | <b>4,508</b>                      |
| <b>Variable compensation – other<sup>3</sup></b>                   | <b>539</b>                                                            | <b>583</b>                         | <b>1,121</b>                      | <b>1,310</b>                      | <b>241</b>                        |
| <b>Total variable compensation<sup>4</sup></b>                     | <b>8,876</b>                                                          | <b>1,994</b>                       | <b>10,870</b>                     | <b>9,845</b>                      | <b>7,954</b>                      |
| <b>Contractors</b>                                                 | <b>325</b>                                                            | <b>0</b>                           | <b>325</b>                        | <b>334</b>                        | <b>323</b>                        |
| <b>Social security</b>                                             | <b>1,514</b>                                                          | <b>109</b>                         | <b>1,622</b>                      | <b>1,473</b>                      | <b>944</b>                        |
| <b>Pension and other post-employment benefit plans<sup>5</sup></b> | <b>1,310</b>                                                          | <b>0</b>                           | <b>1,310</b>                      | <b>1,361</b>                      | <b>794</b>                        |
| <b>Other personnel expenses</b>                                    | <b>981</b>                                                            | <b>32</b>                          | <b>1,013</b>                      | <b>890</b>                        | <b>621</b>                        |
| <b>Total personnel expenses</b>                                    | <b>25,183</b>                                                         | <b>2,134</b>                       | <b>27,318</b>                     | <b>24,899</b>                     | <b>17,680</b>                     |

<sup>1</sup> Includes role-based allowances. <sup>2</sup> Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. <sup>3</sup> Consists of existing deferred awards and retention awards granted to Credit Suisse employees as well as replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. <sup>4</sup> Refer to "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information. <sup>5</sup> Refer to "Note 26 Post-employment benefit plans" in the "Consolidated financial statements" section of this report for more information.



# Deferred compensation

## Vesting of outstanding awards granted in prior years subject to performance metrics and thresholds

The tables below show the extent to which the performance metrics and thresholds for awards granted in prior years have been met and the related vesting in 2025.

| Long-Term Incentive Plan (LTIP) 2019 (performance period 2020–2022)                          |                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance metrics                                                                          | Performance achievement <sup>1</sup>                                                                                                                    | Vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Return on common equity tier 1 capital (RoCET1) and relative Total Shareholder Return (rTSR) | The overall achievement level is 98.0% of the maximum opportunity (of up to 100%), based on outcomes for rTSR (weighted 50%) and RoCET1 (weighted 50%). | <ul style="list-style-type: none"> <li>For GEB, the first, second and third installments vested in 2023, 2024 and 2025, respectively. As outlined in our 2019 Compensation Report, up to CHF 7.3m, or 30%, of the 2019 LTIP awards at grant for GEB members active in March 2017 continues to be at risk and directly linked to the final resolution of the French cross-border matter.</li> <li>For other select senior management, the full award vested in 2023.</li> </ul> |

<sup>1</sup> As disclosed in our Compensation Report 2019, LTIP awards for the 2019 performance year were awarded at a value of 62.25% of maximum, which reflected our best estimate of the fair value of the award. The maximum number of shares was determined by dividing the awarded amount by the fair value of the award at the date of grant, divided by CHF 12.919 or USD 13.141, the average closing price of UBS shares over the last ten trading days leading up to and including the grant date.

| Long-Term Incentive Plan (LTIP) 2020 (performance period 2021–2023)                          |                                                                                                                                                          |                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance metrics                                                                          | Performance achievement <sup>1</sup>                                                                                                                     | Vesting                                                                                                                                                                                                                                                  |
| Return on common equity tier 1 capital (RoCET1) and relative Total Shareholder Return (rTSR) | The overall achievement level is 92.55% of the maximum opportunity (of up to 100%), based on outcomes for rTSR (weighted 50%) and RoCET1 (weighted 50%). | <ul style="list-style-type: none"> <li>For GEB, the first installment vested in 2024 and the second in 2025. The remaining tranche will vest in 2026 accordingly.</li> <li>For other select senior management, the full award vested in 2024.</li> </ul> |

<sup>1</sup> As disclosed in our Compensation Report 2020, LTIP awards for the 2020 performance year were awarded at a value of 65.90% of maximum, which reflected our best estimate of the fair value of the award. The maximum number of shares was determined by dividing the awarded amount by the fair value of the award at the date of grant, divided by CHF 13.81 or USD 15.411, the average closing price of UBS shares over the last ten trading days leading up to and including the grant date.

| Long-Term Incentive Plan (LTIP) 2021 (performance period 2022–2024)                          |                                                                                                                                                          |                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance metrics                                                                          | Performance achievement <sup>1</sup>                                                                                                                     | Vesting                                                                                                                                                                                                                                          |
| Return on common equity tier 1 capital (RoCET1) and relative Total Shareholder Return (rTSR) | The overall achievement level is 93.33% of the maximum opportunity (of up to 100%), based on outcomes for rTSR (weighted 50%) and RoCET1 (weighted 50%). | <ul style="list-style-type: none"> <li>For GEB, the first installment will vest in 2025 and the remaining tranches will vest in 2026 and 2027 accordingly.</li> <li>For other select senior management, the full award vests in 2025.</li> </ul> |

<sup>1</sup> As disclosed in our Compensation Report 2021, LTIP awards for the 2021 performance year were awarded at a value of 67.7% of maximum, which reflected our best estimate of the fair value of the award. The maximum number of shares was determined by dividing the awarded amount by the fair value of the award at the date of grant, divided by CHF 19.194 or USD 20.700, the average closing price of UBS shares over the last ten trading days leading up to and including the grant date.

➔ Refer to “Performance achievement of the 2021 LTIP granted in 2022” in the “Group compensation” section of this report for more information

The below EOP and DCCP thresholds have been set to support the sustainability of the organization and represent minimum performance levels to retain the awards.

| Equity Ownership Plan (EOP) 2019 / 2020, EOP 2020 / 2021 and EOP 2021 / 2022                                   |                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thresholds                                                                                                     | Threshold achievement <sup>1</sup>                                    | Vesting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| EOP 2019 / 2020:<br>Return on common equity tier 1 capital (RoCET1) and divisional return on attributed equity | The Group and divisional thresholds have been satisfied. <sup>2</sup> | The following installments vest in full: <ul style="list-style-type: none"> <li>for EOP 2019 / 2020, the third and final installment for employees with extended vesting periods (e.g. as required by applicable regulators) covered under the plan;</li> <li>for EOP 2020 / 2021, the second installment for employees with extended vesting periods (e.g. as required by applicable regulators) covered under the plan; and</li> <li>for EOP 2021 / 2022, the second installment for all other employees and the first installment for employees with extended vesting periods (e.g. as required by applicable regulators) covered under the plan.</li> </ul> |
| EOP 2020 / 2021 and EOP 2021 / 2022:<br>Return on common equity tier 1 capital (RoCET1)                        | The Group thresholds have been satisfied.                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

<sup>1</sup> Performance may be adjusted for disclosed items generally not representative of underlying business performance. <sup>2</sup> As published in our 1Q24 results, as of 1 January 2024, UBS changed our equity attribution framework which increased the equity attributed to the business divisions. The 2023 comparison period was restated accordingly. However, given the EOP 2019 / 2020 divisional RoAE thresholds were set based on the attributed equity framework prior to this change on the basis of the financial plans applicable at the time (pre-CS acquisition) adjustments to the reported “underlying” RoAE were applied to account for the change in framework and the impact of the integration. Based on the adjusted evaluations the performance thresholds were fully met and the awards for all divisions will vest at 100%.

**Deferred Contingent Capital Plan (DCCP) 2019 / 2020**

| Thresholds                                                                                                    | Threshold achievement <sup>1</sup>  | Vesting <sup>2</sup>              |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------|
| Common equity tier 1 (CET1) capital ratio, viability event and, additionally for GEB, Group profit before tax | The thresholds have been satisfied. | – DCCP 2019 / 2020 vests in full. |

<sup>1</sup> Performance may be adjusted for disclosed items generally not representative of underlying business performance. <sup>2</sup> Certain regulated employees, such as Senior Management Functions (SMFs) and Material Risk Takers (MRTs), are subject to extended vesting periods.

**Outstanding Credit Suisse Group awards granted in prior years subject to performance conditions**

The tables below show the extent to which the performance metrics and thresholds for awards granted by the Credit Suisse Group in prior years have been met and the related impact of the 2024 results.

As a result of the acquisition by UBS Group AG of Credit Suisse Group AG in 2023, many of the financial measurements applicable to legacy Credit Suisse Group awards are no longer available or are not fully comparable to previous performance periods, therefore revised metrics have been adopted as disclosed in the Compensation Report 2023.

**Performance Share Awards (PSA) 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022**

| Threshold                                                                                | Threshold achievement <sup>1</sup>        | Vesting <sup>2</sup>                                                                                                                |
|------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Negative adjustment if reported UBS Group AG return on CET1 capital (RoCET1) is negative | The amended threshold has been satisfied. | – No negative adjustment applied in respect of PSAs outstanding on 31 December 2024. The respective installments will vest in 2025. |

<sup>1</sup> Performance may be adjusted for disclosed items generally not representative of underlying business performance. <sup>2</sup> Certain regulated employees, such as Senior Management Functions (SMFs) and Material Risk Takers (MRTs), are subject to extended vesting periods.

**Strategic Delivery Plan (SDP) awards 2021/2022**

| Threshold                                                                                            | Threshold achievement <sup>1</sup>        | Vesting <sup>2</sup>                                                                           |
|------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------|
| Cancellation in full if reported UBS Group AG CET1 ratio is less than 7% on 31 December 2023 or 2024 | The amended threshold has been satisfied. | – No cancellation of SDP awards based on 2024 financial results. The awards will vest in 2025. |

<sup>1</sup> Performance may be adjusted for disclosed items generally not representative of underlying business performance. <sup>2</sup> Certain regulated employees, such as Senior Management Functions (SMFs) and Material Risk Takers (MRTs), are subject to extended vesting periods.

Share ownership / entitlements of GEB members<sup>1</sup>

| Name, function                                                                            | on<br>31 December | Number of<br>unvested<br>shares / at<br>risk <sup>2</sup> | Number of<br>vested shares | Total number<br>of shares | Potentially<br>conferred<br>voting<br>rights in % |
|-------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------|----------------------------|---------------------------|---------------------------------------------------|
| Sergio Ermotti, Group Chief Executive Officer                                             | 2024              | 1,023,411                                                 | 1,732,094                  | 2,755,505                 | 0.215                                             |
|                                                                                           | 2023              | 1,218,685                                                 | 1,220,864                  | 2,439,549                 | 0.185                                             |
| George Athanasopoulos, Co-President Investment Bank                                       | 2024              | 468,793                                                   | 203,756                    | 672,549                   | 0.053                                             |
|                                                                                           | 2023              | -                                                         | -                          | -                         | -                                                 |
| Michelle Beraux, Group Integration Officer                                                | 2024              | 164,063                                                   | 12,824                     | 176,887                   | 0.014                                             |
|                                                                                           | 2023              | 100,618                                                   | 0                          | 100,618                   | 0.008                                             |
| Christian Bluhm, former Group Chief Risk Officer                                          | 2024              | -                                                         | -                          | -                         | -                                                 |
|                                                                                           | 2023              | 715,033                                                   | 51                         | 715,084                   | 0.054                                             |
| Mike Dargan, Group Chief Operations and Technology Officer                                | 2024              | 465,358                                                   | 26,815                     | 492,173                   | 0.038                                             |
|                                                                                           | 2023              | 408,308                                                   | 56,024                     | 464,332                   | 0.035                                             |
| Aleksandar Ivanovic, President Asset Management                                           | 2024              | 143,704                                                   | 65,697                     | 209,401                   | 0.016                                             |
|                                                                                           | 2023              | -                                                         | -                          | -                         | -                                                 |
| Suni Harford, former President Asset Management                                           | 2024              | -                                                         | -                          | -                         | -                                                 |
|                                                                                           | 2023              | 1,226,219                                                 | 128,081                    | 1,354,300                 | 0.103                                             |
| Naureen Hassan, former President UBS Americas                                             | 2024              | -                                                         | -                          | -                         | -                                                 |
|                                                                                           | 2023              | 48,861                                                    | 0                          | 48,861                    | 0.004                                             |
| Robert Karofsky, President UBS Americas and Co-President Global Wealth Management         | 2024              | 1,139,539                                                 | 424,520                    | 1,564,059                 | 0.122                                             |
|                                                                                           | 2023              | 1,116,181                                                 | 446,655                    | 1,562,836                 | 0.118                                             |
| Sabine Keller-Busse, President Personal & Corporate Banking and President UBS Switzerland | 2024              | 982,710                                                   | 425,317                    | 1,408,027                 | 0.110                                             |
|                                                                                           | 2023              | 998,319                                                   | 460,442                    | 1,458,761                 | 0.111                                             |
| Iqbal Khan, Co-President Global Wealth Management and President UBS Asia Pacific          | 2024              | 1,140,180                                                 | 179,433                    | 1,319,613                 | 0.103                                             |
|                                                                                           | 2023              | 1,118,165                                                 | 32,287                     | 1,150,452                 | 0.087                                             |
| Edmund Koh, former President UBS Asia Pacific                                             | 2024              | -                                                         | -                          | -                         | -                                                 |
|                                                                                           | 2023              | 906,095                                                   | 530,000                    | 1,436,095                 | 0.109                                             |
| Ulrich Körner, former CEO of Credit Suisse AG                                             | 2024              | -                                                         | -                          | -                         | -                                                 |
|                                                                                           | 2023              | 314,134                                                   | 15,126                     | 329,260                   | 0.025                                             |
| Barbara Levi, Group General Counsel                                                       | 2024              | 539,142                                                   | 99,876                     | 639,018                   | 0.050                                             |
|                                                                                           | 2023              | 462,894                                                   | 76,075                     | 538,969                   | 0.041                                             |
| Beatriz Martin Jimenez, Head Non-core and Legacy and President UBS EMEA                   | 2024              | 426,691                                                   | 180,706                    | 607,397                   | 0.047                                             |
|                                                                                           | 2023              | 381,209                                                   | 81,823                     | 463,032                   | 0.035                                             |
| Markus Ronner, Group Chief Compliance and Governance Officer                              | 2024              | 613,246                                                   | 4,436                      | 617,682                   | 0.048                                             |
|                                                                                           | 2023              | 642,528                                                   | 3,129                      | 645,657                   | 0.049                                             |
| Stefan Seiler, Head Group Human Resources & Corporate Services                            | 2024              | 299,428                                                   | 91,393                     | 390,821                   | 0.031                                             |
|                                                                                           | 2023              | 270,359                                                   | 0                          | 270,359                   | 0.020                                             |
| Todd Tuckner, Group Chief Financial Officer                                               | 2024              | 279,344                                                   | 279,647                    | 558,991                   | 0.044                                             |
|                                                                                           | 2023              | 219,246                                                   | 338,962                    | 558,208                   | 0.042                                             |
| Marco Valla, Co-President Investment Bank                                                 | 2024              | 244,051                                                   | 13,847                     | 257,898                   | 0.020                                             |
|                                                                                           | 2023              | -                                                         | -                          | -                         | -                                                 |
| Damian Vogel, Group Chief Risk Officer                                                    | 2024              | 74,256                                                    | 23,919                     | 98,175                    | 0.008                                             |
|                                                                                           | 2023              | -                                                         | -                          | -                         | -                                                 |
| <b>Total</b>                                                                              | 2024              | 8,003,916                                                 | 3,764,280                  | 11,768,196                | 0.920                                             |
|                                                                                           | 2023              | 10,146,854                                                | 3,389,519                  | 13,536,373                | 1.026                                             |

1 Includes all vested and unvested shares of GEB members, including those held by related parties. No options were held in 2024 and 2023 by any GEB member or any of its related parties. Refer to "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information. 2 Includes shares granted under variable compensation plans with forfeiture provisions. For the 2019/20, 2020/21 and 2021/22 LTIP awards, the values reflect the final value. For all other LTIP awards, the values reflect the fair value awarded at grant. The actual number of shares vesting in the future will be calculated under the terms of the plans. Refer to the "Group compensation" section of this report for more information about the plans.

Total of all vested and unvested shares of GEB members<sup>1,2</sup>

|                            | Total      | of which: vested | of which: vesting |           |           |           |         |        |
|----------------------------|------------|------------------|-------------------|-----------|-----------|-----------|---------|--------|
|                            |            |                  | 2025              | 2026      | 2027      | 2028      | 2029    | 2030   |
| Shares on 31 December 2024 | 11,768,196 | 3,764,280        | 3,154,169         | 1,873,398 | 1,536,132 | 872,036   | 514,292 | 53,887 |
|                            |            |                  | 2024              | 2025      | 2026      | 2027      | 2028    | 2029   |
| Shares on 31 December 2023 | 13,536,373 | 3,389,519        | 3,215,832         | 3,063,794 | 2,210,296 | 1,063,396 | 542,441 | 51,095 |

1 Includes shares held by related parties. 2 Includes shares granted under variable compensation plans with forfeiture provisions. The actual number of shares vesting in the future will be calculated under the terms of the plans. Refer to the "Group compensation" section of this report for more information.

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## Number of shares of BoD members<sup>1</sup>

| Name, function                               | on 31 December | Number of shares held | Voting rights in % |
|----------------------------------------------|----------------|-----------------------|--------------------|
| Colm Kelleher, Chairman                      | 2024           | 552,218               | 0.043              |
|                                              | 2023           | 456,045               | 0.035              |
| Lukas Gähwiler, Vice Chairman <sup>2</sup>   | 2024           | 385,609               | 0.030              |
|                                              | 2023           | 342,248               | 0.026              |
| Jeremy Anderson, Senior Independent Director | 2024           | 167,436               | 0.013              |
|                                              | 2023           | 140,812               | 0.011              |
| Claudia Böckstiegel, member                  | 2024           | 23,684                | 0.002              |
|                                              | 2023           | 16,523                | 0.001              |
| William C. Dudley, member                    | 2024           | 74,587                | 0.006              |
|                                              | 2023           | 80,333                | 0.006              |
| Patrick Firmenich, member                    | 2024           | 71,010                | 0.006              |
|                                              | 2023           | 53,405                | 0.004              |
| Fred Hu, member                              | 2024           | 124,370               | 0.010              |
|                                              | 2023           | 112,265               | 0.009              |
| Mark Hughes, member                          | 2024           | 80,239                | 0.006              |
|                                              | 2023           | 65,916                | 0.005              |
| Gail Kelly, member                           | 2024           | 0                     | 0.000              |
|                                              | 2023           | —                     | —                  |
| Nathalie Rachou, member                      | 2024           | 58,334                | 0.005              |
|                                              | 2023           | 46,057                | 0.003              |
| Julie G. Richardson, member                  | 2024           | 157,946               | 0.012              |
|                                              | 2023           | 155,623               | 0.012              |
| Dieter Wemmer, former member                 | 2024           | —                     | —                  |
|                                              | 2023           | 147,251               | 0.011              |
| Jeanette Wong, member                        | 2024           | 133,761               | 0.010              |
|                                              | 2023           | 115,567               | 0.009              |
| <b>Total</b>                                 | 2024           | 1,829,194             | 0.143              |
|                                              | 2023           | 1,732,045             | 0.131              |

<sup>1</sup> Includes blocked and unblocked shares held by BoD members, including those held by related parties. No options were granted in 2024 and 2023. <sup>2</sup> Includes 62,051 unvested shares granted under variable compensation plans with forfeiture provisions as part of Lukas Gähwiler's compensation for his executive roles previously held at UBS.

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## Total of all blocked and unblocked shares of BoD members<sup>1</sup>

|                                   | Total                        | of which:<br>unblocked | of which: blocked until |                |                |                |
|-----------------------------------|------------------------------|------------------------|-------------------------|----------------|----------------|----------------|
|                                   |                              |                        | 2025                    | 2026           | 2027           | 2028           |
| <b>Shares on 31 December 2024</b> | <b>1,829,194<sup>2</sup></b> | <b>828,950</b>         | <b>255,550</b>          | <b>174,310</b> | <b>310,585</b> | <b>259,799</b> |
|                                   |                              |                        | 2024                    | 2025           | 2026           | 2027           |
| <b>Shares on 31 December 2023</b> | <b>1,732,045</b>             | <b>674,707</b>         | <b>275,425</b>          | <b>263,853</b> | <b>192,544</b> | <b>325,516</b> |

<sup>1</sup> Includes shares held by related parties. <sup>2</sup> Includes 62,051 unvested shares granted under variable compensation plans with forfeiture provisions as part of Lukas Gähwiler's compensation for his executive roles previously held at UBS.

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## Loans granted to GEB members

Pursuant to article 38 of the Articles of Association of UBS Group AG (the AoA), GEB members may be granted loans. Such loans are made in the ordinary course of business on substantially the same terms as those granted to other employees, including interest rates and collateral, and neither involve more than the normal risk of collectability nor contain any other unfavorable features for the firm. The total amount of such loans must not exceed CHF 20m per GEB member.

| CHF, except where indicated <sup>1</sup>                                          | on 31 December | Loans <sup>2,3,4</sup> | USD<br>(for reference) |
|-----------------------------------------------------------------------------------|----------------|------------------------|------------------------|
| Name, function                                                                    |                |                        | Loans <sup>2,3,4</sup> |
| Mike Dargan, Group Chief Operations and Technology Officer (highest loan in 2024) | 2024           | 10,694,500             | 11,776,805             |
| Ulrich Körner, CEO of Credit Suisse AG (highest loan in 2023)                     | 2023           | 12,490,000             |                        |
| Aggregate of all GEB members                                                      | 2024           | 43,547,875             | 47,955,007             |
|                                                                                   | 2023           | 50,980,299             |                        |

<sup>1</sup> Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. <sup>2</sup> All loans granted are secured loans. <sup>3</sup> No unused uncommitted credit facilities in 2024. Excludes two unused uncommitted credit facilities in 2023 of CHF 11,840,766 (USD 14,067,847) that have been granted to two GEB members. <sup>4</sup> No loans have been granted to related parties of the GEB members at conditions not customary in the market.

## Loans granted to BoD members

Pursuant to article 33 of the AoA, loans to independent BoD members are made in the ordinary course of business at general market conditions. The Vice Chairman, given the full-time nature of his role, may be granted loans in the ordinary course of business on substantially the same terms as those granted to employees, including interest rates and collateral. Such loans neither involve more than the normal risk of collectability nor contain any other unfavorable features for the firm. The total amount of such loans must not exceed CHF 20m per BoD member.

| CHF, except where indicated <sup>1</sup> | on 31 December | Loans <sup>2,3,4</sup> | USD<br>(for reference) <sup>5</sup> |
|------------------------------------------|----------------|------------------------|-------------------------------------|
|                                          |                |                        | Loans <sup>2,3,4</sup>              |
| Aggregate of all BoD members             | 2024           | 2,377,500              | 2,618,108                           |
|                                          | 2023           | 690,000                |                                     |

<sup>1</sup> Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. <sup>2</sup> All loans granted are secured loans. <sup>3</sup> CHF 2,377,500 (USD 2,618,108) for Claudia Böckstiegel (independent BoD member) in 2024 and CHF 690,000 (USD 819,775) for Claudia Böckstiegel (independent BoD member) in 2023. <sup>4</sup> No loans have been granted to related parties of the BoD members at conditions not customary in the market.

## Compensation paid to former BoD and GEB members<sup>1</sup>

The compensation and benefits in the table below relate to payments made to former BoD and GEB members. Variable compensation paid to GEB members who stepped down during the respective years is included in the GEB performance award pool (see table "Total compensation for GEB members").

| CHF, except where indicated <sup>2,3</sup>       | For the year | Compensation | Benefits  | Total     | USD<br>(for reference) <sup>5</sup> |
|--------------------------------------------------|--------------|--------------|-----------|-----------|-------------------------------------|
|                                                  |              |              |           |           | Total                               |
| Former BoD members                               | 2024         | 0            | 0         | 0         | 0                                   |
|                                                  | 2023         | 0            | 3,493     | 3,493     |                                     |
| Aggregate of all former GEB members <sup>4</sup> | 2024         | 0            | 1,951,200 | 1,951,200 | 2,222,985                           |
|                                                  | 2023         | 0            | 676,342   | 676,342   |                                     |
| Aggregate of all former BoD and GEB members      | 2024         | 0            | 1,951,200 | 1,951,200 | 2,222,985                           |
|                                                  | 2023         | 0            | 679,835   | 679,835   |                                     |

<sup>1</sup> Compensation or remuneration that is related to the former members' activity on the BoD or GEB or that is not at market conditions. <sup>2</sup> Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. <sup>3</sup> Includes benefit payments in 2024 for four former GEB members and in 2023 to three former GEB members. <sup>4</sup> Excludes the portion related to the legally required employer's social security contributions for 2024 and 2023, however, the legally required employees' social security contributions are included in the amounts shown in the table above, as appropriate.

## GEB and BoD member mandates outside the Group

In line with the Swiss Code of Obligations, we disclose the mandates of GEB and BoD members outside of the Group in the tables below. Further information on background and biographies, including mandates in UBS entities, are available in the “Corporate governance” section of this report.

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### BoD member mandates outside the Group

| Name, function                               | Mandates                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Colm Kelleher, Chairman                      | <ul style="list-style-type: none"> <li>– Member of the Board of Norfolk Southern Corporation (chair of the finance and risk management committee)</li> <li>– Member of the Board of Directors of the Bretton Woods Committee</li> <li>– Member of the Board of the Swiss Finance Council</li> <li>– Member of the International Monetary Conference</li> <li>– Member of the Board of the Bank Policy Institute</li> <li>– Member of the Board of Americans for Oxford</li> <li>– Visiting Professor of Banking and Finance, Loughborough Business School</li> <li>– Member of the European Financial Services Round Table</li> <li>– Member of the European Banking Group</li> <li>– Member of the International Advisory Council of the China Securities Regulatory Commission</li> <li>– Member of the Chief Executive’s Advisory Council (Hong Kong)</li> </ul> |
| Lukas Gähwiler, Vice Chairman                | <ul style="list-style-type: none"> <li>– Vice Chairman of the Board of Directors of Pilatus Aircraft Ltd</li> <li>– Member of the Board of Directors of Ringier AG</li> <li>– Member of the Board and Board Committee of economiesuisse</li> <li>– Chairman of the Employers Association of Banks in Switzerland</li> <li>– Member of the Board of Directors of the Swiss Employers Association</li> <li>– Member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association</li> <li>– Member of the Board of the Swiss Finance Council</li> <li>– Member of the Board of Trustees of Avenir Suisse</li> </ul>                                                                                                                                                                                                                |
| Jeremy Anderson, Senior Independent Director | <ul style="list-style-type: none"> <li>– Member of the Board of Prudential plc (chair of the risk committee)</li> <li>– Chairman of Lamb’s Passage Holding Ltd<sup>1</sup></li> <li>– Trustee of the UK’s Productivity Leadership Group</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Claudia Böckstiegel, member                  | <ul style="list-style-type: none"> <li>– Member of the Enlarged Executive Committee of Roche Holding AG</li> <li>– Member of the Chairman’s Committee of the Board of the Chamber of Commerce Germany-Switzerland<sup>1</sup></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| William C. Dudley, member                    | <ul style="list-style-type: none"> <li>– Member of the Board of Treliant LLC (stepped down in July 2024)</li> <li>– Member of the Advisory Board of Suade Labs</li> <li>– Senior Advisor to the Griswold Center for Economic Policy Studies, Princeton University</li> <li>– Member of the Group of Thirty</li> <li>– Member of the Council on Foreign Relations</li> <li>– Chairman of the Bretton Woods Committee Board of Directors</li> <li>– Member of the Board of the Council for Economic Education</li> </ul>                                                                                                                                                                                                                                                                                                                                              |
| Patrick Firmenich, member                    | <ul style="list-style-type: none"> <li>– Vice Chairman of the Board of dsm–firmenich (chair of the governance and nomination committee)</li> <li>– Member of the Board of Directors of INSEAD and La Fondation Mondiale INSEAD</li> <li>– Member of the Advisory Council of the Swiss Board Institute</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Fred Hu, member                              | <ul style="list-style-type: none"> <li>– Non-executive Chairman of the Board of Yum China Holdings (chair of the nomination and governance committee)</li> <li>– Member of the Board of ICBC (chair of the nomination committee)</li> <li>– Chairman of Primavera Capital Ltd</li> <li>– Trustee of the China Medical Board</li> <li>– Co-Chairman of the Nature Conservancy Asia Pacific Council</li> <li>– Member of the Board of Trustees, the Institute for Advanced Study</li> <li>– Director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd. (stepped down in August 2024)</li> </ul>                                                                                                                                                                                                                      |
| Mark Hughes, member                          | <ul style="list-style-type: none"> <li>– Chair of the Board of Directors of the Global Risk Institute</li> <li>– Senior advisor to McKinsey &amp; Company</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Gail Kelly, member                           | <ul style="list-style-type: none"> <li>– Member of the Board of Singtel Communications (chair of the executive resource and compensation committee)</li> <li>– Member of the Group of Thirty</li> <li>– Member of the Board of Directors of the Bretton Woods Committee</li> <li>– Member of the Board of Directors of the Australia Philanthropic Services</li> <li>– Member of the Australian American Leadership Dialogue Advisory Board</li> <li>– Senior advisor to McKinsey &amp; Company</li> </ul>                                                                                                                                                                                                                                                                                                                                                          |
| Nathalie Rachou, member                      | <ul style="list-style-type: none"> <li>– Member of the Board of Euronext N.V. (chair of the remuneration committee)</li> <li>– Member of the Board of Veolia Environnement SA (stepped down in April 2024)</li> <li>– Member of the Board of Lancashire Holdings Limited<sup>1</sup></li> <li>– Member of the Board of the African Financial Institutions Investment Platform</li> <li>– Member of the Board of Directors of Fondation Léopold Bellan</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    |
| Julie G. Richardson, member                  | <ul style="list-style-type: none"> <li>– Member of the Board of Yext (chair of the audit committee) (stepped down in February 2025)</li> <li>– Member of the Board of Datadog (chair of the audit committee)</li> <li>– Member of the Board of Fivetran</li> <li>– Member of the Board of Coalition, Inc.</li> <li>– Member of the Board of Checkout.com (stepped down in January 2024)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

<sup>1</sup> New 2024 mandate compared with 2023.





**BoD member mandates outside the Group (continued)**

| Name, function        | Mandates                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jeanette Wong, member | <ul style="list-style-type: none"> <li>– Member of the Board of Prudential plc</li> <li>– Member of the Board of Singapore Airlines Limited</li> <li>– Member of the Board of GIC Pte Ltd</li> <li>– Member of the Board of Jurong Town Corporation (stepped down in March 2024)</li> <li>– Member of the Board of PSA International</li> <li>– Member of the Board of Pavilion Capital Holdings Pte Ltd</li> <li>– Chairman of the CareShield Life Council</li> <li>– Member of the Securities Industry Council</li> <li>– Member of the Board of Trustees of the National University of Singapore</li> </ul> |

› Refer to “Board of Directors” in the “Corporate governance” section of this report for more information

**GEB member mandates outside the Group**

| Name, function                                                                            | Mandates                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sergio P. Ermotti, Group Chief Executive Officer                                          | <ul style="list-style-type: none"> <li>– Member of the Board of Ermenegildo Zegna N.V. (Lead Non-Executive Director)</li> <li>– Member of the Board of Società Editrice del Corriere del Ticino SA</li> <li>– Member of the Board of Innosuisse, the Swiss Innovation Agency</li> <li>– Member of Institut International d’Etudes Bancaires</li> <li>– Member of the WEF International Business Council and Governor of the Financial Services / Banking Community</li> <li>– Member of the MAS International Advisory Panel</li> <li>– Member of the Board of the Institute of International Finance</li> <li>– Member of the Board of the Swiss-American Chamber of Commerce</li> </ul>                                           |
| George Athanopoulos, Co-President Investment Bank                                         | – None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Michelle Bereaux, Group Integration Officer                                               | – None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Mike Dargan, Group Chief Operations and Technology Officer                                | – Member of the Advisory Board of SCION Association <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Aleksandar Ivanovic, President Asset Management                                           | – None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Robert Karofsky, Co-President Global Wealth Management and President UBS Americas         | – None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Sabine Keller-Busse, President Personal & Corporate Banking and President UBS Switzerland | <ul style="list-style-type: none"> <li>– Member of the Board of Zurich Insurance Group</li> <li>– Chairwoman of the Foundation Board of the Pension Fund of UBS</li> <li>– Member of the Foundation Council of the UBS Center for Economics in Society, University of Zurich</li> <li>– Member of the Board and Board Committee of Zurich Chamber of Commerce</li> <li>– Member of the Board of the University Hospital Zurich Foundation</li> <li>– Member of the Board of Trustees of the Swiss Entrepreneurs Foundation</li> <li>– Member of the Board of Trustees of the HSG Foundation (University of St. Gallen)<sup>1</sup></li> <li>– Member of the Foundation Board of Deep Tech Nation Switzerland<sup>1</sup></li> </ul> |
| Iqbal Khan, Co-President Global Wealth Management and President UBS Asia Pacific          | – None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Barbara Levi, Group General Counsel                                                       | <ul style="list-style-type: none"> <li>– Member of the Board of Directors of the European General Counsel Association</li> <li>– Member of the Legal Committee of the Swiss-American Chamber of Commerce</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Beatriz Martin Jimenez, Head Non-core and Legacy and President UBS EMEA                   | <ul style="list-style-type: none"> <li>– Member of the Advisory Board of Frankfurt School of Finance &amp; Management (stepped down in December 2024)</li> <li>– Member of the Leadership Council, TheCityUK, London (stepped down in February 2024)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Markus Ronner, Group Chief Compliance and Governance Officer                              | – None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Stefan Seiler, Head Group Human Resources & Corporate Services                            | <ul style="list-style-type: none"> <li>– Member of the Foundation Board of the Pension Fund of UBS</li> <li>– Member of the Foundation Council of the UBS Center for Economics in Society, University of Zurich</li> <li>– Chairman of the Foundation Board of the Swiss Finance Institute</li> <li>– Member of the IMD Foundation Board</li> <li>– Adjunct Professor for Leadership and Strategic Human Resource Management, Nanyang Technological University (NTU), Singapore</li> </ul>                                                                                                                                                                                                                                          |
| Todd Tuckner, Group Chief Financial Officer                                               | – None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Marco Valla, Co-President Investment Bank                                                 | <ul style="list-style-type: none"> <li>– Member of the Board of Directors of Good Shepherd Services</li> <li>– Member of the Board of the Mount Sinai Department of Urology</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Damian Vogel, Group Chief Risk Officer                                                    | – Member of Foundation Board of the International Financial Risk Institute                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

<sup>1</sup> New 2024 mandate compared with 2023.

› Refer to “Group Executive Board” in the “Corporate governance” section of this report for more information

# Provisions of the Articles of Association related to compensation

Swiss say-on-pay provisions give shareholders of companies listed in Switzerland significant influence over board and management compensation. At UBS, this is achieved by means of an annual binding say-on-pay vote in accordance with the following provisions of the AoA.

## *Say on pay*

In line with article 43 of the AoA, the General Meeting approves proposals from the BoD in relation to:

- a) the maximum aggregate amount of compensation of the BoD for the period until the next AGM;
- b) the maximum aggregate amount of fixed compensation of the GEB for the following financial year; and
- c) the aggregate amount of variable compensation of the GEB for the preceding financial year.

The BoD may submit for approval by the General Meeting deviating or additional proposals relating to the same or different periods. If the General Meeting does not approve a proposal from the BoD, the BoD will determine, taking into account all relevant factors, the respective (maximum) aggregate amount or (maximum) partial amounts and submit the amount(s) so determined for approval by the General Meeting. UBS Group AG or companies controlled by it may pay or grant compensation prior to approval by the General Meeting, subject to subsequent approval.

## *Principles of compensation*

In line with articles 45 and 46 of the AoA, compensation of the members of the BoD includes base remuneration and may include other compensation elements and benefits. Compensation of the members of the BoD is intended to recognize the responsibility and governance nature of their role, to attract and retain qualified individuals, and to ensure alignment with shareholders' interests.

Compensation of the members of the GEB includes fixed and variable compensation elements. Fixed compensation includes the base salary and may include other compensation elements and benefits. Variable compensation elements are governed by financial and non-financial performance measures that take into account the performance of UBS Group AG and / or parts thereof, targets in relation to the market, other companies or comparable benchmarks, short- and long-term strategic objectives, and / or individual targets. The BoD or, where delegated to it, the Compensation Committee, determines the respective performance measures, the overall and individual performance targets, and their achievement. The BoD or, where delegated to it, the Compensation Committee, aims to ensure alignment with sustainable performance and appropriate risk-taking through adequate deferrals, forfeiture conditions, caps on compensation, harmful acts provisions and similar means with regard to parts of or all of the compensation. Parts of variable compensation are subject to a multi-year vesting period.

## *Additional amount for GEB members appointed after the vote on the aggregate amount of compensation by the AGM*

In line with article 46 of the AoA of UBS Group AG, if the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover the compensation of a person that becomes a member of or is being promoted within the GEB after the General Meeting has approved the compensation, UBS Group AG, or companies controlled by it, is authorized to pay or grant each such GEB member a supplementary amount during the compensation period(s) already approved. The aggregate pool for such supplementary amounts per compensation period cannot exceed 40% of the average of total annual compensation paid or granted to the GEB during the previous three years.

› Refer to [ubs.com/governance](https://ubs.com/governance) for more information

To the General Meeting of  
UBS Group AG, Zurich

Basel, 14 March 2025

## Opinion

We have audited the Compensation Report of UBS Group AG (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" of the Compensation Report: Approved GEB fixed compensation and BoD compensation, Total compensation for GEB Members, Remuneration details and additional information for BoD members, Share ownership / entitlements of GEB members, Number of shares of BoD members, Loans granted to GEB members, Loans granted to BoD members, Compensation paid to former BoD and GEB members, BoD member mandates outside the Group and GEB member mandates outside the Group.

In our opinion, the information pursuant to Art. 734a-734f CO in the Compensation Report complies with Swiss law and the Company's articles of incorporation.

## Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables referenced above in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Board of Directors' responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.

## Auditor's responsibilities for the audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Maurice McCormick  
Licensed audit expert  
(Auditor in charge)

Sabin Kurian Pezhumkattu  
ACCA

# Financial statements

## Consolidated financial statements

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## Management's report on internal control over financial reporting

### Management's responsibility for internal control over financial reporting

The Board of Directors and management of UBS Group AG (UBS) are responsible for establishing and maintaining adequate internal control over financial reporting. UBS's internal controls over financial reporting are designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB).

UBS's internal controls over financial reporting include those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation and fair presentation of financial statements, and that receipts and expenditures of the company are being made only in accordance with authorizations of UBS management; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Management's assessment of internal control over financial reporting as of 31 December 2024

UBS management has assessed the effectiveness of UBS's internal control over financial reporting as of 31 December 2024 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 Framework). Based on this assessment for the reasons discussed below, management believes that, as of 31 December 2024, UBS's internal control over financial reporting was not effective because of the material weakness described below related to the Credit Suisse business acquired in 2023.

A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a registrant's financial statements will not be prevented or detected on a timely basis.

Prior to the acquisition, Credit Suisse management had identified and disclosed three material weaknesses, one of which related to controls to design and maintain an effective risk assessment process. Management concluded that as of 31 December 2024, changes made to the risk assessment process were designed effectively, but that additional time, in part due to the broader integration and migration efforts underway, is required to conclude that these controls are operating effectively on a sustained basis.

The effectiveness of UBS's internal control over financial reporting as of 31 December 2024 has been audited by Ernst & Young Ltd, UBS's independent registered public accounting firm, as stated in their Report of the independent registered public accounting firm on internal control over financial reporting, which expresses an adverse opinion on the effectiveness of UBS's internal control over financial reporting as of 31 December 2024.

### Remediation of Credit Suisse material weaknesses

In March 2023, prior to the acquisition by UBS Group AG, the Credit Suisse Group and Credit Suisse AG disclosed that their management had identified material weaknesses in internal control over financial reporting as a result of which the Credit Suisse Group and Credit Suisse AG had concluded that, as of 31 December 2022, their internal control over financial reporting was not effective, and for the same reasons, reached the same conclusion regarding 31 December 2021. Following the acquisition and merger of Credit Suisse Group AG into UBS Group AG in June 2023, Credit Suisse AG concluded that as of 31 December 2023 its internal control over financial reporting continued to be ineffective. As permitted by SEC guidance in the year of an acquisition, UBS Group AG excluded Credit Suisse AG from its assessment of internal control over financial reporting for the year ended 31 December 2023 and concluded that its internal control over financial reporting was effective as of such date.

In May 2024, Credit Suisse AG and UBS AG merged with UBS AG as the surviving entity. Although Credit Suisse AG is no longer a separate legal entity, numerous of its booking, accounting and risk management systems remain in use for activities that have not yet been exited or migrated to UBS systems.

The material weaknesses that were identified by Credit Suisse related to the failure to design and maintain an effective risk assessment process to identify and analyze the risk of material misstatements in its financial statements and the failure to design and maintain effective monitoring activities relating to (i) providing sufficient management oversight over the internal control evaluation process to support Credit Suisse internal control objectives; (ii) involving appropriate and sufficient management resources to support the risk assessment and monitoring objectives; and (iii) assessing and communicating the severity of deficiencies in a timely manner to those parties responsible for taking corrective action. These material weaknesses contributed to an additional material weakness, as the Credit Suisse Group management did not design and maintain effective controls over the classification and presentation of the consolidated statement of cash flows under US GAAP.



Since the Credit Suisse acquisition, we have executed a remediation program to address the identified material weaknesses and have implemented additional controls and procedures. As of 31 December 2024, management has assessed that the changes to internal controls made to address the material weaknesses relating to the classification and presentation of the consolidated statement of cash flows as well as assessment and communication of the severity of deficiencies are designed and operating effectively.

The remaining material weakness relates to the risk assessment of internal controls. We have integrated the Credit Suisse control framework into the UBS internal control framework and risk assessment and evaluation processes in 2024. In addition, UBS has reviewed the processes, systems and internal control processes in connection with the integration of the financial accounting and controls environment of Credit Suisse into UBS, and implementation of updated or additional processes and controls to reflect the increase in complexity of the accounting and financial control environment following the acquisition.

Management has assessed that the risk assessment process was designed effectively. However, in light of the increased complexity of the internal accounting and control environment, the remaining migration efforts still underway and limited time to demonstrate operating effectiveness and sustainability of the post-merger integrated control environment, management has concluded that additional evidence of effective operation of the remediated controls is required to conclude that the risk assessment processes are operating effectively on a sustainable basis. In light of the above, management has concluded that there is a material weakness in internal control over financial reporting at 31 December 2024.

### **Report of the independent registered public accounting firm included in this report**

The accompanying reports of the independent registered public accounting firm on the consolidated financial statements *Report of independent registered public accounting firm on the consolidated financial statements* and internal control over financial reporting *Report of independent registered public accounting firm on internal control over financial reporting* of UBS Group are included in our filing on 17 March 2025 with the Securities and Exchange Commission on Form 20-F pursuant to US reporting obligations.



## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of UBS Group AG

### Opinion on Internal Control over Financial Reporting

We have audited UBS Group AG and subsidiaries' internal control over financial reporting as of 31 December 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the COSO criteria, the UBS Group AG and subsidiaries ("the Group") has not maintained effective internal control over financial reporting as of 31 December 2024, based on the COSO criteria.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment related to the Group's acquired Credit Suisse business. Prior to the acquisition, Credit Suisse management had identified and disclosed three material weaknesses, one of which related to controls to design and maintain an effective risk assessment process over internal controls. Management concluded that as of 31 December 2024, changes made to the Credit Suisse risk assessment process were designed effectively, but that additional evidence of operation of the remediated controls, in part due to the broader integration and migration efforts, is required to conclude that these controls are operating effectively on a sustained basis.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Group as of 31 December 2024 and 2023, the related consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended 31 December 2024, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated 14 March 2025, which expressed an unqualified opinion thereon.

### Basis for Opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Ernst & Young Ltd*  
Basel, 14 March 2025



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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of UBS Group AG

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of UBS Group AG and subsidiaries ("the Group") as of 31 December 2024 and 2023, the related consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended 31 December 2024, and the related notes to the consolidated financial statements, including the information identified as "audited" as described in Note 1 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at 31 December 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2024, in conformity with the IFRS Accounting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Group's internal control over financial reporting as of 31 December 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated 14 March 2025 expressed an adverse opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Group's Board of Directors. Our responsibility is to express an opinion on the Group's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.



### **Purchase price allocation over Credit Suisse acquisition**

**Description of the Matter** As described in Notes 1 and 2 to the consolidated financial statements, the Group acquired Credit Suisse Group AG (CS) on 12 June 2023. The transaction was accounted for as a business combination under IFRS 3, which requires measurement period adjustments to be made to the provisional fair value amounts of the identified assets acquired, liabilities assumed, and purchase consideration determined as of the acquisition date (the purchase price allocation (PPA)) within one year of the acquisition date if new information is obtained about facts and circumstances existing on the date of the acquisition. IFRS 3 measurement period adjustments of USD 483 million were recorded to adjust the purchase price allocated to certain Non-Core Legacy ("NCL") financial instruments and litigation provisions and contingent liabilities in 2024, within one year of the acquisition date.

Auditing the Group's measurement period adjustments was complex due to the significant judgment required by management when assessing if there was new information that existed as of the acquisition date to determine whether such information could impact the acquisition date measurement of the assets acquired and liabilities assumed, whether an adjustment to the PPA under IFRS 3 or recording current period profit or loss is appropriate, and the determination of the measurement period adjustments. These factors contributed to a high degree of auditor judgment and effort in performing procedures and evaluating audit evidence obtained.

**How We Addressed the Matter in Our Audit** We obtained an understanding, evaluated the design and tested the operating effectiveness of the Group's process for identifying and measuring measurement period adjustments, including management's controls over the: 1) completeness of measurement period adjustments, 2) review and approval of the appropriateness to record measurement period adjustments, and 3) review and approval of the measurement period adjustments.

To test the measurement period adjustments, our audit procedures included, among others, the assessment of management's analysis as to whether newly obtained information existed as of the acquisition date and the application of IFRS 3 to determine if appropriate to record measurement period adjustments. This included assessing management's methodology and significant assumptions used in measuring the measurement period adjustments, including the use of valuation specialists for certain NCL financial instruments. For example, we involved our specialists to assess certain inputs to the valuation methodology. Lastly, we searched for and evaluated information that corroborates or contradicts management's selected assumptions.

We also assessed management's disclosure regarding the accounting for the measurement period adjustments in relation to the acquisition of Credit Suisse Group AG (within Notes 1 and 2 to the consolidated financial statements).

### **Valuation of complex or illiquid instruments at fair value**

**Description of the Matter** At 31 December 2024, as explained in Notes 1 and 21 to the consolidated financial statements, the Group held financial assets and liabilities measured at fair value of USD 475,568 million and USD 401,514 million, respectively, including financial instruments that did not trade in active markets. These instruments are reported within the following accounts: financial assets and liabilities at fair value held for trading, derivative financial instruments, financial assets at fair value not held for trading, debt issued designated at fair value, brokerage payables designated at fair value, and other financial liabilities designated at fair value. In determining the fair value of these financial instruments, the Group used valuation techniques, modelling assumptions, and estimates of unobservable market inputs which required significant management judgment.

Auditing management's judgments and assumptions used in the estimation of the fair value of these instruments was complex due to the highly judgmental nature of valuation techniques, key modelling assumptions and significant unobservable inputs. Auditing the valuation of complex or illiquid instruments at fair value included consideration of any incremental risks arising from the impact of current macroeconomic influences on valuation techniques and inputs, such as geopolitics and inflation. The valuation techniques that required especially complex judgement included discounted cash flow and earnings-based valuation techniques. Highly judgmental modelling assumptions result from a range of different models or model calibrations used by market participants. Valuation inputs which were particularly complex and subjective included those with a limited degree of observability and the associated extrapolation, interpolation or calibration of curves using limited and proxy data points. Examples of such inputs included unobservable credit spreads and bond prices, interest rate and FX correlation and equity volatility.

**How We Addressed the Matter in Our Audit** We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over management's financial instrument valuation processes, including controls over market data inputs, model and methodology governance, and valuation adjustments.

We tested the valuation techniques, models and methodologies, and the inputs used in those models, as outlined above, by performing an independent revaluation of certain complex or illiquid financial assets and liabilities with the support of specialists. We used independent models and inputs, and compared inputs to available market data among other procedures. We also independently challenged key judgments in relation to a sample of fair value adjustments.

We also assessed management's disclosures regarding fair value measurement (within Notes 1 and 21 to the consolidated financial statements).

### **Expected credit losses**

**Description of the Matter** At 31 December 2024, the Group's allowances and provisions for expected credit losses ("ECL") were USD 2,507 million. As explained in Notes 1, 10 and 20 to the consolidated financial statements, ECL is recognized for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, fee and lease receivables, financial guarantees, and loan commitments not measured at fair value. ECL is also recognized on the undrawn portion of committed unconditionally revocable credit lines, which include the Group's credit card limits and master credit facilities. The allowances and provisions for ECL consists of exposures that are in default which are individually evaluated for



impairment ("stage 3" and Purchased Credit Impaired "PCI"), as well as losses inherent in the loan portfolio that are not specifically identified (stage 1 and stage 2). Management's ECL estimates represent the difference between contractual cash flows and those the Group expects to receive, discounted at the effective interest rate. The method used to calculate ECL is based on a combination of the following principal factors: probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD").

Auditing management's estimate of the allowances and provisions for ECL was complex due to the highly judgmental nature of forward-looking economic scenarios that form the basis of the ECL calculation, their probability weightings, post-model adjustments, and the credit risk models used to estimate stage 1 and stage 2 ECL. The macroeconomic developments during 2024, including persisting geopolitical tensions and inflation, contributed to further uncertainty and complexity in estimating ECL. As a result, the ECL estimation required higher management judgement, specifically within the following three areas: (i) scenario selection, including assumptions about the scenario severity, underlying macroeconomic variables, and the number of scenarios necessary to sufficiently cover the bandwidth of potential outcomes, as well as related scenario weights; (ii) credit risk models, since the output from historic data based models may not be indicative of current or future conditions; and (iii) post-model adjustments.

Additionally, auditing the measurement of individual ECL for stage 3 and PCI was complex due to the high degree of judgment involved in management's process for estimating ECL based on assumptions. These assumptions take into account expected future cash flows from collateral and other credit enhancements or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims.

*How We  
Addressed the  
Matter in Our  
Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the ECL estimate, including management's choice of forward-looking economic scenarios used to measure ECL and the probability weighting assigned to such scenarios. We evaluated management's methodologies and governance controls for developing and monitoring the economic scenarios used and the probability weightings assigned to them, and selected post-model adjustments. Supported by specialists, we assessed the key macroeconomic variables used in the forward-looking scenarios, such as real gross domestic product growth, unemployment rate, interest rates and house price indices, and evaluated the modelled correlation and translation of those macroeconomic factors to the ECL estimate. We further assessed the appropriateness of the post-model adjustments by considering management's governance process, assumptions used and sensitivity analysis.

We also obtained an understanding, evaluated the design and tested the operating effectiveness of controls over credit risk models used in the ECL estimate, including controls over the completeness and accuracy of data flow and calculation logic in the ECL calculation. With the support of specialists, on a sample basis, we performed an evaluation of management's models and tested the model outcomes by inspecting model documentation, reperforming model calculations, and comparing data used as inputs to management's forecast to external sources, among other procedures.

For the measurement of stage 3 and PCI, we obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's process, including an



evaluation of the assumptions used by management regarding the future cash flows from debtors' continuing operations and/or the liquidation of collateral. Supported by specialists in certain areas, we additionally tested collateral valuation, cash flow assumptions and exit strategies by performing inquiries of management, inspecting underlying documents, such as loan contracts, financial statements, covenants, budgets and business plans, and by re-performing discounted cash flow calculations among other procedures, on a sample basis.

We also assessed management's disclosures regarding financial assets at amortized cost and other positions in scope of expected credit loss measurement (within Notes 1, 10 and 20 to the consolidated financial statements).

### Recognition of deferred tax assets

**Description of the Matter** At 31 December 2024, the Group's deferred tax assets ("DTAs") were USD 11,134 million (see Note 9 to the consolidated financial statements). DTAs are recognized to the extent it is probable that taxable profits will be available, against which applicable deductible temporary differences or the carryforward of unused tax losses within the loss carryforward period can be utilized. There is significant judgment exercised when estimating future taxable income that is not based on the reversal of taxable temporary differences. Management's estimate of future taxable profits is based on its strategic plan and tax planning strategies which would be utilized if necessary to generate additional future taxable income as well as the consideration of expiry dates of unused tax losses.

Auditing management's assessment of the recognition of the Group's DTAs was complex due to the judgmental nature of estimating future taxable profits and the use of tax planning strategies. Estimating future profitability is inherently subjective and tax planning strategies require judgement in applying applicable tax law.

**How We Addressed the Matter in Our Audit** We obtained an understanding, evaluated the design, and tested the operating effectiveness of management's controls over DTA valuation, which included the consideration of tax planning strategies, assumptions used in developing the strategic plan and estimating future taxable income.

We assessed the completeness and accuracy of the input data used for the estimations of future taxable income and the appropriateness of tax planning strategies used in management's DTA recognition assessment. This included consideration of the expiry dates of unused tax losses.

We involved specialists to assist in assessing the key economic assumptions embedded in the strategic plans. We compared key assumptions used to forecast future taxable income to externally available historical and prospective data and assumptions and assessed the sensitivity of the outcomes using reasonably possible changes in assumptions.

We also assessed management's disclosure regarding recognized and unrecognized deferred tax assets (within Note 9 to the consolidated financial statements).

### Legal provisions and contingent liabilities

**Description of the Matter** At 31 December 2024, the Group's provisions for litigation, regulatory and similar matters and contingent liabilities (legal provisions) were USD 5,724 million. As explained in Note 18 to the consolidated financial statements, the Group operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcomes may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the legal provisions which have been established.

Auditing management's assessment of legal provisions was complex and judgmental due to the significant subjectivity involved in management's estimate of the amount and probability that an outflow of resources will be required for existing legal matters, including inquiries regarding cross-border wealth management businesses (Note 18b.1), mortgage-related matters (Note 18b.5), and customer account matters (Note 18b.7). The legal provisions for these matters are based on management's estimation of the amount and likelihood of the occurrence of certain scenarios. There is also complexity in the accounting for legal provisions due to differences in the accounting treatment when remeasuring provisions recorded under IAS 37 and provisions that were recorded under IFRS 3 upon the acquisition of Credit Suisse in 2023.

**How We Addressed the Matter in Our Audit** We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the legal provision process. Our procedures included testing management's review of the accuracy of the inputs to the estimation of the amount and likelihood of the occurrence of certain scenarios.

Where appropriate, we assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the underlying information. We inspected internal and external legal analyses of the matters supporting the judgmental aspects impacted by legal interpretations. We obtained correspondence directly from external legal counsel to assess the information provided by management and performed inquiries with external counsel as necessary. We also assessed the appropriateness of the accounting treatment for the remeasurement of legal provisions, including those originally recorded under IFRS 3.

We also assessed management's disclosure regarding legal provisions (within Note 18 to the consolidated financial statements).

*Ernst & Young Ltd*

We have served as the Group's auditor since 1998.

Basel, Switzerland

14 March 2025

# UBS Group AG consolidated financial statements

## Primary financial statements and share information

Audited I

### Income statement

| USD m                                                                                                                   | Note   | For the year ended |                       |               |
|-------------------------------------------------------------------------------------------------------------------------|--------|--------------------|-----------------------|---------------|
|                                                                                                                         |        | 31.12.24           | 31.12.23 <sup>1</sup> | 31.12.22      |
| Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income | 4      | 35,994             | 31,743                | 11,782        |
| Interest expense from financial instruments measured at amortized cost                                                  | 4      | (35,947)           | (28,216)              | (6,564)       |
| Net interest income from financial instruments measured at fair value through profit or loss and other                  | 4      | 7,061              | 3,770                 | 1,403         |
| Net interest income                                                                                                     | 4      | 7,108              | 7,297                 | 6,621         |
| Other net income from financial instruments measured at fair value through profit or loss                               | 4      | 14,690             | 11,583                | 7,517         |
| Fee and commission income                                                                                               | 5      | 28,730             | 23,766                | 20,789        |
| Fee and commission expense                                                                                              | 5      | (2,592)            | (2,195)               | (1,823)       |
| Net fee and commission income                                                                                           | 5      | 26,138             | 21,570                | 18,966        |
| Other income                                                                                                            | 6      | 675                | 384                   | 1,459         |
| <b>Total revenues</b>                                                                                                   |        | <b>48,611</b>      | <b>40,834</b>         | <b>34,563</b> |
| <b>Negative goodwill</b>                                                                                                | 2      |                    | <b>27,264</b>         |               |
| <b>Credit loss expense / (release)</b>                                                                                  | 20     | <b>551</b>         | <b>1,037</b>          | <b>29</b>     |
| Personnel expenses                                                                                                      | 7      | 27,318             | 24,899                | 17,680        |
| General and administrative expenses                                                                                     | 8      | 10,124             | 10,156                | 5,189         |
| Depreciation, amortization and impairment of non-financial assets                                                       | 12, 13 | 3,798              | 3,750                 | 2,061         |
| <b>Operating expenses</b>                                                                                               |        | <b>41,239</b>      | <b>38,806</b>         | <b>24,930</b> |
| <b>Operating profit / (loss) before tax</b>                                                                             |        | <b>6,821</b>       | <b>28,255</b>         | <b>9,604</b>  |
| Tax expense / (benefit)                                                                                                 | 9      | 1,675              | 873                   | 1,942         |
| <b>Net profit / (loss)</b>                                                                                              |        | <b>5,146</b>       | <b>27,382</b>         | <b>7,661</b>  |
| Net profit / (loss) attributable to non-controlling interests                                                           |        | 60                 | 16                    | 32            |
| <b>Net profit / (loss) attributable to shareholders</b>                                                                 |        | <b>5,085</b>       | <b>27,366</b>         | <b>7,630</b>  |
| <b>Earnings per share (USD)</b>                                                                                         |        |                    |                       |               |
| Basic                                                                                                                   |        | 1.59               | 8.68                  | 2.34          |
| Diluted                                                                                                                 |        | 1.52               | 8.30                  | 2.25          |

<sup>1</sup> Comparative-period information has been revised. Refer to Note 2 for more information.

## Statement of comprehensive income

| USD m                                                                                                                                      | Note | For the year ended   |                       |          |
|--------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------|-----------------------|----------|
|                                                                                                                                            |      | 31.12.24             | 31.12.23 <sup>1</sup> | 31.12.22 |
| Comprehensive income attributable to shareholders                                                                                          |      |                      |                       |          |
| Net profit / (loss)                                                                                                                        |      | 5,085                | 27,366                | 7,630    |
| Other comprehensive income that may be reclassified to the income statement                                                                |      |                      |                       |          |
| Foreign currency translation                                                                                                               |      |                      |                       |          |
| Foreign currency translation movements related to net assets of foreign operations, before tax                                             |      | (4,726)              | 3,762                 | (894)    |
| Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax                          |      | 2,957                | (2,320)               | 337      |
| Foreign currency translation differences on foreign operations reclassified to the income statement                                        |      | 24                   | 58                    | 32       |
| Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement |      | (33)                 | (28)                  | (4)      |
| Income tax relating to foreign currency translations, including the effect of net investment hedges                                        |      | 24                   | (17)                  | 4        |
| Subtotal foreign currency translation, net of tax                                                                                          |      | (1,754) <sup>2</sup> | 1,456                 | (525)    |
| Financial assets measured at fair value through other comprehensive income                                                                 |      |                      |                       |          |
| Net unrealized gains / (losses), before tax                                                                                                |      | 1                    | 7                     | (440)    |
| Net realized (gains) / losses reclassified to the income statement from equity                                                             |      | 0                    | (3)                   | 1        |
| Reclassification of financial assets to Other financial assets measured at amortized cost <sup>3</sup>                                     |      |                      |                       | 449      |
| Income tax relating to net unrealized gains / (losses)                                                                                     |      | 0                    | 0                     | (3)      |
| Subtotal financial assets measured at fair value through other comprehensive income, net of tax                                            |      | 1                    | 4                     | 6        |
| Cash flow hedges of interest rate risk                                                                                                     | 25   |                      |                       |          |
| Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax                            |      | (1,450)              | (323)                 | (5,758)  |
| Net (gains) / losses reclassified to the income statement from equity                                                                      |      | 2,000                | 1,905                 | (159)    |
| Income tax relating to cash flow hedges                                                                                                    |      | (69)                 | (308)                 | 1,124    |
| Subtotal cash flow hedges, net of tax                                                                                                      |      | 481                  | 1,275                 | (4,793)  |
| Cost of hedging                                                                                                                            | 25   |                      |                       |          |
| Cost of hedging, before tax                                                                                                                |      | (146)                | (19)                  | 45       |
| Income tax relating to cost of hedging                                                                                                     |      | 0                    | 0                     | 0        |
| Subtotal cost of hedging, net of tax                                                                                                       |      | (146)                | (19)                  | 45       |
| Total other comprehensive income that may be reclassified to the income statement, net of tax                                              |      | (1,417)              | 2,715                 | (5,267)  |
| Other comprehensive income that will not be reclassified to the income statement                                                           |      |                      |                       |          |
| Defined benefit plans                                                                                                                      | 26   |                      |                       |          |
| Gains / (losses) on defined benefit plans, before tax                                                                                      |      | (307)                | 110                   | (73)     |
| Income tax relating to defined benefit plans                                                                                               |      | 45                   | (70)                  | 63       |
| Subtotal defined benefit plans, net of tax                                                                                                 |      | (261)                | 40                    | (10)     |
| Own credit on financial liabilities designated at fair value                                                                               | 21   |                      |                       |          |
| Gains / (losses) from own credit on financial liabilities designated at fair value, before tax                                             |      | (10)                 | (1,850)               | 867      |
| Income tax relating to own credit on financial liabilities designated at fair value                                                        |      | (9)                  | 82                    | (71)     |
| Subtotal own credit on financial liabilities designated at fair value, net of tax                                                          |      | (19)                 | (1,769)               | 796      |
| Total other comprehensive income that will not be reclassified to the income statement, net of tax                                         |      | (280)                | (1,729)               | 786      |
| Total other comprehensive income                                                                                                           |      | (1,698)              | 986                   | (4,481)  |
| Total comprehensive income attributable to shareholders                                                                                    |      | 3,388                | 28,352                | 3,149    |
| Comprehensive income attributable to non-controlling interests                                                                             |      |                      |                       |          |
| Net profit / (loss)                                                                                                                        |      | 60                   | 16                    | 32       |
| Total other comprehensive income that will not be reclassified to the income statement, net of tax                                         |      | (47)                 | 5                     | (14)     |
| Total comprehensive income attributable to non-controlling interests                                                                       |      | 13                   | 22                    | 18       |

### Total comprehensive income

|                                                                                            |              |               |              |
|--------------------------------------------------------------------------------------------|--------------|---------------|--------------|
| Net profit / (loss)                                                                        | 5,146        | 27,382        | 7,661        |
| Other comprehensive income                                                                 | (1,744)      | 991           | (4,494)      |
| of which: other comprehensive income that may be reclassified to the income statement      | (1,417)      | 2,715         | (5,267)      |
| of which: other comprehensive income that will not be reclassified to the income statement | (327)        | (1,723)       | 772          |
| <b>Total comprehensive income</b>                                                          | <b>3,401</b> | <b>28,374</b> | <b>3,167</b> |

1 Comparative-period information has been revised. Refer to Note 2 for more information. 2 Mainly reflects a strengthening of the US dollar against the Swiss franc and the euro. 3 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 14a for more information.

## Balance sheet

| USD m                                                                                         | Note       | 31.12.24         | 31.12.23 <sup>1</sup> |
|-----------------------------------------------------------------------------------------------|------------|------------------|-----------------------|
| <b>Assets</b>                                                                                 |            |                  |                       |
| Cash and balances at central banks                                                            |            | 223,329          | 314,060               |
| Amounts due from banks                                                                        | 10         | 18,903           | 21,146                |
| Receivables from securities financing transactions measured at amortized cost                 | 10, 22     | 118,301          | 99,039                |
| Cash collateral receivables on derivative instruments                                         | 10, 22     | 43,959           | 50,082                |
| Loans and advances to customers                                                               | 10         | 579,967          | 639,669               |
| Other financial assets measured at amortized cost                                             | 10, 14a    | 58,835           | 65,455                |
| <b>Total financial assets measured at amortized cost</b>                                      |            | <b>1,043,293</b> | <b>1,189,451</b>      |
| Financial assets at fair value held for trading                                               | 21         | 159,065          | 169,633               |
| <i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i> |            | <i>38,532</i>    | <i>51,263</i>         |
| Derivative financial instruments                                                              | 11, 21, 22 | 185,551          | 176,084               |
| Brokerage receivables                                                                         | 21         | 25,858           | 21,037                |
| Financial assets at fair value not held for trading                                           | 21         | 95,472           | 104,018               |
| <b>Total financial assets measured at fair value through profit or loss</b>                   |            | <b>465,947</b>   | <b>470,773</b>        |
| <b>Financial assets measured at fair value through other comprehensive income</b>             | 21         | <b>2,195</b>     | <b>2,233</b>          |
| Investments in associates                                                                     | 28b        | 2,306            | 2,373                 |
| Property, equipment and software                                                              | 12         | 15,498           | 17,849                |
| Goodwill and intangible assets                                                                | 13         | 6,887            | 7,515                 |
| Deferred tax assets                                                                           | 9          | 11,134           | 10,682                |
| Other non-financial assets                                                                    | 14b        | 17,766           | 16,049                |
| <b>Total assets</b>                                                                           |            | <b>1,565,028</b> | <b>1,716,924</b>      |
| <b>Liabilities</b>                                                                            |            |                  |                       |
| Amounts due to banks                                                                          | 15         | 23,347           | 70,962                |
| Payables from securities financing transactions measured at amortized cost                    | 22         | 14,833           | 14,394                |
| Cash collateral payables on derivative instruments                                            | 22         | 35,490           | 41,582                |
| Customer deposits                                                                             | 15         | 745,777          | 792,029               |
| Debt issued measured at amortized cost                                                        | 17         | 214,219          | 237,817               |
| Other financial liabilities measured at amortized cost                                        | 19a        | 21,033           | 20,851                |
| <b>Total financial liabilities measured at amortized cost</b>                                 |            | <b>1,054,698</b> | <b>1,177,633</b>      |
| Financial liabilities at fair value held for trading                                          | 21         | 35,247           | 34,159                |
| Derivative financial instruments                                                              | 11, 21, 22 | 180,636          | 192,181               |
| Brokerage payables designated at fair value                                                   | 21         | 49,023           | 42,522                |
| Debt issued designated at fair value                                                          | 16, 21     | 107,909          | 128,289               |
| Other financial liabilities designated at fair value                                          | 19b, 21    | 28,699           | 29,484                |
| <b>Total financial liabilities measured at fair value through profit or loss</b>              |            | <b>401,514</b>   | <b>426,635</b>        |
| Provisions and contingent liabilities                                                         | 18a        | 8,409            | 12,412                |
| Other non-financial liabilities                                                               | 19c        | 14,834           | 14,089                |
| <b>Total liabilities</b>                                                                      |            | <b>1,479,454</b> | <b>1,630,769</b>      |
| <b>Equity</b>                                                                                 |            |                  |                       |
| Share capital                                                                                 |            | 346              | 346                   |
| Share premium                                                                                 |            | 12,012           | 13,216                |
| Treasury shares                                                                               |            | (6,402)          | (4,796)               |
| Retained earnings                                                                             |            | 78,035           | 74,397                |
| Other comprehensive income recognized directly in equity, net of tax                          |            | 1,088            | 2,462                 |
| <b>Equity attributable to shareholders</b>                                                    |            | <b>85,079</b>    | <b>85,624</b>         |
| Equity attributable to non-controlling interests                                              |            | 494              | 531                   |
| <b>Total equity</b>                                                                           |            | <b>85,574</b>    | <b>86,156</b>         |
| <b>Total liabilities and equity</b>                                                           |            | <b>1,565,028</b> | <b>1,716,924</b>      |

<sup>1</sup> Comparative-period information has been revised. Refer to Note 2 for more information.



## Statement of changes in equity

| USD m                                                                                                                                             | Share capital | Share premium        | Treasury shares      | Retained earnings    |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------|----------------------|----------------------|
| <b>Balance as of 31 December 2021</b>                                                                                                             | <b>322</b>    | <b>15,928</b>        | <b>(4,675)</b>       | <b>43,851</b>        |
| Acquisition of treasury shares                                                                                                                    |               |                      | (6,262) <sup>2</sup> |                      |
| Delivery of treasury shares under share-based compensation plans                                                                                  |               | (763)                | 879                  |                      |
| Other disposal of treasury shares                                                                                                                 |               | (1)                  | 164 <sup>2</sup>     |                      |
| Cancellation of treasury shares related to the 2021 share repurchase program                                                                      | (18)          | (1,502)              | 3,022                | (1,502)              |
| Share-based compensation expensed in the income statement                                                                                         |               | 716                  |                      |                      |
| Tax (expense) / benefit                                                                                                                           |               | 13                   |                      |                      |
| Dividends                                                                                                                                         |               | (834) <sup>3</sup>   |                      | (834) <sup>3</sup>   |
| Equity classified as obligation to purchase own shares                                                                                            |               | (15)                 |                      |                      |
| Translation effects recognized directly in retained earnings                                                                                      |               |                      |                      | 69                   |
| Share of changes in retained earnings of associates and joint ventures                                                                            |               |                      |                      | 0                    |
| New consolidations / (deconsolidations) and other increases / (decreases)                                                                         |               | 4                    |                      | 3                    |
| Total comprehensive income for the year                                                                                                           |               |                      |                      | 8,415                |
| <i>of which: net profit / (loss)</i>                                                                                                              |               |                      |                      | 7,630                |
| <i>of which: OCI, net of tax</i>                                                                                                                  |               |                      |                      | 786                  |
| <b>Balance as of 31 December 2022</b>                                                                                                             | <b>304</b>    | <b>13,546</b>        | <b>(6,874)</b>       | <b>50,004</b>        |
| Purchase price consideration for the acquisition of the Credit Suisse Group, before consideration of share-based compensation awards <sup>4</sup> |               | 619                  | 2,928                |                      |
| Impact of share-based compensation awards from the acquisition of the Credit Suisse Group <sup>4</sup>                                            |               | 162                  |                      |                      |
| Impact of the settlement of pre-existing relationships from the acquisition of the Credit Suisse Group <sup>4</sup>                               |               |                      | (61)                 |                      |
| Acquisition of treasury shares                                                                                                                    |               |                      | (3,070) <sup>2</sup> |                      |
| Delivery of treasury shares under share-based compensation plans                                                                                  |               | (858)                | 970                  |                      |
| Other disposal of treasury shares                                                                                                                 |               | 10                   | 196 <sup>2</sup>     |                      |
| Cancellation of treasury shares related to the 2021 share repurchase program                                                                      | (7)           | (554)                | 1,115                | (554)                |
| Share-based compensation expensed in the income statement                                                                                         |               | 1,097                |                      |                      |
| Tax (expense) / benefit                                                                                                                           |               | 19                   |                      |                      |
| Dividends                                                                                                                                         |               | (839) <sup>3</sup>   |                      | (839) <sup>3</sup>   |
| Equity classified as obligation to purchase own shares                                                                                            |               | 11                   |                      |                      |
| Translation effects recognized directly in retained earnings                                                                                      |               |                      |                      | 150                  |
| Share of changes in retained earnings of associates and joint ventures                                                                            |               |                      |                      | (1)                  |
| Share capital currency change                                                                                                                     | 49            | (49)                 |                      |                      |
| New consolidations / (deconsolidations) and other increases / (decreases)                                                                         |               | 53 <sup>5</sup>      |                      |                      |
| Total comprehensive income for the year                                                                                                           |               |                      |                      | 25,637               |
| <i>of which: net profit / (loss)</i>                                                                                                              |               |                      |                      | 27,366               |
| <i>of which: OCI, net of tax</i>                                                                                                                  |               |                      |                      | (1,729)              |
| <b>Balance as of 31 December 2023<sup>7</sup></b>                                                                                                 | <b>346</b>    | <b>13,216</b>        | <b>(4,796)</b>       | <b>74,397</b>        |
| Acquisition of treasury shares                                                                                                                    |               |                      | (3,091) <sup>2</sup> |                      |
| Delivery of treasury shares under share-based compensation plans                                                                                  |               | (1,286)              | 1,364                |                      |
| Other disposal of treasury shares                                                                                                                 |               | 4                    | 121 <sup>2</sup>     |                      |
| Share-based compensation expensed in the income statement                                                                                         |               | 1,104                |                      |                      |
| Tax (expense) / benefit                                                                                                                           |               | 23                   |                      |                      |
| Dividends                                                                                                                                         |               | (1,128) <sup>3</sup> |                      | (1,128) <sup>3</sup> |
| Equity classified as obligation to purchase own shares                                                                                            |               | (6)                  |                      |                      |
| Translation effects recognized directly in retained earnings                                                                                      |               |                      |                      | (44)                 |
| Share of changes in retained earnings of associates and joint ventures                                                                            |               |                      |                      | (3)                  |
| New consolidations / (deconsolidations) and other increases / (decreases)                                                                         |               | 86                   |                      | 7                    |
| Total comprehensive income for the year                                                                                                           |               |                      |                      | 4,805                |
| <i>of which: net profit / (loss)</i>                                                                                                              |               |                      |                      | 5,085                |
| <i>of which: OCI, net of tax</i>                                                                                                                  |               |                      |                      | (280)                |
| <b>Balance as of 31 December 2024</b>                                                                                                             | <b>346</b>    | <b>12,012</b>        | <b>(6,402)</b>       | <b>78,035</b>        |

<sup>1</sup> Excludes other comprehensive income related to defined benefit plans and own credit, which is recorded directly in Retained earnings. <sup>2</sup> Includes treasury shares acquired and disposed of by the Investment Bank in its capacity as a market-maker with regard to UBS Group AG 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. <sup>3</sup> Reflects the payment of an ordinary cash dividend of USD 0.70 (2023: USD 0.55, 2022: USD 0.50) per dividend-bearing share. 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. <sup>4</sup> Refer to Note 2 for more information. <sup>5</sup> Includes an increase of USD 45m related to the issuance of high-trigger loss-absorbing additional tier 1 capital with an equity conversion feature. <sup>6</sup> Includes an increase of USD 285m in the second quarter of 2023 due to the acquisition of the Credit Suisse Group. <sup>7</sup> Comparative-period information has been revised. Refer to Note 2 for more information.



| Other comprehensive<br>income recognized<br>directly in equity,<br>net of tax <sup>1</sup> | <i>of which:<br/>foreign currency<br/>translation</i> | <i>of which:<br/>financial assets at<br/>fair value through OCI</i> | <i>of which:<br/>cash flow<br/>hedges</i> | Total equity<br>attributable to<br>shareholders | Non-controlling<br>interests | Total equity  |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------|------------------------------|---------------|
| <b>5,236</b>                                                                               | <b>4,653</b>                                          | <b>(7)</b>                                                          | <b>628</b>                                | <b>60,662</b>                                   | <b>340</b>                   | <b>61,002</b> |
|                                                                                            |                                                       |                                                                     |                                           | (6,262)                                         |                              | (6,262)       |
|                                                                                            |                                                       |                                                                     |                                           | 115                                             |                              | 115           |
|                                                                                            |                                                       |                                                                     |                                           | 163                                             |                              | 163           |
|                                                                                            |                                                       |                                                                     |                                           | 0                                               |                              | 0             |
|                                                                                            |                                                       |                                                                     |                                           | 716                                             |                              | 716           |
|                                                                                            |                                                       |                                                                     |                                           | 13                                              |                              | 13            |
|                                                                                            |                                                       |                                                                     |                                           | (1,668)                                         | (9)                          | (1,677)       |
|                                                                                            |                                                       |                                                                     |                                           | (15)                                            |                              | (15)          |
| (69)                                                                                       |                                                       | 0                                                                   | (69)                                      | 0                                               |                              | 0             |
|                                                                                            |                                                       |                                                                     |                                           | 0                                               |                              | 0             |
| (3)                                                                                        |                                                       | (3)                                                                 |                                           | 4                                               | (7)                          | (3)           |
| (5,267)                                                                                    | (525)                                                 | 6                                                                   | (4,793)                                   | 3,149                                           | 18                           | 3,167         |
|                                                                                            |                                                       |                                                                     |                                           | 7,630                                           | 32                           | 7,661         |
| (5,267)                                                                                    | (525)                                                 | 6                                                                   | (4,793)                                   | (4,481)                                         | (14)                         | (4,494)       |
| <b>(103)</b>                                                                               | <b>4,128</b>                                          | <b>(4)</b>                                                          | <b>(4,234)</b>                            | <b>56,876</b>                                   | <b>342</b>                   | <b>57,218</b> |
|                                                                                            |                                                       |                                                                     |                                           | 3,547                                           |                              | 3,547         |
|                                                                                            |                                                       |                                                                     |                                           | 162                                             |                              | 162           |
|                                                                                            |                                                       |                                                                     |                                           | (61)                                            |                              | (61)          |
|                                                                                            |                                                       |                                                                     |                                           | (3,070)                                         |                              | (3,070)       |
|                                                                                            |                                                       |                                                                     |                                           | 112                                             |                              | 112           |
|                                                                                            |                                                       |                                                                     |                                           | 206                                             |                              | 206           |
|                                                                                            |                                                       |                                                                     |                                           | 0                                               |                              | 0             |
|                                                                                            |                                                       |                                                                     |                                           | 1,097                                           |                              | 1,097         |
|                                                                                            |                                                       |                                                                     |                                           | 19                                              |                              | 19            |
|                                                                                            |                                                       |                                                                     |                                           | (1,679)                                         | (4)                          | (1,683)       |
|                                                                                            |                                                       |                                                                     |                                           | 11                                              |                              | 11            |
| (150)                                                                                      |                                                       | 0                                                                   | (150)                                     | 0                                               |                              | 0             |
|                                                                                            |                                                       |                                                                     |                                           | (1)                                             |                              | (1)           |
|                                                                                            |                                                       |                                                                     |                                           | 0                                               |                              | 0             |
|                                                                                            |                                                       |                                                                     |                                           | 53                                              | 172 <sup>6</sup>             | 224           |
| 2,715                                                                                      | 1,456                                                 | 4                                                                   | 1,275                                     | 28,352                                          | 22                           | 28,374        |
|                                                                                            |                                                       |                                                                     |                                           | 27,366                                          | 16                           | 27,382        |
| 2,715                                                                                      | 1,456                                                 | 4                                                                   | 1,275                                     | 986                                             | 5                            | 991           |
| <b>2,462</b>                                                                               | <b>5,584</b>                                          | <b>(1)</b>                                                          | <b>(3,109)</b>                            | <b>85,624</b>                                   | <b>531</b>                   | <b>86,156</b> |
|                                                                                            |                                                       |                                                                     |                                           | (3,091)                                         |                              | (3,091)       |
|                                                                                            |                                                       |                                                                     |                                           | 78                                              |                              | 78            |
|                                                                                            |                                                       |                                                                     |                                           | 124                                             |                              | 124           |
|                                                                                            |                                                       |                                                                     |                                           | 1,104                                           |                              | 1,104         |
|                                                                                            |                                                       |                                                                     |                                           | 23                                              |                              | 23            |
|                                                                                            |                                                       |                                                                     |                                           | (2,256)                                         | (30)                         | (2,285)       |
|                                                                                            |                                                       |                                                                     |                                           | (6)                                             |                              | (6)           |
| 44                                                                                         |                                                       | 0                                                                   | 44                                        | 0                                               |                              | 0             |
|                                                                                            |                                                       |                                                                     |                                           | (3)                                             |                              | (3)           |
|                                                                                            |                                                       |                                                                     |                                           | 93                                              | (20)                         | 73            |
| (1,417)                                                                                    | (1,754)                                               | 1                                                                   | 481                                       | 3,388                                           | 13                           | 3,401         |
|                                                                                            |                                                       |                                                                     |                                           | 5,085                                           | 60                           | 5,146         |
| (1,417)                                                                                    | (1,754)                                               | 1                                                                   | 481                                       | (1,698)                                         | (47)                         | (1,744)       |
| <b>1,088</b>                                                                               | <b>3,830</b>                                          | <b>0</b>                                                            | <b>(2,585)</b>                            | <b>85,079</b>                                   | <b>494</b>                   | <b>85,574</b> |

### Ordinary share capital

As of 31 December 2024, UBS Group AG had 3,462,087,722 issued fully paid registered shares with a nominal value of USD 0.10 each (31 December 2023: 3,462,087,722 shares) leading to a share capital of USD 346,208,772.20.

### Conditional capital

As of 31 December 2024, the following conditional capital was available to the Board of Directors (the BoD) of UBS Group AG.

- Conditional capital in the amount of USD 38,000,000 for the issuance of a maximum of 380,000,000 fully paid registered shares with a nominal value of USD 0.10 each, to be issued through the voluntary or mandatory exercise of conversion rights and / or warrants granted in connection with the issuance of bonds or similar financial instruments by UBS Group AG or another member of the Group on national or international capital markets. This conditional capital allowance was approved at the Extraordinary General Meeting (the EGM) held on 26 November 2014, having originally been approved at the Annual General Meeting (the AGM) of UBS AG on 14 April 2010. The BoD has not made use of such allowance.
- Conditional capital in the amount of USD 12,170,583 for the issuance of a maximum of 121,705,830 fully paid registered shares with a nominal value of USD 0.10 each, to be issued upon exercise of employee options and stock appreciation rights issued to employees and members of the management and of the BoD of UBS Group AG and its subsidiaries; however, there were no employee options or stock appreciation rights outstanding as of 31 December 2024. This conditional capital allowance was approved by the shareholders at the same EGM in 2014.

### Conversion capital

As of 31 December 2024, UBS Group AG had conversion capital in the amount of USD 70,000,000, for the issuance of a maximum of 700,000,000 fully paid registered shares with a nominal value of USD 0.10 each. The issuance of fully paid registered shares only occurs through the mandatory conversion of claims arising upon the occurrence of one or more trigger events under financial market instruments with contingent conversion features issued by UBS Group AG. The creation of this conversion capital was approved at the AGM held on 24 April 2024.

### Capital band and reserve capital

As of 31 December 2024, UBS Group AG had not introduced any capital band or any reserve capital.

## Share repurchase programs

In March 2022, UBS commenced a two-year share repurchase program of up to USD 6bn, which concluded on 28 March 2024. Under this program, UBS repurchased 121m shares for a total acquisition cost of USD 2,277m (CHF 2,138m). UBS intends to cancel the 121m shares repurchased under the 2022 program by means of a capital reduction, pending approval by shareholders at a future AGM.

On 3 April 2024, UBS launched a new 2024 share repurchase program. Shares acquired under this program totaled 33m as of 31 December 2024 for a total acquisition cost of USD 1,000m (CHF 871m).

|                                                                                                                                         | As of or for the year ended |                           |                            |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------|----------------------------|
|                                                                                                                                         | 31.12.24                    | 31.12.23 <sup>1</sup>     | 31.12.22                   |
| <b>Shares outstanding</b>                                                                                                               |                             |                           |                            |
| <b>Shares issued</b>                                                                                                                    |                             |                           |                            |
| Balance at the beginning of the year                                                                                                    | 3,462,087,722               | 3,524,635,722             | 3,702,422,995              |
| Shares canceled                                                                                                                         |                             | (62,548,000) <sup>2</sup> | (177,787,273) <sup>3</sup> |
| Balance at the end of the year                                                                                                          | 3,462,087,722               | 3,462,087,722             | 3,524,635,722              |
| <b>Treasury shares</b>                                                                                                                  |                             |                           |                            |
| Balance at the beginning of the year                                                                                                    | 253,233,437                 | 416,909,010               | 302,815,328                |
| Acquisitions                                                                                                                            | 102,499,468                 | 138,791,939               | 359,378,093                |
| Disposals                                                                                                                               | (68,470,434)                | (64,270,031)              | (67,497,138)               |
| Cancellation of second trading line treasury shares                                                                                     |                             | (62,548,000) <sup>2</sup> | (177,787,273) <sup>3</sup> |
| Shares transferred to Credit Suisse Group shareholders as consideration for the acquisition of the Credit Suisse Group <sup>4</sup>     |                             | (175,649,481)             |                            |
| Balance at the end of the year                                                                                                          | 287,262,471                 | 253,233,437               | 416,909,010                |
| <b>Shares outstanding</b>                                                                                                               | <b>3,174,825,251</b>        | <b>3,208,854,285</b>      | <b>3,107,726,712</b>       |
| <b>Basic and diluted earnings (USD m)</b>                                                                                               |                             |                           |                            |
| Net profit / (loss) attributable to shareholders for basic EPS                                                                          | 5,085                       | 27,366                    | 7,630                      |
| Less: (profit) / loss on own equity derivative contracts                                                                                | 0                           | 0                         | 0                          |
| Net profit / (loss) attributable to shareholders for diluted EPS                                                                        | 5,085                       | 27,366                    | 7,630                      |
| <b>Weighted average shares outstanding</b>                                                                                              |                             |                           |                            |
| Weighted average shares outstanding for basic EPS <sup>5</sup>                                                                          | 3,198,481,827               | 3,152,579,449             | 3,260,938,561              |
| Effect of dilutive potential shares resulting from notional employee shares, in-the-money options and warrants outstanding <sup>6</sup> | 152,630,143                 | 143,416,753               | 136,531,654                |
| Weighted average shares outstanding for diluted EPS                                                                                     | 3,351,111,970               | 3,295,996,202             | 3,397,470,215              |
| <b>Earnings per share (USD)</b>                                                                                                         |                             |                           |                            |
| Basic                                                                                                                                   | 1.59                        | 8.68                      | 2.34                       |
| Diluted                                                                                                                                 | 1.52                        | 8.30                      | 2.25                       |
| <b>Potentially dilutive instruments<sup>7</sup></b>                                                                                     |                             |                           |                            |
| Employee share-based compensation awards                                                                                                | 11,003,130                  | 2,807,589                 | 4,182,799                  |
| Other equity derivative contracts                                                                                                       | 3,121,746                   | 2,831,228                 | 1,690,247                  |
| <b>Total</b>                                                                                                                            | <b>14,124,877</b>           | <b>5,638,817</b>          | <b>5,873,046</b>           |

1 Comparative-period information has been revised. Refer to Note 2 for more information. 2 Reflects the cancellation of shares purchased under UBS's 2021 share repurchase program as approved by shareholders at the 2023 Annual General Meeting (the AGM). 3 Reflects the cancellation of shares purchased under UBS's 2021 share repurchase program as approved by shareholders at the 2022 AGM. 4 Refer to Note 2 for more information. 5 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. 6 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. 7 Reflects potential shares that could dilute basic earnings per share in the future but were not dilutive for the periods presented.

## Statement of cash flows

| USD m                                                                                                     | For the year ended       |                           |                 |
|-----------------------------------------------------------------------------------------------------------|--------------------------|---------------------------|-----------------|
|                                                                                                           | 31.12.24                 | 31.12.23 <sup>1</sup>     | 31.12.22        |
| <b>Cash flow from / (used in) operating activities</b>                                                    |                          |                           |                 |
| Net profit / (loss)                                                                                       | 5,146                    | 27,382                    | 7,661           |
| <b>Non-cash items included in net profit and other adjustments:</b>                                       |                          |                           |                 |
| Depreciation, amortization and impairment of non-financial assets                                         | 3,798                    | 3,750                     | 2,061           |
| Credit loss expense / (release)                                                                           | 551                      | 1,037                     | 29              |
| Share of net (profits) / loss of associates and joint ventures and impairment related to associates       | (144)                    | 348                       | (32)            |
| Deferred tax expense / (benefit)                                                                          | (495)                    | (694)                     | 494             |
| Net loss / (gain) from investing activities                                                               | 101                      | (102)                     | (1,470)         |
| Net loss / (gain) from financing activities                                                               | (5,314)                  | 8,534                     | (16,587)        |
| Negative goodwill                                                                                         |                          | (27,264)                  |                 |
| Other net adjustments <sup>2</sup>                                                                        | 22,379                   | (15,175)                  | 5,844           |
| <b>Net change in operating assets and liabilities:<sup>2</sup></b>                                        |                          |                           |                 |
| Amounts due from banks and amounts due to banks                                                           | (2,353)                  | 3,291                     | (1,088)         |
| Receivables from securities financing transactions measured at amortized cost                             | (23,884)                 | (3,503)                   | 5,690           |
| Payables from securities financing transactions measured at amortized cost                                | (552)                    | (2,014)                   | (1,247)         |
| Cash collateral on derivative instruments                                                                 | 242                      | 96                        | 76              |
| Loans and advances to customers                                                                           | 27,019                   | 27,877                    | 3,529           |
| Customer deposits                                                                                         | (15,072)                 | 52,786                    | (8,692)         |
| Financial assets and liabilities at fair value held for trading and derivative financial instruments      | (13,594)                 | 3,674                     | 8,006           |
| Brokerage receivables and payables                                                                        | 2,179                    | (5,962)                   | 6,019           |
| Financial assets at fair value not held for trading and other financial assets and liabilities            | 5,327                    | 9,938                     | 5,678           |
| Provisions and other non-financial assets and liabilities                                                 | (116)                    | 3,920                     | 257             |
| Income taxes paid, net of refunds                                                                         | (1,938)                  | (1,852)                   | (1,582)         |
| <b>Net cash flow from / (used in) operating activities</b>                                                | <b>3,279<sup>3</sup></b> | <b>86,068<sup>3</sup></b> | <b>14,647</b>   |
| <b>Cash flow from / (used in) investing activities</b>                                                    |                          |                           |                 |
| Cash and cash equivalents acquired upon the acquisition of the Credit Suisse Group                        |                          | 108,406                   |                 |
| Purchase of subsidiaries, business, associates and intangible assets                                      | (64)                     | (4)                       | (3)             |
| Disposal of subsidiaries, business, associates and intangible assets <sup>4</sup>                         | 256                      | 121                       | 1,730           |
| Purchase of property, equipment and software                                                              | (2,008)                  | (1,685)                   | (1,643)         |
| Disposal of property, equipment and software                                                              | 108                      | 65                        | 161             |
| Net (purchase) / redemption of financial assets measured at fair value through other comprehensive income | (3)                      | 30                        | (699)           |
| Purchase of debt securities measured at amortized cost                                                    | (5,962)                  | (14,244)                  | (30,792)        |
| Disposal and redemption of debt securities measured at amortized cost                                     | 8,384                    | 10,435                    | 18,799          |
| <b>Net cash flow from / (used in) investing activities</b>                                                | <b>709</b>               | <b>103,124</b>            | <b>(12,447)</b> |

Table continues below.

## Statement of cash flows (continued)

Table continued from above.

| USD m                                                                                    | For the year ended         |                       |                |
|------------------------------------------------------------------------------------------|----------------------------|-----------------------|----------------|
|                                                                                          | 31.12.24                   | 31.12.23 <sup>1</sup> | 31.12.22       |
| <b>Cash flow from / (used in) financing activities</b>                                   |                            |                       |                |
| Repayment of Swiss National Bank funding <sup>5</sup>                                    | (42,587)                   | (56,516)              |                |
| Net issuance (repayment) of short-term debt measured at amortized cost                   | (7,407)                    | 3,169                 | (12,249)       |
| Net movements in treasury shares and own equity derivative activity                      | (2,923)                    | (2,779)               | (6,006)        |
| Distributions paid on UBS shares                                                         | (2,256)                    | (1,679)               | (1,668)        |
| Issuance of debt designated at fair value and long-term debt measured at amortized cost  | 100,145                    | 109,735               | 79,115         |
| Repayment of debt designated at fair value and long-term debt measured at amortized cost | (129,683)                  | (109,471)             | (67,670)       |
| Inflows from securities financing transactions measured at amortized cost <sup>6</sup>   | 6,273                      |                       |                |
| Outflows from securities financing transactions measured at amortized cost <sup>6</sup>  | (4,740)                    |                       |                |
| Net cash flows from other financing activities                                           | (987)                      | (721)                 | (617)          |
| <b>Net cash flow from / (used in) financing activities</b>                               | <b>(84,165)</b>            | <b>(58,262)</b>       | <b>(9,094)</b> |
| <b>Total cash flow</b>                                                                   |                            |                       |                |
| Cash and cash equivalents at the beginning of the year                                   | 340,207                    | 195,321               | 207,875        |
| Net cash flow from / (used in) operating, investing and financing activities             | (80,176)                   | 130,931               | (6,895)        |
| Effects of exchange rate differences on cash and cash equivalents <sup>2</sup>           | (15,940)                   | 13,955                | (5,659)        |
| <b>Cash and cash equivalents at the end of the year<sup>7,8</sup></b>                    | <b>244,090<sup>9</sup></b> | <b>340,207</b>        | <b>195,321</b> |
| <i>of which: cash and balances at central banks<sup>8</sup></i>                          | <i>223,329</i>             | <i>313,976</i>        | <i>169,363</i> |
| <i>of which: amounts due from banks<sup>9</sup></i>                                      | <i>17,383</i>              | <i>19,212</i>         | <i>13,450</i>  |
| <i>of which: money market paper<sup>8,10</sup></i>                                       | <i>3,117</i>               | <i>7,018</i>          | <i>12,508</i>  |

### Additional information

Net cash flow from / (used in) operating activities includes:

|                                                                                                 |        |        |        |
|-------------------------------------------------------------------------------------------------|--------|--------|--------|
| Interest received in cash                                                                       | 53,498 | 44,581 | 15,718 |
| Interest paid in cash                                                                           | 48,252 | 35,969 | 8,198  |
| Dividends on equity investments, investment funds and associates received in cash <sup>11</sup> | 2,864  | 2,296  | 1,907  |

1 Comparative-period information has been revised. Refer to Note 2 for more information. 2 Foreign currency translation and foreign exchange effects on operating assets and liabilities and on cash and cash equivalents are presented within the Other net adjustments line, with the exception of foreign currency hedge effects related to foreign exchange swaps, which are presented on the line Financial assets and liabilities at fair value held for trading and derivative financial instruments. 3 Includes cash receipts from the sale of loans and loan commitments of USD 13,210m and USD 4,289m within Non-core and Legacy for the years ended 31 December 2024 and 31 December 2023, respectively. 4 Includes dividends received from associates. 5 Reflects the repayment of the Emergency Liquidity Assistance facility to the Swiss National Bank, which was recognized in the balance sheet line Amounts due to banks. 6 Reflects cash flows from securities financing transactions measured at amortized cost that use UBS debt instruments as the underlying. 7 As of 31 December 2024, the balance includes USD 16,584m (31 December 2023: USD 11,996m; 31 December 2022: USD 8,648m) of Cash and cash equivalents not available for general use by the Group, which consisted of USD 4,730m (31 December 2023: USD 4,944m; 31 December 2022: USD 4,253m) considered by the Group as restricted (refer to Note 23 for more information) and USD 11,855m (31 December 2023: USD 7,052m; 31 December 2022: USD 4,395m) placed at central banks to meet local statutory minimum reserve requirements. 8 Includes only balances with an original maturity of three months or less. 9 The balance includes USD 0.3bn related to cash held in Assets of disposal groups held for sale, recognized within Other non-financial assets. 10 Money market paper is included in the balance sheet under Financial assets at fair value not held for trading (31 December 2024: USD 2,589m; 31 December 2023: USD 6,345m; 31 December 2022: USD 6,048m), Other financial assets measured at amortized cost (31 December 2024: USD 402m; 31 December 2023: USD 415m; 31 December 2022: USD 6,459m) and Financial assets at fair value held for trading (31 December 2024: USD 126m; 31 December 2023: USD 259m; 31 December 2022: USD 2m). 11 Includes dividends received from associates reported within Net cash flow from / (used in) investing activities.

### Changes in liabilities arising from financing activities

| USD m                                                                        | Debt issued measured at amortized cost | of which: short-term <sup>1</sup> | of which: long-term <sup>2</sup> | Securities financing transactions measured at amortized cost <sup>3</sup> | Swiss National Bank funding <sup>4</sup> | Debt issued designated at fair value | Over-the-counter debt instruments <sup>5</sup> | Total <sup>3</sup> |
|------------------------------------------------------------------------------|----------------------------------------|-----------------------------------|----------------------------------|---------------------------------------------------------------------------|------------------------------------------|--------------------------------------|------------------------------------------------|--------------------|
| <b>Balance as of 31 December 2022</b>                                        | 114,621                                | 29,676                            | 84,945                           |                                                                           |                                          | 73,638                               | 1,684                                          | 189,943            |
| Changes arising upon the acquisition of the Credit Suisse Group <sup>6</sup> | 110,491                                | 5,303                             | 105,188                          | 7,659                                                                     | 97,146                                   | 44,909                               | 4,872                                          | 265,077            |
| Cash flows                                                                   | 5,062                                  | 3,169                             | 1,893                            |                                                                           | (56,516)                                 | (520)                                | (1,109)                                        | (53,083)           |
| Non-cash changes                                                             | 7,644                                  | 381                               | 7,263                            |                                                                           | 4,224                                    | 10,262                               | 178                                            | 22,308             |
| <i>of which: foreign currency translation</i>                                | <i>5,291</i>                           | <i>408</i>                        | <i>4,882</i>                     |                                                                           | <i>4,224</i>                             | <i>1,780</i>                         | <i>(99)</i>                                    | <i>11,195</i>      |
| <i>of which: fair value changes</i>                                          |                                        |                                   |                                  |                                                                           |                                          | <i>8,507</i>                         | <i>172</i>                                     | <i>8,679</i>       |
| <i>of which: hedge accounting and other effects</i>                          | <i>2,353</i>                           | <i>(27)</i>                       | <i>2,380</i>                     |                                                                           |                                          | <i>(25)</i>                          | <i>105</i>                                     | <i>2,434</i>       |
| <b>Balance as of 31 December 2023</b>                                        | 237,817                                | 38,530                            | 199,288                          | 7,659                                                                     | 44,854                                   | 128,289                              | 5,625                                          | 424,245            |
| Cash flows                                                                   | (17,469)                               | (7,407)                           | (10,062)                         | 1,533                                                                     | (42,587)                                 | (19,194)                             | (281)                                          | (77,998)           |
| Non-cash changes                                                             | (6,129)                                | (613)                             | (5,516)                          | (411)                                                                     | (2,267)                                  | (1,186)                              | 192                                            | (9,801)            |
| <i>of which: foreign currency translation</i>                                | <i>(6,630)</i>                         | <i>(613)</i>                      | <i>(6,017)</i>                   | <i>(376)</i>                                                              | <i>(2,267)</i>                           | <i>(3,245)</i>                       | <i>(260)</i>                                   | <i>(12,778)</i>    |
| <i>of which: fair value changes</i>                                          |                                        |                                   |                                  |                                                                           |                                          | <i>2,388</i>                         | <i>(87)</i>                                    | <i>2,301</i>       |
| <i>of which: hedge accounting and other effects</i>                          | <i>501</i>                             |                                   | <i>501</i>                       | <i>(35)</i>                                                               |                                          | <i>(329)</i>                         | <i>539</i>                                     | <i>676</i>         |
| <b>Balance as of 31 December 2024</b>                                        | <b>214,219</b>                         | <b>30,509</b>                     | <b>183,709</b>                   | <b>8,782</b>                                                              | <b>0</b>                                 | <b>107,909</b>                       | <b>5,536</b>                                   | <b>336,446</b>     |

1 Debt with an original contractual maturity of less than one year. 2 Debt with an original maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. 3 Comparative information as of 31 December 2023 was revised to include securities financing transactions measured at amortized cost that use UBS debt instruments as the underlying. Cash flows in 2023 associated with these instruments were included in operating activities, as they were not material. 4 Reflects the Emergency Liquidity Assistance facility from the Swiss National Bank, which was recognized in the balance sheet line Amounts due to banks. 5 Included in balance sheet line Other financial liabilities designated at fair value. 6 Refer to Note 2 for more information about the acquisition of the Credit Suisse Group.

# Notes to the UBS Group AG consolidated financial statements

## Note 1 Summary of material accounting policies

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The following table provides an overview of information included in this Note.

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## Note 1 Summary of material accounting policies (continued)

### a) Material accounting policies

This Note describes the material accounting policies applied in the preparation of the consolidated financial statements (the Financial Statements) of UBS Group AG and its subsidiaries (UBS or the Group). On 6 March 2025, the Financial Statements were authorized for issue by the UBS Group AG Board of Directors (the BoD).

#### Basis of accounting

The Financial Statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (the IASB), and are presented in US dollars.

Disclosures marked as audited in the "Risk, capital, liquidity and funding, and balance sheet" section of this report form an integral part of the Financial Statements. These disclosures relate to requirements under IFRS 7, *Financial Instruments: Disclosures*, and IAS 1, *Presentation of Financial Statements*, and are not repeated in this section.

The accounting policies described in this Note have been applied consistently in all years presented unless otherwise stated in Note 1b.

#### Critical accounting estimates and judgments

Preparation of these Financial Statements under IFRS Accounting Standards requires management to apply judgment and make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and liabilities, and may involve significant uncertainty at the time they are made. Such estimates and assumptions are based on the best available information. UBS regularly reassesses such estimates and assumptions, which encompass historical experience, expectations of the future and other pertinent factors, to determine their continuing relevance based on current conditions, updating them as necessary. Changes in those estimates and assumptions may have a significant effect on the Financial Statements. Furthermore, actual results may differ significantly from UBS's estimates, which could result in significant losses to the Group, beyond what was anticipated or provided for.

The following areas contain estimation uncertainty or require critical judgment and have a significant effect on amounts recognized in the Financial Statements:

- provisional amounts of identifiable assets acquired and liabilities assumed with the acquisition of the Credit Suisse Group (refer to item 1 in this Note and to Note 2);
- expected credit loss measurement (refer to item 2g in this Note and to Note 20);
- fair value measurement (refer to item 2f in this Note and to Note 21);
- income taxes (refer to item 6 in this Note and to Note 9);
- provisions and contingent liabilities (refer to item 10 in this Note and to Note 18);
- post-employment benefit plans (refer to item 5 in this Note and to Note 26);
- goodwill (refer to item 9 in this Note and to Note 13); and
- consolidation of structured entities (refer to item 1 in this Note and to Note 28).

### 1) Consolidation and business combinations

#### Consolidation

The Financial Statements include the financial statements of the parent company (UBS Group AG) and its subsidiaries, presented as a single economic entity; intercompany transactions and balances have been eliminated. UBS consolidates all entities that it controls, including structured entities (SEs), which is the case when it has: (i) power over the relevant activities of the entity; (ii) exposure to the entity's variable returns; and (iii) the ability to use its power to affect its own returns.

Consideration is given to all facts and circumstances to determine whether the Group has power over another entity, i.e. the current ability to direct the relevant activities of an entity when decisions about those activities need to be made.

Subsidiaries, including SEs, are consolidated from the date when control is gained and deconsolidated from the date when control ceases. Control, or the lack thereof, is reassessed if facts and circumstances indicate that there is a change to one or more elements required to establish that control is present.

➤ Refer to Note 28 for more information

#### Critical accounting estimates and judgments

Each individual entity is assessed for consolidation in line with the aforementioned consolidation principles. The assessment of control can be complex and requires the use of significant judgment, in particular in determining whether UBS has power over the entity. As the nature and extent of UBS's involvement is unique for each entity, there is no uniform consolidation outcome by entity. When carrying out the consolidation assessment, judgment is exercised considering all the relevant facts and circumstances, including the nature and activities of the investee, as well as the substance of voting and similar rights.

➤ Refer to Note 28 for more information

## Note 1 Summary of material accounting policies (continued)

### *Business combinations*

Business combinations are accounted for using the acquisition method, as prescribed by IFRS 3, *Business Combinations*. Under this method, any excess of the acquisition-date amounts of the identifiable net assets acquired over the fair value of the consideration transferred results in negative goodwill that is recognized in the income statement on the date of the acquisition, with transaction costs expensed as incurred. Provisional amounts of identifiable assets acquired, liabilities assumed and purchase consideration determined as of the acquisition date may be subject to adjustments within a maximum of one year from the acquisition date (referred to in this report as measurement period adjustments).

The amount of non-controlling interests, if any, is measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

#### **Critical accounting estimates and judgments**

When complete information about all relevant facts and circumstances of the acquisition date is not practically available to UBS at the time when the initial acquisition accounting was applied in the period of acquisition, the amounts that form part of the business combination accounting are considered provisional and subject to further measurement period adjustments if new information about facts and circumstances existing on the date of the acquisition is obtained within one year from the acquisition date. In addition, the use of valuation techniques, modeling assumptions and estimates of unobservable market inputs in determining fair values require significant judgment and could affect the provisional amounts of identifiable assets acquired, liabilities assumed and purchase consideration, thereby affecting the resulting goodwill / negative goodwill arising from the business combination.

› Refer to Note 2 for more information relating to the acquisition of the Credit Suisse Group

## 2) Financial instruments

### *a. Recognition*

UBS generally recognizes financial instruments when it becomes a party to contractual provisions of an instrument. However, UBS does not recognize assets received in transfers that do not qualify for derecognition by the transferor (applying derecognition principles under IFRS Accounting Standards as described in item 2e below). UBS applies settlement date accounting to all standard purchases and sales of non-derivative financial instruments.

UBS may act in a fiduciary capacity, which results in it holding or placing assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Unless these items meet the definition of an asset and the recognition criteria are satisfied, they are not recognized on UBS's balance sheet and the related income is excluded from the Financial Statements.

Client cash balances associated with derivatives clearing and execution services are not recognized on the balance sheet if, through contractual agreement, regulation or practice, UBS neither obtains benefits from nor controls such cash balances.

### *b. Classification, measurement and presentation*

#### *Financial assets*

Where the contractual terms of a debt instrument result in cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, the debt instrument is classified as measured at amortized cost if it is held within a business model that has an objective of holding financial assets to collect contractual cash flows, or at fair value through other comprehensive income (FVOCI) if it is held within a business model that has an objective of both collecting contractual cash flows and selling financial assets.

All other financial assets are measured at fair value through profit or loss (FVTPL), including those held for trading or those managed on a fair value basis, except for derivatives designated in certain hedge accounting relationships (refer to item 2j in this Note for more information).

#### *Business model assessment and contractual cash flow characteristics*

UBS determines the nature of a business model by considering the way portfolios of financial assets are managed to achieve a particular business objective at the time an asset is recognized.

In assessing whether contractual cash flows are SPPI, the Group considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument. This assessment includes contractual cash flows that may vary due to environmental, social and governance (ESG) triggers.

## Note 1 Summary of material accounting policies (continued)

### Financial liabilities

#### Financial liabilities measured at amortized cost

*Debt issued measured at amortized cost* includes contingent capital instruments issued prior to November 2023 that contain contractual provisions under which the principal amounts would be written down upon either a specified common equity tier 1 (CET1) ratio breach or a determination by the Swiss Financial Market Supervisory Authority (FINMA) that a viability event has occurred. Such contractual provisions are not derivatives, as the underlying is deemed to be a non-financial variable specific to a party to the contract. Issuances after November 2023 include a contractual equity conversion feature with the same triggers, i.e. a CET1 ratio breach or FINMA viability event. When the debt is issued in US dollars, these conversion features are classified as equity and are accounted for in *Share premium* separately from the amortized cost debt host.

When the legal bail-in mechanism for write-down or conversion into equity does not form part of the contractual terms of issued debt instruments, it does not affect the accounting classification of these instruments as debt or equity.

If a debt were to be written down or converted into equity in a future period, it would be partially or fully derecognized, with the difference between its carrying amount and the fair value of any equity issued recognized in the income statement, with the conversion features classified as equity always remaining in *Equity attributable to shareholders*.

#### Financial liabilities measured at fair value through profit or loss

UBS designates certain issued debt instruments as financial liabilities at fair value through profit or loss, on the basis that such financial instruments include embedded derivatives that are not closely related and which significantly impact the cash flows of the instrument and / or are managed on a fair value basis (refer to the table below for more information). Financial instruments including embedded derivatives arise predominantly from the issuance of certain structured debt instruments.

### Measurement and presentation

On initial recognition, financial instruments are measured at fair value adjusted for directly attributable transaction costs, unless the instrument is classified at FVTPL, in which case transaction costs are excluded.

After initial recognition, UBS classifies, measures and presents its financial assets and liabilities in accordance with IFRS 9, as described in the table below.

#### Classification, measurement and presentation of financial assets

| Financial assets classification   |                                    | Significant items included                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Measurement and presentation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Measured at amortized cost</b> |                                    | <p>This classification includes:</p> <ul style="list-style-type: none"> <li>– cash and balances at central banks;</li> <li>– amounts due from banks;</li> <li>– receivables from securities financing transactions;</li> <li>– cash collateral receivables on derivative instruments;</li> <li>– residential and commercial mortgages;</li> <li>– corporate loans;</li> <li>– secured loans, including Lombard loans, and unsecured loans; and</li> <li>– debt securities held as high-quality liquid assets (HQLA).</li> </ul> | <p>Measured at amortized cost using the effective interest method less allowances for expected credit losses (ECL) (refer to items 2d and 2g in this Note for more information).</p> <p>The following items are recognized in the income statement:</p> <ul style="list-style-type: none"> <li>– interest income, which is accounted for in accordance with item 2d in this Note;</li> <li>– ECL and reversals; and</li> <li>– foreign exchange (FX) translation gains and losses.</li> </ul> <p>When a financial asset at amortized cost is derecognized, the gain or loss is recognized in the income statement.</p> <p>For amounts arising from settlement of certain derivatives, see below in this table.</p>                            |
| <b>Measured at FVOCI</b>          | Debt instruments measured at FVOCI | This classification primarily includes debt securities held as HQLA.                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Measured at fair value, with unrealized gains and losses reported in <i>Other comprehensive income</i>, net of applicable income taxes, until such investments are derecognized. Upon derecognition, any accumulated balances in <i>Other comprehensive income</i> are reclassified to the income statement and reported within <i>Other income</i>.</p> <p>The following items, which are determined on the same basis as for financial assets measured at amortized cost, are recognized in the income statement:</p> <ul style="list-style-type: none"> <li>– interest income, which is accounted for in accordance with item 2d in this Note;</li> <li>– ECL and reversals; and</li> <li>– FX translation gains and losses.</li> </ul> |

## Note 1 Summary of material accounting policies (continued)

### Classification, measurement and presentation of financial assets

| Financial assets classification | Significant items included                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Measurement and presentation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Measured at FVTPL</b>        | <p>Held for trading</p> <p>Financial assets held for trading include:</p> <ul style="list-style-type: none"> <li>– all derivatives with a positive replacement value, except those that are designated and effective hedging instruments; and</li> <li>– other financial assets originated or acquired principally for the purpose of selling or repurchasing in the near term, or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Included in this category are debt instruments (including those in the form of securities, money market paper, and traded corporate and bank loans) and equity instruments.</li> </ul>                                                                                                                           | <p>Measured at fair value, with changes recognized in the income statement.</p> <p>Derivative assets (including derivatives that are designated and effective hedging instruments) are generally presented as <i>Derivative financial instruments</i>, except those exchange-traded derivatives (ETD) and over-the-counter (OTC)-cleared derivatives that are legally settled on a daily basis or economically net settled on a daily basis, which are presented within <i>Cash collateral receivables on derivative instruments</i>.</p>                                                                                                                                                                                                                                                                                                                                         |
|                                 | <p>Mandatorily measured at FVTPL – Other</p> <p>Financial assets mandatorily measured at FVTPL that are not held for trading include:</p> <ul style="list-style-type: none"> <li>– certain structured instruments, certain commercial loans, and receivables from securities financing transactions that are managed on a fair value basis;</li> <li>– loans managed on a fair value basis, including those hedged with credit derivatives;</li> <li>– certain debt securities held as HQLA and managed on a fair value basis;</li> <li>– brokerage receivables, for which contractual cash flows do not meet the SPPI criterion because the aggregate balance is accounted for as a single unit of account, with interest being calculated on the individual components;</li> <li>– equity instruments; and</li> <li>– assets held under unit-linked investment contracts.</li> </ul> | <p>Changes in fair value, initial transaction costs, dividends and gains and losses arising on disposal or redemption are recognized in <i>Other net income from financial instruments measured at fair value through profit or loss</i>, except interest income on instruments other than derivatives (refer to item 2d in this Note), interest on derivatives designated as hedging instruments in hedges of interest rate risk and forward points on certain short- and long-duration FX contracts acting as economic hedges, which are reported in <i>Net interest income</i>.</p> <p>Changes in the fair value of derivatives that are designated and effective hedging instruments are presented either in the income statement or <i>Other comprehensive income</i>, depending on the type of hedge relationship (refer to item 2j in this Note for more information).</p> |

## Note 1 Summary of material accounting policies (continued)

### Classification, measurement and presentation of financial liabilities

| Financial liabilities classification |                     | Significant items included                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Measurement and presentation                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Measured at amortized cost</b>    |                     | This classification includes: <ul style="list-style-type: none"> <li>– demand and time deposits;</li> <li>– retail savings / deposits;</li> <li>– sweep deposits;</li> <li>– payables from securities financing transactions;</li> <li>– non-structured debt issued;</li> <li>– subordinated debt;</li> <li>– commercial paper and certificates of deposit; and</li> <li>– cash collateral payables on derivative instruments.</li> </ul>                                                                                                                                                                                                                                                 | Measured at amortized cost using the effective interest method.<br><br>When a financial liability at amortized cost is derecognized, the gain or loss is recognized in the income statement.<br><br>Interest income generated from client deposits derecognized pursuant to certain deposit sweep programs is presented within <i>Net interest income from financial instruments measured at fair value through profit or loss and other</i> .           |
| <b>Measured at FVTPL</b>             | Held for trading    | Financial liabilities held for trading include: <ul style="list-style-type: none"> <li>– all derivatives with a negative replacement value (including certain loan commitments), except those that are designated and effective hedging instruments; and</li> <li>– obligations to deliver financial instruments, such as debt and equity instruments, that UBS has sold to third parties but does not own (short positions).</li> </ul>                                                                                                                                                                                                                                                  | Measurement and presentation of financial liabilities classified at FVTPL follow the same principles as for financial assets classified at FVTPL, except that the amount of change in the fair value of a financial liability designated at FVTPL that is attributable to changes in UBS's own credit risk is presented in <i>Other comprehensive income</i> directly within <i>Retained earnings</i> and is never reclassified to the income statement. |
|                                      | Designated at FVTPL | Financial liabilities designated at FVTPL include: <ul style="list-style-type: none"> <li>– issued hybrid debt instruments, primarily equity-linked, credit-linked and rates-linked bonds or notes;</li> <li>– issued debt instruments managed on a fair value basis;</li> <li>– certain payables from securities financing transactions;</li> <li>– amounts due under unit-linked investment contracts, the cash flows of which are linked to financial assets measured at FVTPL and eliminate an accounting mismatch; and</li> <li>– brokerage payables, which arise in conjunction with brokerage receivables and are measured at FVTPL to achieve measurement consistency.</li> </ul> | Derivative liabilities (including derivatives that are designated and effective hedging instruments) are generally presented as <i>Derivative financial instruments</i> , except those exchange-traded and OTC-cleared derivatives that are legally settled on a daily basis or economically net settled on a daily basis, which are presented within <i>Cash collateral payables on derivative instruments</i> .                                        |

### c. Loan commitments and financial guarantees

Loan commitments are arrangements to provide credit under defined terms and conditions. Irrevocable loan commitments are classified as: (i) derivative loan commitments measured at fair value through profit or loss; (ii) loan commitments designated at fair value through profit or loss; or (iii) loan commitments not measured at fair value, in which case the ECL requirements as set out in item 2g in this Note apply.

Financial guarantee contracts are contracts that require UBS to make specified payments to reimburse the holder for an incurred loss because a specified debtor fails to make payments when due in accordance with the terms of a specified debt instrument. The ECL requirements as set out in item 2g in this Note apply to financial guarantees issued that are not accounted for at FVTPL.

Financial guarantee contracts held by UBS for credit risk mitigation purposes that are assessed to be integral to the guaranteed exposure are accounted for as a component of that exposure with cash flows expected from the credit enhancement included in the measurement of the ECL of the respective exposure. Rights to reimbursement arising from financial guarantees held that are not integral to the terms of the exposure they cover are recognized when their realization is considered to be virtually certain.

## Note 1 Summary of material accounting policies (continued)

### d. Interest income and expense

Interest income from financial instruments measured at amortized cost and FVOCI and interest expense from financial instruments measured at amortized cost are recognized in the income statement based on the effective interest method. When calculating the effective interest rate (the EIR) for financial instruments (other than credit-impaired financial instruments), UBS estimates future cash flows considering all contractual terms of the instrument, but not expected credit losses, with the EIR applied to the gross carrying amount of the financial asset or the amortized cost of a financial liability. However, when a financial asset becomes credit impaired after initial recognition, interest income is determined by applying the EIR to the amortized cost of the instrument, which represents the gross carrying amount adjusted for any credit loss allowance.

Upfront fees, including fees on loan commitments not measured at fair value where a loan is expected to be issued, and direct costs are included within the initial measurement of a financial instrument measured at amortized cost or FVOCI and recognized over the expected life of the instrument as part of its EIR.

Fees related to loan commitments where no loan is expected to be issued, as well as loan syndication fees where UBS does not retain a portion of the syndicated loan or where UBS does retain a portion of the syndicated loan at the same effective yield for comparable risk as other participants, are included in *Net fee and commission income* and either recognized over the life of the commitment or when syndication occurs.

› Refer to item 3 in this Note for more information

Interest income on financial assets, excluding derivatives, is included in interest income when positive and in interest expense when negative. Similarly, interest expense on financial liabilities, excluding derivatives, is included in interest expense, except when interest rates are negative, in which case it is included in interest income.

› Refer to item 2b in this Note and Note 4 for more information

### e. Derecognition

#### Financial assets

UBS derecognizes a transferred financial asset, or a portion of a financial asset, if the purchaser has obtained substantially all the risks and rewards of the asset or a significant part of the risks and rewards combined with a practical ability to sell or pledge the asset.

Where financial assets have been pledged as collateral or in similar arrangements, they are considered to have been transferred if the counterparty has received the contractual rights to the cash flows of the pledged assets, as may be evidenced by, for example, the counterparty's right to sell or repledge the assets. In transfers where control over the financial asset is retained, UBS continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset following the transfer.

› Refer to Note 23 for more information

#### Financial liabilities

UBS derecognizes a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, canceled or expires. When an existing financial liability is exchanged for a new one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognized and a new liability recognized with any difference in the respective carrying amounts recorded in the income statement.

Most OTC derivative contracts and exchange-traded futures and option contracts cleared through central clearing counterparties and exchanges are considered to be settled on a daily basis, as the payment or receipt of a variation margin on a daily basis represents a legal or economic settlement, which results in derecognition of the associated derivatives.

› Refer to Note 22 for more information

### f. Fair value of financial instruments

UBS accounts for a significant portion of its assets and liabilities at fair value. Fair value is the price on the measurement date that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or in the most advantageous market in the absence of a principal market.

› Refer to Note 21 for more information



## Note 1 Summary of material accounting policies (continued)

### Critical accounting estimates and judgments

The use of valuation techniques, modeling assumptions and estimates of unobservable market inputs in the fair valuation of financial instruments requires significant judgment and could affect the amount of gain or loss recorded for a particular position. Valuation techniques that rely more heavily on unobservable inputs and sophisticated models inherently require a higher level of judgment and may require adjustment to reflect factors that market participants would consider in estimating fair value, such as close-out costs, which are presented in Note 21d.

UBS's governance framework over fair value measurement is described in Note 21b, and UBS provides a sensitivity analysis of the estimated effects arising from changing significant unobservable inputs in Level 3 financial instruments to reasonably possible alternative assumptions in Note 21f.

› Refer to Note 21 for more information

### g. Allowances and provisions for expected credit losses

ECL are recognized for financial assets measured at amortized cost, financial assets measured at FVOCI, fee and lease receivables, financial guarantees, and loan commitments not measured at fair value. ECL are also recognized on the undrawn portion of committed unconditionally revocable credit lines, which include UBS's credit card limits and master credit facilities, as UBS is exposed to credit risk because the borrower has the ability to draw down funds before UBS can take credit risk mitigation actions.

#### Recognition of expected credit losses

ECL are recognized on the following basis.

- Stage 1 – those instruments for which no significant increase in credit risk (SICR) has been observed (see *Significant increase in credit risk* below): Maximum 12-month ECL are recognized from initial recognition, reflecting the portion of lifetime ECL that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- Stage 2 – those instruments for which an SICR is observed but which are not credit impaired: Lifetime ECL are recognized reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. When an SICR is no longer observed, the instrument will move back to stage 1.
- Stage 3 – credit-impaired financial instruments (as determined by the occurrence of one or more loss events): Lifetime ECL are always recognized by estimating expected cash flows based on a chosen recovery strategy. Credit-impaired exposures may include positions for which no allowance has been recognized, for example because they are expected to be fully recoverable through collateral held.
- Changes in lifetime ECL since initial recognition are also recognized for assets that are purchased credit impaired (PCI). PCI financial instruments include those that are purchased at a deep discount or newly originated with a defaulted counterparty; they remain a separate category until derecognition.

Consistent with the requirements of IFRS 3 and IFRS 9, immediately after the application of the acquisition method to the business combination, acquired financial instruments carried at amortized cost or FVOCI that are not deemed credit impaired are classified as stage 1 financial instruments and a maximum 12-month ECL is recognized, resulting in a carrying amount of the respective financial instruments below their acquisition-date fair value. As and when significant increases in credit risk subsequently arise, these exposures will move to stage 2, and if assessed to be credit-impaired, to stage 3.

All or part of a financial asset is written off if it is deemed uncollectible or forgiven. Write-offs reduce the principal amount of a claim and are charged against related allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are generally credited to *Credit loss expense / (release)*.

ECL are recognized in the income statement in *Credit loss expense / (release)*. A corresponding ECL allowance is reported as a decrease in the carrying amount of financial assets measured at amortized cost on the balance sheet. For financial assets that are measured at FVOCI, the carrying amount is not reduced, but an accumulated amount is recognized in *Other comprehensive income*. For off-balance sheet financial instruments and other credit lines, provisions for ECL are presented in *Provisions*.

#### Default and credit impairment

UBS applies a single definition of default for credit risk management purposes, regulatory reporting and ECL, with a counterparty classified as defaulted based on quantitative and qualitative criteria.

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

## Note 1 Summary of material accounting policies (continued)

### *Measurement of expected credit losses*

IFRS 9 ECL reflect an unbiased, probability-weighted estimate based on loss expectations resulting from default events. The method used to calculate ECL applies the following principal factors: probability of default (PD), loss given default (LGD) and exposure at default (EAD). Parameters are generally determined on an individual financial asset level. Based on the materiality of the portfolio, for credit card exposures and personal account overdrafts in Switzerland, a portfolio approach is applied that derives an average PD and LGD for the entire portfolio. PDs and LGDs used in the ECL calculation are point-in-time (PIT)-based for key portfolios and consider both current conditions and expected cyclical changes. For material portfolios, PDs and LGDs are determined for different scenarios, whereas EAD projections are treated as scenario independent.

For the purpose of determining the ECL-relevant parameters, UBS leverages its Basel III advanced internal ratings-based (A-IRB) models that are also used in determining expected loss (EL) and risk-weighted assets under the Basel III framework and Pillar 2 stress loss models. Adjustments have been made to these models and IFRS-9-related models have been developed that consider the complexity, structure and risk profile of relevant portfolios and take account of the fact that PDs and LGDs used in the ECL calculation are PIT based, as opposed to the corresponding Basel III through-the-cycle (TTC) parameters. All models that are relevant for measuring expected credit losses are subject to UBS's model validation and oversight processes.

*Probability of default:* PD represents the probability of a default over a specified time period. A 12-month PD represents the probability of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. PIT PDs are derived from TTC PDs and scenario forecasts. The modeling is region, industry and client segment specific and considers both macroeconomic scenario dependencies and client-idiosyncratic information.

*Exposure at default:* EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring, considering expected repayments, interest payments and accruals, discounted at the EIR. Future drawdowns on facilities are considered through a credit conversion factor (a CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios.

*Loss given default:* LGD represents an estimate of the loss at the time of a potential default occurring, taking into account expected future cash flows from collateral and other credit enhancements, or expected payouts from bankruptcy proceedings for unsecured claims and, where applicable, time to realization of collateral and the seniority of claims. LGD is commonly expressed as a percentage of EAD.

### *Estimation of expected credit losses*

#### *Number of scenarios and estimation of scenario weights*

Determination of probability-weighted ECL requires evaluating a range of diverse and relevant future economic conditions, especially with a view to modeling the non-linear effect of assumptions about macroeconomic factors on the estimate.

To accommodate this requirement, UBS uses different economic scenarios in the ECL calculation. Each scenario is represented by a specific scenario narrative, which is relevant considering the exposure of key portfolios to economic risks, and for which a set of consistent macroeconomic variables is determined. The estimation of the appropriate weights for these scenarios is predominantly judgment based. The assessment is based on a holistic review of the prevailing economic or political conditions, which may exhibit different levels of uncertainty. It takes into account the impact of changes in the nature and severity of the underlying scenario narratives and the projected economic variables.

The determined weights constitute the probabilities that the respective set of macroeconomic conditions will occur and not that the chosen particular narratives with the related macroeconomic variables will materialize.

#### *Macroeconomic and other factors*

The range of macroeconomic, market and other factors that is modeled as part of the scenario determination is wide, and historical information is used to support the identification of the key factors. As the forecast horizon increases, the availability of information decreases, requiring an increase in judgment. For cycle-sensitive PD and LGD determination purposes, UBS projects the relevant economic factors for a period of three years before reverting, over a specified period, to cycle-neutral PD and LGD for longer-term projections.

Factors relevant for ECL calculation vary by type of exposure. Regional and client-segment characteristics are generally taken into account, with specific focus on Switzerland and the US, considering UBS's key ECL-relevant portfolios.

For UBS, the following forward-looking macroeconomic variables represent the most relevant factors for ECL calculation:

- gross domestic product (GDP) growth rates, given their significant effect on borrowers' performance;
- unemployment rates, given their significant effect on private clients' ability to meet contractual obligations;
- house price indices, given their significant effect on mortgage collateral valuations;
- interest rates, given their significant effect on counterparties' abilities to service debt;
- consumer price indices, given their overall relevance for companies' performance, private clients' purchasing power and economic stability; and
- equity indices, given that they are an important factor in UBS's corporate rating tools.

› Refer to Note 20 for more information

## Note 1 Summary of material accounting policies (continued)

### *ECL measurement period*

The period for which lifetime ECL are determined is based on the maximum contractual period that UBS is exposed to credit risk, taking into account contractual extension, termination and prepayment options. For irrevocable loan commitments and financial guarantee contracts, the measurement period represents the maximum contractual period for which UBS has an obligation to extend credit.

Additionally, some financial instruments include both an on-demand loan and a revocable undrawn commitment, where the contractual cancellation right does not limit UBS's exposure to credit risk to the contractual notice period, as the client has the ability to draw down funds before UBS can take risk-mitigating actions. In such cases UBS is required to estimate the period over which it is exposed to credit risk. This applies to UBS's credit card limits, which do not have a defined contractual maturity date, are callable on demand and where the drawn and undrawn components are managed as one exposure. The exposure arising from UBS's credit card limits is not significant and is managed at a portfolio level, with credit actions triggered when balances are past due. An ECL measurement period of seven years is applied for credit card limits, capped at 12 months for stage 1 balances, as a proxy for the period that UBS is exposed to credit risk.

Customary master credit agreements in the Swiss corporate market also include on-demand loans and revocable undrawn commitments. For smaller commercial facilities, a risk-based monitoring (RbM) approach is in place that highlights negative trends as risk events, at an individual facility level, based on a combination of continuously updated risk indicators. The risk events trigger additional credit reviews by a risk officer, enabling informed credit decisions to be taken. Larger corporate facilities are not subject to RbM but are reviewed at least annually through a formal credit review. UBS has assessed these credit risk management practices and considers both the RbM approach and formal credit reviews as substantive credit reviews resulting in a re-origination of the given facility. Following this, a 12-month measurement period from the reporting date is used for both types of facilities as an appropriate proxy of the period over which UBS is exposed to credit risk, with 12 months also used as a look-back period for assessing an SICR, always from the respective reporting date.

### *Significant increase in credit risk*

Financial instruments subject to ECL are monitored on an ongoing basis. To determine whether the recognition of a maximum 12-month ECL continues to be appropriate, an assessment is made as to whether an SICR has occurred since initial recognition of the financial instrument, applying both quantitative and qualitative factors.

Primarily, UBS assesses changes in an instrument's risk of default on a quantitative basis by comparing the annualized forward-looking and scenario-weighted lifetime PD of an instrument determined at two different dates:

- at the reporting date; and
- at inception of the instrument.

If, based on UBS's quantitative modeling, an increase exceeds a set threshold, an SICR is deemed to have occurred and the instrument is transferred to stage 2 with lifetime ECL recognized.

The threshold applied varies depending on the original credit quality of the borrower, with a higher SICR threshold set for those instruments with a low PD at inception. The SICR assessment based on PD changes is made at an individual financial asset level. A high-level overview of the SICR trigger, which is a multiple of the annualized remaining lifetime PIT PD expressed in rating downgrades, is provided in the "SICR thresholds" table below. The actual SICR thresholds applied are defined on a more granular level by interpolating between the values shown in the table.

## Note 1 Summary of material accounting policies (continued)

### SICR thresholds

| Internal rating at origination of the instrument | Rating downgrades / SICR trigger |
|--------------------------------------------------|----------------------------------|
| 0–3                                              | 3                                |
| 4–8                                              | 2                                |
| 9–13                                             | 1                                |

› Refer to the “Risk management and control” section of this report for more details about UBS’s internal rating system

Irrespective of the SICR assessment based on default probabilities, credit risk is generally deemed to have significantly increased for an instrument if contractual payments are more than 30 days past due. For certain less material portfolios, specifically the Swiss credit card portfolio, the 30-day past due criterion is used as the primary indicator of an SICR. Where instruments are transferred to stage 2 due to the 30-day past due criterion, a minimum period of six months is applied before a transfer back to stage 1 can be triggered, where applicable. For instruments in Personal & Corporate Banking and Global Wealth Management Region Switzerland that are between 90 and 180 days past due but have not been reclassified to stage 3, a one-year period is applied before a transfer back to stage 1 can be triggered.

Additionally, based on individual counterparty-specific indicators, external market indicators of credit risk or general economic conditions, counterparties may be moved to a watch list, which is used as a secondary qualitative indicator for an SICR. Exception management is further applied, allowing for individual and collective adjustments on exposures sharing the same credit risk characteristics to take account of specific situations that are not otherwise fully reflected.

In general, the overall SICR determination process does not apply to Lombard loans, securities financing transactions and certain other asset-based lending transactions, because of the risk management practices adopted, including daily monitoring processes with strict margining. If margin calls are not satisfied, a position is closed out and classified as a stage 3 position. In exceptional cases, an individual adjustment and a transfer into stage 2 may be made to take account of specific facts.

Credit risk officers are responsible for the identification of an SICR, which for accounting purposes is in some respects different from internal credit risk management processes. This difference mainly arises because ECL accounting requirements are instrument specific, such that a borrower can have multiple exposures allocated to different stages, and maturing loans in stage 2 will migrate to stage 1 upon renewal irrespective of the actual credit risk at that time. Under a risk-based approach, a holistic counterparty credit assessment and the absolute level of risk at any given date will determine what risk-mitigating actions may be warranted.

› Refer to the “Risk management and control” section of this report for more information

### Critical accounting estimates and judgments

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that can result in significant changes to the timing and the amount of ECL recognized.

#### *Determination of a significant increase in credit risk*

IFRS 9 does not include a definition of what constitutes an SICR, with UBS’s assessment considering qualitative and quantitative criteria. An IFRS 9 ECL Management Forum has been established to review and challenge the SICR results.

#### *Scenarios, scenario weights and macroeconomic variables*

ECL reflect an unbiased and probability-weighted amount, which UBS determines by evaluating a range of possible outcomes. Management selects forward-looking scenarios that include relevant macroeconomic variables and management’s assumptions around future economic conditions. IFRS 9 Scenario Sounding Sessions, in addition to the IFRS 9 ECL Management Forum, are in place to derive, review and challenge the scenario selection and weights, and to determine whether any additional post-model adjustments are required that may significantly affect ECL.

#### *ECL measurement period*

Lifetime ECL are generally determined based upon the contractual maturity of the transaction, which significantly affects ECL. For credit card limits and Swiss callable master credit facilities, judgment is required, as UBS must determine the period over which it is exposed to credit risk. A seven-year period is applied for credit card limits, capped at 12 months for stage 1 positions, and a 12-month period applied for master credit facilities.

#### *Modeling and post-model adjustments*

A number of complex models have been developed or modified to calculate ECL, with additional post-model adjustments required that may significantly affect ECL. The models are governed by UBS’s model validation controls and approved by the GMGC. The post-model adjustments are approved by the ECL Management Forum and endorsed by the GMGC.

A sensitivity analysis covering key macroeconomic variables, scenario weights and SICR trigger points on ECL measurement is provided in Note 20f.

› Refer to Note 20 for more information

## Note 1 Summary of material accounting policies (continued)

### h. Restructured and modified financial assets

When payment default is expected, or where default has already occurred, UBS may grant concessions to borrowers in financial difficulties that it would not consider in the normal course of its business, such as preferential interest rates, extension of maturity, modifying the schedule of repayments, debt / equity swap, subordination, etc.

› Refer to the “Risk management and control” section of this report for more information

Modifications result in an alteration of future contractual cash flows and can occur within UBS’s normal risk tolerance or as part of a credit restructuring where a counterparty is in financial difficulties. The restructuring or modification of a financial asset could lead to a substantial change in the terms and conditions, resulting in the original financial asset being derecognized and a new financial asset being recognized. Where the modification does not result in a derecognition, any difference between the modified contractual cash flows discounted at the original EIR and the existing gross carrying amount of the given financial asset is recognized in the income statement as of the date of modification.

### i. Offsetting

UBS presents recognized financial assets and liabilities net on its balance sheet only if (i) it has a legally enforceable right to set off the recognized amounts and (ii) it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Netted positions include, for example, certain derivatives and repurchase and reverse repurchase transactions with various counterparties, exchanges and clearing houses.

In assessing whether UBS intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously, emphasis is placed on the effectiveness of operational settlement mechanics in eliminating substantially all credit and liquidity exposure between the counterparties. This condition precludes offsetting on the balance sheet for substantial amounts of UBS’s financial assets and liabilities, even though they may be subject to enforceable netting arrangements. Repurchase arrangements and securities financing transactions are presented net only to the extent that the settlement mechanism eliminates, or results in insignificant, credit and liquidity risk, and processes the receivables and payables in a single settlement process or cycle.

› Refer to Note 22 for more information

### j. Hedge accounting

The Group applies hedge accounting requirements of IFRS 9 where the criteria for documentation and hedge effectiveness are met. If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued. Voluntary discontinuation of hedge accounting is not permitted under IFRS 9.

#### *Fair value hedges of interest rate risk related to debt instruments and loan assets*

The fair value change of the hedged item attributable to a hedged risk is reflected as an adjustment to the carrying amount of the hedged item and recognized in the income statement along with the change in the fair value of the hedging instrument.

#### *Fair value hedges of FX risk related to debt instruments*

The fair value change of the hedged item attributable to the hedged risk is reflected in the measurement of the hedged item and recognized in the income statement along with the change in the fair value of the hedging instrument. The foreign currency basis spread of cross-currency swaps designated as hedging derivatives is excluded from the designation and accounted for as a cost of hedging with amounts deferred in *Other comprehensive income* within *Equity*. These amounts are released to the income statement over the term of the hedged item.

#### *Discontinuation of fair value hedges*

Discontinuations for reasons other than derecognition of the hedged item result in an adjustment to the carrying amount, which is amortized to the income statement over the remaining life of the hedged item using the effective interest method. If the hedged item is derecognized, the unamortized fair value adjustment or deferred cost of hedging amount is recognized immediately in the income statement as part of any derecognition gain or loss.

#### *Cash flow hedges of forecast transactions*

Fair value gains or losses associated with the effective portion of derivatives designated as cash flow hedges for cash flow repricing risk are recognized initially in *Other comprehensive income* within *Equity* and reclassified to *Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income* or *Interest expense from financial instruments measured at amortized cost* in the periods when the hedged forecast cash flows affect profit or loss, including discontinued hedges for which forecast cash flows are expected to occur. If the forecast transactions are no longer expected to occur, the deferred gains or losses are immediately reclassified to the income statement.

#### *Hedges of net investments in foreign operations*

Gains or losses on the hedging instrument relating to the effective portion of a hedge are recognized directly in *Other comprehensive income* within *Equity*, while any gains or losses relating to the ineffective and / or undesignated portion (for example, the interest element of a forward contract) are recognized in the income statement. Upon disposal or partial disposal of the foreign operation, the cumulative value of any such gains or losses recognized in *Equity* associated with the entity is reclassified to *Other income*.

› Refer to Note 25 for more information

**3) Fee and commission income and expenses**

UBS earns fee income from the diverse range of services it provides to its clients. Fee income can be divided into two broad categories: fees earned from services that are provided over a certain period of time, such as management of clients' assets, custody services and certain advisory services; and fees earned from PIT services, such as underwriting fees, deal-contingent merger and acquisitions fees, and brokerage fees (e.g. securities and derivatives execution and clearing). UBS recognizes fees earned from PIT services when it has fully provided the service to the client. Where the contract requires services to be provided over time, income is recognized on a systematic basis over the life of the agreement.

Consideration received is allocated to the separately identifiable performance obligations in a contract. Owing to the nature of UBS's business, contracts that include multiple performance obligations are typically those that are considered to include a series of similar performance obligations fulfilled over time with the same pattern of transfer to the client, e.g. management of client assets and custodial services. As a consequence, UBS is not required to apply significant judgment in allocating the consideration received across the various performance obligations.

PIT services are generally for a fixed price or dependent on deal size, e.g. a fixed number of basis points of trade size, where the amount of revenue is known when the performance obligation is met. Fixed-over-time fees are recognized on a straight-line basis over the performance period. Custodial and asset management fees can be variable through reference to the size of the customer portfolio. However, they are generally billed on a monthly or quarterly basis once the customer's portfolio size is known or known with near certainty and therefore also recognized ratably over the performance period. UBS does not recognize performance fees related to management of clients' assets or fees related to contingencies beyond UBS's control until such uncertainties are resolved.

UBS's fees are generally earned from short-term contracts. As a result, UBS's contracts do not include a financing component or result in the recognition of significant receivables or prepayment assets. Furthermore, due to the short-term nature of such contracts, UBS has not capitalized any material costs to obtain or fulfill a contract or generated any significant contract assets or liabilities.

UBS presents expenses primarily in line with their nature in the income statement, differentiating between expenses that are directly attributable to the satisfaction of specific performance obligations associated with the generation of revenues, which are generally presented within *Total revenues* as *Fee and commission expense*, and those that are related to personnel, general and administrative expenses, or depreciation and amortization, which are presented within *Operating expenses*. For derivatives execution and clearing services (where UBS acts as an agent), UBS only records its specific fees in the income statement, with fees payable to other parties not recognized as an expense but instead directly offset against the associated income collected from the given client.

› Refer to Note 5 for more information, including the disaggregation of revenues

**4) Share-based and other deferred compensation plans**

UBS recognizes expenses for deferred compensation awards over the period that the employee is required to provide service to become entitled to the award. Where the service period is shortened, for example in the case of employees affected by restructuring programs or mutually agreed termination provisions, recognition of such expense is accelerated to the termination date. Where no future service is required, such as for employees who are eligible for retirement or who have met certain age and length-of-service criteria, the services are presumed to have been received and compensation expense is recognized over the performance year or, in the case of off-cycle awards, immediately on the grant date.

**Share-based compensation plans**

Share-based compensation expense is measured by reference to the fair value of the equity instruments on the date of grant, taking into account the terms and conditions inherent in the award, including, where relevant, dividend rights, transfer restrictions in effect beyond the vesting date, market conditions, and non-vesting conditions.

For equity-settled awards, fair value is not remeasured unless the terms of the award are modified such that there is an incremental increase in value. Expenses are recognized, on a per-tranche basis, over the service period based on an estimate of the number of instruments expected to vest and are adjusted to reflect the actual outcomes of service or performance conditions.



## Note 1 Summary of material accounting policies (continued)

For equity-settled awards, forfeiture events resulting from a breach of a non-vesting condition (i.e. one that does not relate to a service or performance condition) do not result in any adjustment to the share-based compensation expense.

For cash-settled share-based awards, fair value is remeasured at each reporting date, so that the cumulative expense recognized equals the cash distributed.

### Other deferred compensation plans

Compensation expense for other deferred compensation plans is recognized on a per-tranche or straight-line basis, depending on the nature of the plan. The amount recognized is measured based on the present value of the amount expected to be paid under the plan and is remeasured at each reporting date, so that the cumulative expense recognized equals the cash or the fair value of respective financial instruments distributed.

› Refer to Note 27 for more information

## 5) Post-employment benefit plans

### Defined benefit plans

Defined benefit plans specify an amount of benefit that an employee will receive, which usually depends on one or more factors, such as age, years of service and compensation. The defined benefit liability recognized in the balance sheet is the present value of the defined benefit obligation, measured using the projected unit credit method, less the fair value of the plan's assets at the balance sheet date, with changes resulting from remeasurements recorded immediately in *Other comprehensive income*. If the fair value of the plan's assets is higher than the present value of the defined benefit obligation, the recognition of the resulting net asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Calculation of the net defined benefit obligation or asset takes into account the specific features of each plan, including risk sharing between employee and employer, and is calculated periodically by independent qualified actuaries.

#### Critical accounting estimates and judgments

The net defined benefit liability or asset at the balance sheet date and the related personnel expense depend on the expected future benefits to be provided, determined using a number of economic and demographic assumptions. A range of assumptions could be applied, and different assumptions could significantly alter the defined benefit liability or asset and pension expense recognized. The most significant assumptions include life expectancy, discount rate, expected salary increases, pension increases and interest credits on retirement savings account balances. Sensitivity analysis for reasonable possible movements in each significant assumption for UBS's post-employment obligations is provided in Note 26.

› Refer to Note 26 for more information

### Defined contribution plans

A defined contribution plan pays fixed contributions into a separate entity from which post-employment and other benefits are paid. UBS has no legal or constructive obligation to pay further amounts if the plan does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior periods. Compensation expense is recognized when the employees have rendered services in exchange for contributions. This is generally in the year of contribution. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

## 6) Income taxes

UBS is subject to the income tax laws of Switzerland and those of the non-Swiss jurisdictions in which UBS has business operations.

The Group's provision for income taxes is composed of current and deferred taxes. Current income taxes represent taxes to be paid or refunded for the current period or previous periods.

Deferred tax assets (DTAs) and deferred tax liabilities (DTLs) are recognized for temporary differences between the carrying amounts and tax bases of assets and liabilities that will result in deductible or taxable amounts, respectively in future periods. DTAs may also arise from other sources, including unused tax losses and unused tax credits. DTAs and DTLs are measured using the applicable tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and that will be in effect when such differences are expected to reverse.

DTAs are recognized only to the extent it is probable that sufficient taxable profits will be available against which these differences can be used. When an entity or tax group has a history of recent losses, DTAs are only recognized to the extent that there are sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized.

Deferred and current tax assets and liabilities are offset when: (i) they arise in the same tax reporting group; (ii) they relate to the same tax authority; (iii) the legal right to offset exists; and (iv) with respect to current taxes they are intended to be settled net or realized simultaneously.

## Note 1 Summary of material accounting policies (continued)

Current and deferred taxes are recognized as income tax benefit or expense in the income statement, except for current and deferred taxes recognized in relation to: (i) the acquisition of a subsidiary (for which such amounts would affect the amount of goodwill arising from the acquisition); (ii) gains and losses on the sale of treasury shares (for which the tax effects are recognized directly in *Equity*); (iii) unrealized gains or losses on financial instruments that are classified at FVOCI; (iv) changes in fair value of derivative instruments designated as cash flow hedges; (v) remeasurements of defined benefit plans; or (vi) certain foreign currency translations of foreign operations. Amounts relating to points (iii) through (vi) above are recognized in *Other comprehensive income* within *Equity*.

UBS reflects the potential effect of uncertain tax positions for which acceptance by the relevant tax authority is not considered probable by adjusting current or deferred taxes, as applicable, using either the most likely amount or expected value methods, depending on which method is deemed a better predictor of the basis on which, and extent to which, the uncertainty will be resolved.

### Critical accounting estimates and judgments

Tax laws are complex, and judgment and interpretations about the application of such laws are required when accounting for income taxes. UBS considers the performance of its businesses and the accuracy of historical forecasts and other factors when evaluating the recoverability of its DTAs, including the remaining tax loss carry-forward period, and its assessment of expected future taxable profits in the forecast period used for recognizing DTAs. Estimating future profitability and business plan forecasts is inherently subjective and is particularly sensitive to future economic, market and other conditions.

Forecasts are reviewed annually, but adjustments may be made at other times, if required. If recent losses have been incurred, convincing evidence is required to prove there is sufficient future profitability given that the value of UBS's DTAs may be affected, with effects primarily recognized through the income statement.

In addition, judgment is required to assess the expected value of uncertain tax positions and the related probabilities, including interpretation of tax laws, the resolution of any income-tax-related appeals and litigation.

➤ **Refer to Note 9 for more information**

## 7) Investments in associates

Interests in entities where UBS has significant influence over the financial and operating policies of these entities but does not have control are classified as investments in associates and accounted for under the equity method of accounting. Typically, UBS has significant influence when it holds, or has the ability to hold, between 20% and 50% of an entity's voting rights. Investments in associates are initially recognized at cost, and the carrying amount is increased or decreased after the date of acquisition to recognize the Group's share of the investee's comprehensive income and any impairment losses. The net investment in an associate is impaired if there is objective evidence of a loss event and the carrying amount of the investment in the associate exceeds its recoverable amount.

➤ **Refer to Note 28 for more information**

## 8) Property, equipment and software

*Property, equipment and software* is measured at cost less accumulated depreciation and impairment losses. Software development costs are capitalized only when the costs can be measured reliably and it is probable that future economic benefits will arise. Depreciation of property, equipment and software begins when they are available for use and is calculated on a straight-line basis over an asset's estimated useful life.

Property, equipment and software are generally tested for impairment at the appropriate cash-generating unit level, alongside goodwill and intangible assets as described in item 9 in this Note. An impairment charge is recognized for such assets if the recoverable amount is below its carrying amount. The recoverable amounts of such assets, other than property that has a market price, are generally determined using a replacement cost approach that reflects the amount that would be currently required by a market participant to replace the service capacity of the asset. If such assets are no longer used, they are tested individually for impairment.

➤ **Refer to Note 12 for more information**

## 9) Goodwill and other separately identifiable intangible assets

Goodwill represents the excess of the consideration over the fair value of identifiable assets, liabilities and contingent liabilities acquired that arises in a business combination. Goodwill is not amortized but is assessed for impairment at the end of each reporting period, or when indicators of impairment exist. UBS tests goodwill for impairment annually, irrespective of whether there is any indication of impairment. An impairment charge is recognized in the income statement if the carrying amount exceeds the recoverable amount of a cash-generating unit.

Negative goodwill, generally determined based on the difference between the (provisional) fair values for the identifiable assets acquired and liabilities assumed and consideration transferred, is recognized in the income statement on the acquisition date.

## Note 1 Summary of material accounting policies (continued)

Separately from goodwill, UBS recognizes identifiable intangible assets acquired in a business combination that were not previously recognized in the financial statements of the acquiree. Amortization of these intangible assets is recognized on a straight-line basis over their estimated useful life. These assets are tested for impairment at the appropriate cash-generating-unit level.

### Critical accounting estimates and judgments

UBS's methodology for goodwill impairment testing is based on a model that is most sensitive to the following key assumptions: (i) forecasts of earnings available to shareholders (typically estimated on a discrete basis for years one to three but could extend up to five years, as permitted under IFRS Accounting Standards, in order to reflect facts and circumstances specific to a cash-generating unit); (ii) changes in the discount rates; and (iii) changes in the long-term growth rate.

Earnings available to shareholders are estimated on the basis of forecast results, which are part of the business plan approved by the BoD. The discount rates and growth rates are determined using external information, and also considering inputs from both internal and external analysts and the view of management.

The key assumptions used to determine the recoverable amounts of each cash-generating unit are tested for sensitivity by applying reasonably possible changes to those assumptions.

› Refer to Notes 3 and 13 for more information

## 10) Provisions and contingent liabilities

Provisions are liabilities of uncertain timing or amount, and are generally recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, when: (i) UBS has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount of the obligation can be made. IAS 37 provisions are measured considering the best estimate of the consideration required to settle the present obligation at the balance sheet date.

When conditions required to recognize a provision are not met, a contingent liability is disclosed, unless the likelihood of an outflow of resources is remote. Contingent liabilities are also disclosed for possible obligations that arise from past events, the existence of which will be confirmed only by uncertain future events not wholly within the control of UBS.

Contingent liabilities, more specifically in relation to litigations, recognized in a business combination are initially measured at fair value. Subsequently, they are measured at the higher of the initial fair value and the amount that would be recognized in accordance with the requirements for provisions outlined above, until the contingency is resolved.

### Critical accounting estimates and judgments

Recognition of provisions often involves significant judgment in assessing the existence of an obligation that results from past events and in estimating the probability, the timing and the amount of any outflows of resources. This is particularly the case for litigation, regulatory and similar matters, which, due to their nature, are subject to many uncertainties, making their outcome difficult to predict.

The amount of any provision recognized is sensitive to the assumptions used, and there could be a wide range of possible outcomes for any particular matter.

Management regularly reviews all the available information regarding such matters, including legal advice, to assess whether the recognition criteria for provisions have been satisfied and to determine the timing and the amount of any potential outflows.

› Refer to item 1 in this Note, Note 2 and Note 18 for more information

## 11) Foreign currency translation

Transactions denominated in a foreign currency are translated into the functional currency of the reporting entity at the spot exchange rate on the date of the transaction. At the balance sheet date, all monetary assets, including those at FVOCI, and monetary liabilities denominated in foreign currency are translated into the functional currency using the closing exchange rate. Translation differences are reported in *Other net income from financial instruments measured at fair value through profit or loss*.

Non-monetary items measured at historical cost are translated at the exchange rate on the date of the transaction.

Upon consolidation, assets and liabilities of foreign operations are translated into US dollars, UBS's presentation currency, at the closing exchange rate on the balance sheet date, and income and expense items and other comprehensive income are translated at the average rate for the period. The resulting foreign currency translation differences are recognized in *Equity* and reclassified to the income statement when UBS disposes of, partially or in its entirety, the foreign operation and UBS no longer controls the foreign operation.

Share capital issued, share premium and treasury shares held are translated at the historic average rate, with the difference between the historic average rate and the spot rate realized upon repayment of share capital or disposal of treasury shares reported as *Share premium*. Cumulative amounts recognized in *Other comprehensive income* in respect of cash flow hedges and financial assets measured at FVOCI are translated at the closing exchange rate as of the balance sheet dates, with any translation effects adjusted through *Retained earnings*.

› Refer to Note 32 for more information

**12) UBS Group AG shares held (treasury shares)**

UBS Group AG shares held by the Group, including those purchased as part of market-making activities, are presented in *Equity* as *Treasury shares* at their acquisition cost and are deducted from *Equity* until they are canceled or reissued. The difference between the proceeds from sales of treasury shares and their weighted average cost (net of tax, if any) is reported as *Share premium*.

**13) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents consist of balances with an original maturity of three months or less including cash, money market paper and balances with central and other banks.

In certain circumstances cash and cash equivalent balances held by UBS are not available for the use by the Group, for example amounts placed at central banks to meet local statutory minimum reserve requirements, balances protected under client asset segregation rules and balances pledged under the depositor protection schemes.

**b) Changes in IFRS Accounting Standards and Interpretations**

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**IFRS 18, *Presentation and Disclosure in Financial Statements***

In April 2024, the IASB issued a new standard, IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. The main changes introduced by IFRS 18 relate to:

- the structure of income statements;
- new disclosure requirements for management performance measures; and
- enhanced guidance on aggregation and disaggregation of information on the face of financial statements and in the notes thereto.

IFRS 18 is effective from 1 January 2027 and will also apply to comparative information. UBS will first apply these new requirements in the Annual Report 2027 and, for interim reporting, in the first quarter 2027 interim report. UBS is assessing the impact of the new requirements on its reporting but expects it to be limited. UBS will evaluate the grouping of items in the primary financial statements and in the notes thereto based on new principles of aggregation and disaggregation in IFRS 18.

**Amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures***

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (the Amendments).

The Amendments relate to:

- derecognition of financial liabilities settled through electronic transfer systems;
- assessment of contractual cash flow characteristics in classifying financial assets, including those with environmental, social and corporate governance and similar features, non-recourse features, and contractually linked instruments; and
- disclosure of information about financial instruments with contingent features that can change the amount of contractual cash flows, as well as equity instruments designated at fair value through other comprehensive income.

The Amendments are effective from 1 January 2026, with early application permitted either for the entire set of amendments or for only those that relate to classification of financial instruments. UBS is currently assessing the impact of the new requirements on its financial statements.

**Other amendments to IFRS Accounting Standards**

The IASB has issued a number of minor amendments to IFRS Accounting Standards, effective from 1 January 2024 and later. These amendments do not have or are not expected to have a significant effect on UBS when they are adopted.

### The transaction

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. The acquisition of Credit Suisse Group AG constituted a business combination under IFRS 3, *Business Combinations*, and was required to be accounted for by applying the acquisition method of accounting.

### IFRS 3 measurement period adjustments for the acquisition of the Credit Suisse Group

The acquisition of Credit Suisse Group AG was made without the ordinary due diligence procedures and outside the conventional time frame for an acquisition of this scale and nature. As such, complete information about all relevant facts and circumstances as of the acquisition date was not practically available to UBS at the time when the initial acquisition accounting was applied, with the amounts that form part of the business combination accounting therefore considered provisional and subject to further measurement period adjustments if new information about facts and circumstances existing on the date of the acquisition were to be obtained within one year from the acquisition date. The acquisition of Credit Suisse Group AG resulted in provisional negative goodwill of USD 27.7bn reported in the UBS Group Annual Report 2023.

For details of the accounting for the acquisition, including measurement period adjustments effected during the year ended 31 December 2023, refer to "Note 1a Material accounting policies" and "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group Annual Report 2023.

In the second quarter of 2024, in light of the additional information about circumstances existing on the acquisition date that became available to management, IFRS 3 measurement period adjustments of USD 0.2bn were made in relation to *Provisions and contingent liabilities* (refer to "Change in provisions and contingent liabilities" below). In addition, fair value measurement adjustments of USD 0.3bn were made to the acquisition date fair values of exposures associated with Russia, as well as other positions in Non-core and Legacy, following the completion of a detailed review. The adjustments reflect management's final conclusions on critical assumptions and judgments, which are within a range of reasonably possible outcomes, relating to significant uncertainties that existed on the acquisition date. Comparative-period information has been revised accordingly.

The measurement period adjustments effected in the second quarter of 2024 resulted in a decrease in negative goodwill to USD 27.3bn from the provisional amount of USD 27.7bn previously reported in the UBS Group Annual Report 2023. Retained earnings have been revised to reflect the impact on the prior-period income statement of net USD 0.5bn. With the measurement period adjustments effected in the second quarter of 2024 and the finalization of the amount of negative goodwill, the acquisition accounting for the transaction is complete.

### Change in provisions and contingent liabilities

In addition to the existing USD 1.3bn litigation provisions previously recorded by the Credit Suisse Group, UBS recognized on the acquisition date USD 5.6bn in *Provisions and contingent liabilities* for additional litigation provisions and contingent liabilities, which includes USD 1.6bn for litigation provisions to reflect management's assessment of the associated probability, timing and amount considering new information, and USD 4.0bn contingent liabilities for certain obligations in respect of litigation, regulatory and similar matters identified in the purchase price allocation. The timing and actual amount of outflows associated with litigation matters are uncertain. UBS has continued to assess the development of these obligations and the amount and timing of potential outflows. The USD 4.0bn of contingent liabilities reflect an increase of USD 0.2bn in the second quarter of 2024 from the USD 3.8bn previously reported in the UBS Group Annual Report 2023.

### Effect of measurement period adjustments on the acquisition date balance sheet

The table below sets out the identifiable net assets attributable to the acquisition of the Credit Suisse Group as at the acquisition date adjusted to reflect the effects of measurement period adjustments made in the second quarter of 2024 detailed above.

## Note 2 Accounting for the acquisition of the Credit Suisse Group (continued)

USD m

|                                                                                      |       |
|--------------------------------------------------------------------------------------|-------|
| Purchase price consideration, after consideration of share-based compensation awards | 3,710 |
|--------------------------------------------------------------------------------------|-------|

### Credit Suisse Group net identifiable assets on the acquisition date

|                                                                                   | As previously<br>reported in the<br>Annual Report 2023 | Measurement period<br>adjustments made in<br>the second quarter of<br>2024 | Revised        |
|-----------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------|----------------|
| <b>Assets</b>                                                                     |                                                        |                                                                            |                |
| Cash and balances at central banks                                                | 93,012                                                 | (89)                                                                       | 92,923         |
| Amounts due from banks                                                            | 13,590                                                 | (15)                                                                       | 13,575         |
| Receivables from securities financing transactions measured at amortized cost     | 26,194                                                 |                                                                            | 26,194         |
| Cash collateral receivables on derivative instruments                             | 20,878                                                 |                                                                            | 20,878         |
| Loans and advances to customers                                                   | 247,219                                                | (175)                                                                      | 247,044        |
| Other financial assets measured at amortized cost                                 | 13,428                                                 | (43)                                                                       | 13,385         |
| <b>Total financial assets measured at amortized cost</b>                          | <b>414,322</b>                                         | <b>(322)</b>                                                               | <b>414,000</b> |
| Financial assets at fair value held for trading                                   | 56,237                                                 |                                                                            | 56,237         |
| Derivative financial instruments                                                  | 62,162                                                 |                                                                            | 62,162         |
| Brokerage receivables                                                             | 366                                                    |                                                                            | 366            |
| Financial assets at fair value not held for trading                               | 54,199                                                 |                                                                            | 54,199         |
| <b>Total financial assets measured at fair value through profit or loss</b>       | <b>172,964</b>                                         |                                                                            | <b>172,964</b> |
| <b>Financial assets measured at fair value through other comprehensive income</b> | <b>0</b>                                               |                                                                            | <b>0</b>       |
| Investments in associates                                                         | 1,569                                                  |                                                                            | 1,569          |
| Property, equipment and software                                                  | 6,055                                                  |                                                                            | 6,055          |
| Intangible assets                                                                 | 1,287                                                  |                                                                            | 1,287          |
| Deferred tax assets                                                               | 998                                                    |                                                                            | 998            |
| Other non-financial assets                                                        | 6,892                                                  |                                                                            | 6,892          |
| <b>Total assets</b>                                                               | <b>604,088</b>                                         | <b>(322)</b>                                                               | <b>603,766</b> |
| <b>Liabilities</b>                                                                |                                                        |                                                                            |                |
| Amounts due to banks                                                              | 107,617                                                |                                                                            | 107,617        |
| Payables from securities financing transactions measured at amortized cost        | 11,911                                                 |                                                                            | 11,911         |
| Cash collateral payables on derivative instruments                                | 10,939                                                 |                                                                            | 10,939         |
| Customer deposits                                                                 | 183,119                                                |                                                                            | 183,119        |
| Debt issued measured at amortized cost                                            | 110,491                                                |                                                                            | 110,491        |
| Other financial liabilities measured at amortized cost                            | 7,992                                                  |                                                                            | 7,992          |
| <b>Total financial liabilities measured at amortized cost</b>                     | <b>432,070</b>                                         |                                                                            | <b>432,070</b> |
| Financial liabilities at fair value held for trading                              | 5,711                                                  |                                                                            | 5,711          |
| Derivative financial instruments                                                  | 67,782                                                 |                                                                            | 67,782         |
| Brokerage payables designated at fair value                                       | 316                                                    |                                                                            | 316            |
| Debt issued designated at fair value                                              | 44,909                                                 |                                                                            | 44,909         |
| Other financial liabilities designated at fair value                              | 7,574                                                  |                                                                            | 7,574          |
| <b>Total financial liabilities measured at fair value through profit or loss</b>  | <b>126,292</b>                                         |                                                                            | <b>126,292</b> |
| Provisions and contingent liabilities                                             | 9,945                                                  | 161                                                                        | 10,106         |
| Other non-financial liabilities                                                   | 3,901                                                  |                                                                            | 3,901          |
| <b>Total liabilities</b>                                                          | <b>572,209</b>                                         | <b>161</b>                                                                 | <b>572,370</b> |
| Non-controlling interests                                                         | (285)                                                  |                                                                            | (285)          |
| <b>Fair value of net assets acquired</b>                                          | <b>31,594</b>                                          | <b>(483)</b>                                                               | <b>31,110</b>  |
| <b>Settlement of pre-existing relationships</b>                                   |                                                        |                                                                            |                |
|                                                                                   | 135                                                    |                                                                            | 135            |
| <b>Negative goodwill resulting from the acquisition</b>                           | <b>27,748</b>                                          | <b>(483)</b>                                                               | <b>27,264</b>  |



## Note 2 Accounting for the acquisition of the Credit Suisse Group (continued)

The tables below set out the consequential impact of the measurement period adjustments on the previously reported income statement for the year ended 31 December 2023, the balance sheet as of 31 December 2023, and the statement of cash flows for the year ended 31 December 2023.

### Effect of the measurement period adjustments on the income statement for the year ended 31 December 2023

|                                                                                           | For the year ended 31 December 2023              |                                                                   |         |
|-------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------|---------|
|                                                                                           | As previously reported in the Annual Report 2023 | Measurement period adjustments made in the second quarter of 2024 | Revised |
| <i>USD m</i>                                                                              |                                                  |                                                                   |         |
| Net interest income                                                                       | 7,297                                            |                                                                   | 7,297   |
| Other net income from financial instruments measured at fair value through profit or loss | 11,583                                           |                                                                   | 11,583  |
| Fee and commission income                                                                 | 23,766                                           |                                                                   | 23,766  |
| Fee and commission expense                                                                | (2,195)                                          |                                                                   | (2,195) |
| Net fee and commission income                                                             | 21,570                                           |                                                                   | 21,570  |
| Other income                                                                              | 384                                              |                                                                   | 384     |
| <b>Total revenues</b>                                                                     | 40,834                                           |                                                                   | 40,834  |
| <b>Negative goodwill</b>                                                                  | 27,748                                           | (483)                                                             | 27,264  |
| <b>Credit loss expense / (release)</b>                                                    | 1,037                                            |                                                                   | 1,037   |
| Personnel expenses                                                                        | 24,899                                           |                                                                   | 24,899  |
| General and administrative expenses                                                       | 10,156                                           |                                                                   | 10,156  |
| Depreciation, amortization and impairment of non-financial assets                         | 3,750                                            |                                                                   | 3,750   |
| <b>Operating expenses</b>                                                                 | 38,806                                           |                                                                   | 38,806  |
| <b>Operating profit / (loss) before tax</b>                                               | 28,739                                           | (483)                                                             | 28,255  |
| Tax expense / (benefit)                                                                   | 873                                              |                                                                   | 873     |
| <b>Net profit / (loss)</b>                                                                | 27,866                                           | (483)                                                             | 27,382  |
| Net profit / (loss) attributable to non-controlling interests                             | 16                                               |                                                                   | 16      |
| <b>Net profit / (loss) attributable to shareholders</b>                                   | 27,849                                           | (483)                                                             | 27,366  |

## Note 2 Accounting for the acquisition of the Credit Suisse Group (continued)

### Effect of the measurement period adjustments on the balance sheet as of 31 December 2023

| USD m                                                       | As of 31 December 2023                           |                                                                   |                  |
|-------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------|------------------|
|                                                             | As previously reported in the Annual Report 2023 | Measurement period adjustments made in the second quarter of 2024 | Revised          |
| <b>Assets</b>                                               |                                                  |                                                                   |                  |
| <b>Total financial assets measured at amortized cost</b>    | 1,189,773                                        | (322)                                                             | <b>1,189,451</b> |
| of which: Cash and balances at central banks                | 314,148                                          | (89)                                                              | <b>314,060</b>   |
| of which: Amounts due from banks                            | 21,161                                           | (15)                                                              | <b>21,146</b>    |
| of which: Loans and advances to customers                   | 639,844                                          | (175)                                                             | <b>639,669</b>   |
| of which: Other financial assets measured at amortized cost | 65,498                                           | (43)                                                              | <b>65,455</b>    |
| <b>Total assets</b>                                         | 1,717,246                                        | (322)                                                             | <b>1,716,924</b> |
| <b>Liabilities</b>                                          |                                                  |                                                                   |                  |
| Provisions and contingent liabilities                       | 12,250                                           | 161                                                               | <b>12,412</b>    |
| <b>Total liabilities</b>                                    | 1,630,607                                        | 161                                                               | <b>1,630,769</b> |
| <b>Equity</b>                                               |                                                  |                                                                   |                  |
| <b>Equity attributable to shareholders</b>                  | 86,108                                           | (483)                                                             | <b>85,624</b>    |
| of which: Retained earnings                                 | 74,880                                           | (483)                                                             | <b>74,397</b>    |
| <b>Total equity</b>                                         | 86,639                                           | (483)                                                             | <b>86,156</b>    |
| <b>Total liabilities and equity</b>                         | 1,717,246                                        | (322)                                                             | <b>1,716,924</b> |

### Effect of the measurement period adjustments on the statement of cash flows for the year ended 31 December 2023

| USD m                                                                                    | For the year ended 31 December 2023              |                                                                   |                 |
|------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------|-----------------|
|                                                                                          | As previously reported in the Annual Report 2023 | Measurement period adjustments made in the second quarter of 2024 | Revised         |
| <b>Cash flow from / (used in) operating activities</b>                                   |                                                  |                                                                   |                 |
| Net profit / (loss)                                                                      | 27,866                                           | (483)                                                             | <b>27,382</b>   |
| <b>Non-cash items included in net profit and other adjustments:</b>                      |                                                  |                                                                   |                 |
| of which: Negative goodwill                                                              | (27,748)                                         | 483                                                               | <b>(27,264)</b> |
| <b>Net cash flow from / (used in) operating activities</b>                               | 86,068                                           |                                                                   | <b>86,068</b>   |
| <b>Net cash flow from / (used in) investing activities</b>                               | 103,228                                          | (104)                                                             | <b>103,124</b>  |
| of which: Cash and cash equivalents acquired upon acquisition of the Credit Suisse Group | 108,510                                          | (104)                                                             | <b>108,406</b>  |
| <b>Net cash flow from / (used in) financing activities</b>                               | (58,262)                                         |                                                                   | <b>(58,262)</b> |
| <b>Total cash flow</b>                                                                   |                                                  |                                                                   |                 |
| <b>Cash and cash equivalents at the beginning of the period</b>                          | 195,321                                          |                                                                   | <b>195,321</b>  |
| Net cash flow from / (used in) operating, investing and financing activities             | 131,035                                          | (104)                                                             | <b>130,931</b>  |
| Effects of exchange rate differences on cash and cash equivalents                        | 13,955                                           |                                                                   | <b>13,955</b>   |
| <b>Cash and cash equivalents at the end of the period</b>                                | 340,311                                          | (104)                                                             | <b>340,207</b>  |
| of which: cash and balances at central banks                                             | 314,065                                          | (89)                                                              | <b>313,976</b>  |
| of which: amounts due from banks                                                         | 19,227                                           | (15)                                                              | <b>19,212</b>   |
| of which: money market paper                                                             | 7,018                                            |                                                                   | <b>7,018</b>    |

### Conclusion of an investment management agreement with Apollo and the transfer of senior secured asset-based financing

In the first quarter of 2024, UBS and entities associated with Apollo Global Management (Apollo) and Atlas SP (Atlas) entered into agreements to conclude the investment management agreement under which Atlas has managed Credit Suisse's retained portfolio of assets of its former securitized products group. Following the closure of this agreement, the assets previously managed by Atlas are to be managed in Non-core and Legacy. The parties also agreed to conclude the transition services agreement under which Credit Suisse has provided services to Atlas. In addition, Credit Suisse AG entered into an agreement with Apollo Capital Management (ACM) and other parties managed, controlled and / or advised by ACM or its affiliates (collectively, the Assignees) to transfer USD 8.0bn of senior secured asset-based financing, with USD 6.0bn funded as of 31 December 2023 recognized as financial assets at fair value held for trading at a fair value of USD 5.5bn and the remaining notional of USD 2.0bn recognized as derivative loan commitments at a fair value of USD 0.15bn, with the fair values of both financing components derecognized from the Group's balance sheet as of 31 March 2024. As part of the loan transfer, the Group extended a one-year senior swingline facility to the Assignees with a total amount as of 31 December 2024 of USD 0.75bn, which is accounted for as an off-balance sheet irrevocable commitment. In the first quarter of 2024, the Group recognized a net gain of USD 0.3bn from the conclusion of the investment management agreement and the assignment of the loan facilities, after the accounting for the purchase price allocation adjustments at the closing of the acquisition of the Credit Suisse Group.

### Other transactions related to businesses and subsidiaries of Credit Suisse

In June 2024, the Credit Suisse supply chain finance funds (the SCFFs) made a voluntary offer to the SCFFs' investors to redeem all outstanding fund units.

› Refer to Note 18 for more information

In August 2024 and October 2024, respectively, UBS has also entered into the agreements to sell Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, and its 50% interest in Swisscard AECS GmbH.

› Refer to Note 29 for more information

## Note 3a Segment reporting

UBS's businesses are organized globally into five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank, and Non-core and Legacy. All five business divisions are supported by our Group functions and qualify as reportable segments for the purpose of segment reporting. Together with the Group functions, the five business divisions reflect the management structure of the Group.

- **Global Wealth Management** provides financial services, advice and solutions to private wealth clients. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management and banking products and services.
- **Personal & Corporate Banking** serves its private, corporate, and institutional clients' needs, from banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.
- **Asset Management** is a global, large-scale and diversified asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutions, wholesale intermediaries and wealth management clients.
- The **Investment Bank** provides a range of services to institutional, corporate and wealth management clients globally, to help them raise capital, grow their businesses, invest and manage risks. Its offering includes research, advisory services, facilitating clients raising debt and equity from the public and private markets and capital markets, cash and derivatives trading across equities and fixed income, and financing.
- **Non-core and Legacy** includes positions and businesses not aligned with our long-term strategy and risk appetite. It consists of selected assets and liabilities from the Credit Suisse business divisions, as well as residual assets and liabilities from UBS's former Non-core and Legacy Portfolio that preceded the acquisition of the Credit Suisse Group and smaller amounts of assets and liabilities of UBS's business divisions that have been assessed as not strategic in light of that acquisition.
- Our Group functions are support and control functions that provide services to the Group. Virtually all costs incurred by the Group functions are allocated to the business divisions, leaving a residual amount that we refer to as **Group Items** in our segment reporting. Group functions include the following major areas: Group Services (which consists of the Group Operations and Technology Office, Group Compliance, Regulatory & Governance, Group Finance, Group Risk Control, Group Human Resources and Corporate Services, Communications & Branding, Group Legal, the Group Integration Office, Group Sustainability and Impact and the Chief Strategy Office) and Group Treasury.

### Note 3a Segment reporting (continued)

Financial information about the five business divisions and Group Items is presented separately in internal management reports to the Group Executive Board (the GEB), which is considered the “chief operating decision-maker” pursuant to IFRS 8, *Operating Segments*.

UBS’s internal accounting policies, which include management accounting policies and service level agreements, determine the revenues and expenses directly attributable to each reportable segment. Transactions between the reportable segments are carried out at internally agreed rates and are reflected in the operating results of the reportable segments. Revenue-sharing agreements are used to allocate external client revenues to reportable segments where several reportable segments are involved in the value creation chain. Total intersegment revenues for the Group are immaterial, as the majority of the revenues are allocated across the segments by means of revenue-sharing agreements. Interest income earned from managing UBS’s consolidated equity is allocated to the reportable segments based on average attributed equity and currency composition. Assets and liabilities of the reportable segments are funded through and invested with Group functions, and the net interest margin is reflected in the results of each reportable segment.

Segment assets are based on a third-party view and do not include intercompany balances. This view is in line with internal reporting to the GEB. If one operating segment is involved in an external transaction together with another operating segment or Group function, additional criteria are considered to determine the segment that will report the associated assets. This will include a consideration of which segment’s business needs are being addressed by the transaction and which segment is providing the funding and / or resources. Allocation of liabilities follows the same principles.

Non-current assets disclosed for segment reporting purposes represent assets that are expected to be recovered more than 12 months after the reporting date, excluding financial instruments, deferred tax assets and post-employment benefits.

As part of the continued refinement of UBS’s reporting structure and organizational setup, in the first quarter of 2024 certain changes were made, with an impact on segment reporting for UBS’s business divisions and Group Items. Prior-period information has been adjusted for comparability. The changes are as follows.

- **Change in business division perimeters:** UBS has transferred certain businesses from Swiss Bank (Credit Suisse), previously included in Personal & Corporate Banking, to Global Wealth Management. The change predominantly related to the high net worth client segment and represented approximately USD 72bn in invested assets and approximately USD 0.6bn in annualized revenues. A number of other smaller business shifts were also executed between the business divisions in the first quarter of 2024.
- **Changes to Group Treasury allocations:** UBS has allocated to the business divisions nearly all Group Treasury costs that historically were retained and reported in Group Items. Costs that continue to be retained in Group Items include costs related to hedging and own debt, and deferred tax asset funding costs. UBS has also aligned the internal funds transfer pricing methodologies applied by Credit Suisse entities to UBS’s funds transfer pricing methodology. These changes resulted in funding costs of approximately USD 0.3bn for 2023 moving from Group Items to the business divisions, predominantly related to the second half of 2023. In parallel with the aforementioned changes, UBS has increased the allocation of balance sheet resources from Group Treasury to the business divisions.
- **Updated cost allocations:** UBS has reallocated USD 0.3bn of annualized costs from Non-core and Legacy to the other business divisions, with the aim of avoiding stranded costs in Non-core and Legacy at the end of the integration process.

Following the changes outlined above, prior-period information for the twelve-month period ended 31 December 2023 has been restated, resulting in decreases in *Operating profit / (loss) before tax* of USD 144m for Global Wealth Management, USD 337m for Personal & Corporate Banking and USD 28m for the Investment Bank, and increases in *Operating profit / (loss) before tax* of USD 341m for Group Items, USD 154m for Non-core and Legacy and USD 14m for Asset Management.

Prior-period information as of 31 December 2023 has also been restated, resulting in increases of *Total assets* of USD 98.4bn in Global Wealth Management, USD 13.3bn in Personal & Corporate Banking, USD 28.9bn in the Investment Bank and USD 28.6bn in Non-core and Legacy, with a corresponding decrease of *Total assets* of USD 169.2bn in Group Items.

These changes had no effect on the reported results or financial position of the Group.

## Note 3a Segment reporting (continued)

|                                                  | Global Wealth<br>Management    | Personal &<br>Corporate<br>Banking | Asset<br>Management | Investment<br>Bank | Non-core and<br>Legacy | Group Items | UBS                               |           |
|--------------------------------------------------|--------------------------------|------------------------------------|---------------------|--------------------|------------------------|-------------|-----------------------------------|-----------|
| USD m                                            |                                |                                    |                     |                    |                        |             |                                   |           |
| For the year ended 31 December 2024              |                                |                                    |                     |                    |                        |             |                                   |           |
| Net interest income                              | 7,358                          | 5,650                              | (63)                | (3,597)            | 126                    | (2,365)     | 7,108                             |           |
| Non-interest income                              | 17,158                         | 3,684                              | 3,246               | 14,544             | 1,480                  | 1,391       | 41,503                            |           |
| Total revenues                                   | 24,516                         | 9,334                              | 3,182               | 10,948             | 1,605                  | (975)       | 48,611                            |           |
| Credit loss expense / (release)                  | (16)                           | 404                                | (1)                 | 97                 | 69                     | (2)         | 551                               |           |
| Operating expenses                               | 20,608                         | 5,741                              | 2,663               | 8,934              | 3,512                  | (220)       | 41,239                            |           |
| Operating profit / (loss) before tax             | 3,924                          | 3,189                              | 520                 | 1,917              | (1,976)                | (752)       | 6,821                             |           |
| Tax expense / (benefit)                          |                                |                                    |                     |                    |                        |             | 1,675                             |           |
| Net profit / (loss)                              |                                |                                    |                     |                    |                        |             | 5,146                             |           |
| Additional information                           |                                |                                    |                     |                    |                        |             |                                   |           |
| Total assets                                     | 559,601                        | 447,068                            | 22,702              | 453,422            | 68,260                 | 13,975      | 1,565,028                         |           |
| Additions to non-current assets                  | 889                            | 361                                | 100                 | 768                | 88                     | 0           | 2,206                             |           |
| USD m                                            |                                |                                    |                     |                    |                        |             |                                   |           |
|                                                  | Global<br>Wealth<br>Management | Personal &<br>Corporate<br>Banking | Asset<br>Management | Investment<br>Bank | Non-core and<br>Legacy | Group Items | Negative<br>goodwill <sup>1</sup> | UBS       |
| For the year ended 31 December 2023 <sup>2</sup> |                                |                                    |                     |                    |                        |             |                                   |           |
| Net interest income                              | 7,082                          | 4,878                              | (40)                | (2,915)            | 437                    | (2,144)     |                                   | 7,297     |
| Non-interest income                              | 14,474                         | 2,810                              | 2,726               | 11,619             | 260                    | 1,648       |                                   | 33,536    |
| Total revenues                                   | 21,556                         | 7,687                              | 2,686               | 8,703              | 697                    | (495)       |                                   | 40,834    |
| Negative goodwill                                |                                |                                    |                     |                    |                        |             | 27,264                            | 27,264    |
| Credit loss expense / (release)                  | 166                            | 482                                | 0                   | 190                | 193                    | 6           |                                   | 1,037     |
| Operating expenses                               | 17,945                         | 4,394                              | 2,353               | 8,585              | 5,091                  | 438         |                                   | 38,806    |
| Operating profit / (loss) before tax             | 3,445                          | 2,811                              | 332                 | (72)               | (4,587)                | (938)       | 27,264                            | 28,255    |
| Tax expense / (benefit)                          |                                |                                    |                     |                    |                        |             |                                   | 873       |
| Net profit / (loss)                              |                                |                                    |                     |                    |                        |             |                                   | 27,382    |
| Additional information                           |                                |                                    |                     |                    |                        |             |                                   |           |
| Total assets <sup>1,2</sup>                      | 567,648                        | 483,794                            | 21,804              | 428,269            | 201,131                | 14,277      |                                   | 1,716,924 |
| Additions to non-current assets                  | 2,584                          | 3,279                              | 709                 | 530                | 3,062                  | 550         |                                   | 10,714    |
| USD m                                            |                                |                                    |                     |                    |                        |             |                                   |           |
|                                                  | Global Wealth<br>Management    | Personal &<br>Corporate<br>Banking | Asset<br>Management | Investment<br>Bank | Non-core and<br>Legacy | Group Items |                                   | UBS       |
| For the year ended 31 December 2022              |                                |                                    |                     |                    |                        |             |                                   |           |
| Net interest income                              | 5,273                          | 2,191                              | (19)                | (242)              | 1                      | (585)       |                                   | 6,621     |
| Non-interest income                              | 13,694                         | 2,111                              | 2,980 <sup>3</sup>  | 8,958              | 236                    | (37)        |                                   | 27,942    |
| Total revenues                                   | 18,967                         | 4,302                              | 2,961               | 8,717              | 237                    | (622)       |                                   | 34,563    |
| Credit loss expense / (release)                  | 0                              | 39                                 | 0                   | (12)               | 2                      | 1           |                                   | 29        |
| Operating expenses                               | 13,989                         | 2,452                              | 1,564               | 6,832              | 104                    | (12)        |                                   | 24,930    |
| Operating profit / (loss) before tax             | 4,977                          | 1,812                              | 1,397               | 1,897              | 131                    | (611)       |                                   | 9,604     |
| Tax expense / (benefit)                          |                                |                                    |                     |                    |                        |             |                                   | 1,942     |
| Net profit / (loss)                              |                                |                                    |                     |                    |                        |             |                                   | 7,661     |
| Additional information                           |                                |                                    |                     |                    |                        |             |                                   |           |
| Total assets                                     | 388,530                        | 235,226                            | 17,348              | 391,320            | 13,367                 | 58,574      |                                   | 1,104,364 |
| Additions to non-current assets                  | 42                             | 13                                 | 1                   | 34                 | 0                      | 1,970       |                                   | 2,060     |

1 Comparative-period information has been revised to reflect measurement period adjustments. Refer to Note 2 for more information. 2 Comparative-period information has been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. 3 Includes an USD 848m gain in Asset Management related to the sale of UBS's shareholding in Mitsubishi Corp.-UBS Realty Inc.

## Note 3b Segment reporting by geographic location

The operating regions shown in the table below correspond to the regional management structure of the Group. The allocation of total revenues to these regions reflects, and is consistent with, the basis on which the business is managed and its performance is evaluated. These allocations involve assumptions and judgments that management considers to be reasonable and may be refined to reflect changes in estimates or management structure. The main principles of the allocation methodology are that client revenues are attributed to the domicile of the given client, and trading and portfolio management revenues are attributed to the country where the risk is managed. This revenue attribution is consistent with the mandate of the regional Presidents. Certain revenues, such as those related to Non-core and Legacy and Group Items, are included in the *Global* line.

The geographical analysis of non-current assets is based on the location of the entity in which the given assets are recorded.

For 2023, the allocation of total revenues by geographical region for Credit Suisse is not available on the same allocation basis as for the UBS Group and the cost to develop this information would have been excessive. Therefore, as permitted under IFRS 8, the respective information is not disclosed. UBS AG and Credit Suisse AG disclosed total revenues by geographical region in their 2023 annual reports according to their respective allocation methodologies.

- › Refer to “UBS AG consolidated financial information” in the “Consolidated financial statements” section of the UBS AG Annual Report 2023 for more information on total revenues by geographical region for UBS AG
- › Refer to the Credit Suisse AG consolidated financial statements 2023, available at <https://www.ubs.com/global/en/investor-relations/complementary-financial-information/disclosure-legal-entities/credit-suisse-ag-consolidated.html>, for more information on total revenues by geographical region for Credit Suisse AG

### For the year ended 31 December 2024

|                                                        | Total revenues |            | Total non-current assets |            |
|--------------------------------------------------------|----------------|------------|--------------------------|------------|
|                                                        | USD bn         | Share %    | USD bn                   | Share %    |
| Americas <sup>1</sup>                                  | 16.8           | 35         | 8.6                      | 35         |
| Asia Pacific                                           | 6.8            | 14         | 1.4                      | 6          |
| Europe, Middle East and Africa (excluding Switzerland) | 7.7            | 16         | 3.1                      | 12         |
| Switzerland                                            | 15.1           | 31         | 11.6                     | 47         |
| Global <sup>2</sup>                                    | 2.2            | 5          | 0.0                      | 0          |
| <b>Total</b>                                           | <b>48.6</b>    | <b>100</b> | <b>24.7</b>              | <b>100</b> |

### For the year ended 31 December 2023

|                                                        | Total revenues <sup>3</sup> |         | Total non-current assets |            |
|--------------------------------------------------------|-----------------------------|---------|--------------------------|------------|
|                                                        | USD bn                      | Share % | USD bn                   | Share %    |
| Americas <sup>1</sup>                                  |                             |         | 9.4                      | 34         |
| Asia Pacific                                           |                             |         | 1.7                      | 6          |
| Europe, Middle East and Africa (excluding Switzerland) |                             |         | 3.3                      | 12         |
| Switzerland                                            |                             |         | 13.3                     | 48         |
| Global                                                 |                             |         | 0.0                      | 0          |
| <b>Total</b>                                           |                             |         | <b>27.7</b>              | <b>100</b> |

### For the year ended 31 December 2022

|                                                        | Total revenues |            | Total non-current assets |            |
|--------------------------------------------------------|----------------|------------|--------------------------|------------|
|                                                        | USD bn         | Share %    | USD bn                   | Share %    |
| Americas <sup>1</sup>                                  | 13.8           | 40         | 8.9                      | 46         |
| Asia Pacific                                           | 5.6            | 16         | 1.5                      | 8          |
| Europe, Middle East and Africa (excluding Switzerland) | 7.0            | 20         | 2.9                      | 15         |
| Switzerland                                            | 7.7            | 22         | 6.3                      | 32         |
| Global                                                 | 0.5            | 1          | 0.0                      | 0          |
| <b>Total</b>                                           | <b>34.6</b>    | <b>100</b> | <b>19.7</b>              | <b>100</b> |

<sup>1</sup> Predominantly related to the US. <sup>2</sup> Includes certain revenues in Asset Management and Global Wealth Management that were not allocated to geographical regions. <sup>3</sup> For 2023, the allocation of total revenues by geographical region for Credit Suisse is not available on the same allocation basis as for the UBS Group and the cost to develop this information would have been excessive. Therefore, as permitted under IFRS 8, the respective information is not disclosed.



## Income statement notes

### Note 4 Net interest income and other net income from financial instruments measured at fair value through profit or loss

|                                                                                                                                          | For the year ended |               |               |
|------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------|---------------|
| USD m                                                                                                                                    | 31.12.24           | 31.12.23      | 31.12.22      |
| Net interest income from financial instruments measured at fair value through profit or loss and other                                   | 7,061              | 3,770         | 1,403         |
| Other net income from financial instruments measured at fair value through profit or loss <sup>1</sup>                                   | 14,690             | 11,583        | 7,517         |
| <b>Total net income from financial instruments measured at fair value through profit or loss and other</b>                               | <b>21,752</b>      | <b>15,353</b> | <b>8,920</b>  |
| <b>Net interest income</b>                                                                                                               |                    |               |               |
| Interest income from loans and deposits <sup>2</sup>                                                                                     | 32,494             | 28,569        | 9,612         |
| Interest income from securities financing transactions measured at amortized cost <sup>3</sup>                                           | 4,074              | 3,948         | 1,378         |
| Interest income from other financial instruments measured at amortized cost                                                              | 1,371              | 1,187         | 545           |
| Interest income from debt instruments measured at fair value through other comprehensive income                                          | 104                | 103           | 74            |
| Interest resulting from derivative instruments designated as cash flow hedges                                                            | (2,049)            | (2,064)       | 173           |
| <b>Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>     | <b>35,994</b>      | <b>31,743</b> | <b>11,782</b> |
| Interest expense on loans and deposits <sup>4</sup>                                                                                      | 19,653             | 15,011        | 2,579         |
| Interest expense on securities financing transactions measured at amortized cost <sup>5</sup>                                            | 2,051              | 1,968         | 1,089         |
| Interest expense on debt issued                                                                                                          | 14,053             | 11,072        | 2,803         |
| Interest expense on lease liabilities                                                                                                    | 191                | 166           | 92            |
| <b>Total interest expense from financial instruments measured at amortized cost</b>                                                      | <b>35,947</b>      | <b>28,216</b> | <b>6,564</b>  |
| <b>Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b> | <b>47</b>          | <b>3,527</b>  | <b>5,218</b>  |
| <b>Total net interest income from financial instruments measured at fair value through profit or loss and other</b>                      | <b>7,061</b>       | <b>3,770</b>  | <b>1,403</b>  |
| <b>Total net interest income</b>                                                                                                         | <b>7,108</b>       | <b>7,297</b>  | <b>6,621</b>  |

1 Includes net losses from financial liabilities designated at fair value of USD 1,836m (net losses of USD 4,843m in 2023 and net gains of USD 17,037m in 2022). This complementary "of which" information for financial liabilities designated at fair value excludes fair value changes on hedges related to financial liabilities designated at fair value, and foreign currency translation effects arising from translating foreign currency transactions into the respective functional currency, both of which are reported within Other net income from financial instruments measured at fair value through profit or loss. Net gains / (losses) from financial liabilities designated at fair value included net losses of USD 1,844m (net losses of USD 2,045m and net gains of USD 4,112m in 2023 and 2022, respectively) from financial liabilities related to unit-linked investment notes issued by UBS's Asset Management business division. These gains / (losses) are fully offset within Other net income from financial instruments measured at fair value through profit or loss by the fair value change on the financial assets hedging the unit-linked investment contracts, which are not disclosed as part of Net gains / (losses) from financial liabilities designated at fair value. 2 Consists of interest income from cash and balances at central banks, amounts due from 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. 3 Includes negative interest, including fees, on payables from securities financing transactions measured at amortized cost. 4 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, amounts due from banks, and cash collateral receivables on derivative instruments. 5 Includes interest expense on payables from securities financing transactions and negative interest, including fees, on receivables from securities financing transactions measured at amortized cost.

Total combined net interest income and other net income from financial instruments measured at fair value through profit or loss increased by USD 2,918m to USD 21,798m, largely as a result of the consolidation of Credit Suisse revenues for the full year, and included an increase of USD 363m in accretion impacts resulting from purchase price allocation (PPA) adjustments on financial instruments and other PPA effects. Accretion from PPA adjustments is included within *Interest income from loans and deposits*.

### Note 5 Net fee and commission income

|                                                    | For the year ended |               |               |
|----------------------------------------------------|--------------------|---------------|---------------|
| USD m                                              | 31.12.24           | 31.12.23      | 31.12.22      |
| Underwriting fees                                  | 786                | 568           | 579           |
| M&A and corporate finance fees                     | 1,049              | 840           | 804           |
| Brokerage fees                                     | 4,586              | 3,542         | 3,484         |
| Investment fund fees                               | 5,767              | 4,837         | 4,942         |
| Portfolio management and related services          | 12,323             | 10,673        | 9,059         |
| Other                                              | 4,217              | 3,306         | 1,920         |
| <b>Total fee and commission income<sup>1</sup></b> | <b>28,730</b>      | <b>23,766</b> | <b>20,789</b> |
| <i>of which: recurring</i>                         | <i>18,208</i>      | <i>15,911</i> | <i>14,229</i> |
| <i>of which: transaction-based</i>                 | <i>10,371</i>      | <i>7,761</i>  | <i>6,492</i>  |
| <i>of which: performance-based</i>                 | <i>150</i>         | <i>94</i>     | <i>68</i>     |
| <b>Fee and commission expense</b>                  | <b>2,592</b>       | <b>2,195</b>  | <b>1,823</b>  |
| <b>Net fee and commission income</b>               | <b>26,138</b>      | <b>21,570</b> | <b>18,966</b> |

1 For the year ended 31 December 2024, reflects third-party fee and commission income of USD 16,341m for Global Wealth Management, USD 2,996m for Personal & Corporate Banking, USD 3,737m for Asset Management, USD 5,235m for the Investment Bank, negative USD 7m for Group Items and USD 428m for Non-core and Legacy (for the year ended 31 December 2023: USD 13,950m for Global Wealth Management, USD 2,417m for Personal & Corporate Banking, USD 3,376m for Asset Management, USD 3,979m for the Investment Bank, negative USD 85m for Group Items and USD 128m for Non-core and Legacy; for the year ended 31 December 2022: USD 12,990m for Global Wealth Management, USD 1,654m for Personal & Corporate Banking, USD 2,840m for Asset Management, USD 3,296m for the Investment Bank, USD 10m for Group Items and USD 0m for Non-core and Legacy). Comparative-period information has been restated for changes in business division perimeters, Group Treasury allocations and Non-core and Legacy cost allocations. Refer to Note 3 for more information about the relevant changes.

*Net fee and commission income* increased by USD 4,568m to USD 26,138m, largely as a result of the consolidation of Credit Suisse revenues for the full year, and included an increase of USD 257m in accretion of purchase price allocation (PPA) adjustments on financial instruments and other PPA effects, which was reflected in other fee and commission income. Accretion of PPA adjustments on financial instruments is accelerated when the related financial instrument is terminated or disposed of before its contractual maturity.

## Note 6 Other income

| USD m                                                                                                             | For the year ended |                  |                  |
|-------------------------------------------------------------------------------------------------------------------|--------------------|------------------|------------------|
|                                                                                                                   | 31.12.24           | 31.12.23         | 31.12.22         |
| <b>Associates, joint ventures and subsidiaries</b>                                                                |                    |                  |                  |
| Net gains / (losses) from acquisitions and disposals of subsidiaries <sup>1</sup>                                 | 9                  | 24               | 148              |
| Net gains / (losses) from disposals of investments in associates and joint ventures                               | 135                | 4                | 844 <sup>2</sup> |
| Share of net profits of associates and joint ventures <sup>3</sup>                                                | 144                | (348)            | 32               |
| <b>Total</b>                                                                                                      | <b>288</b>         | <b>(319)</b>     | <b>1,024</b>     |
| Net gains / (losses) from disposals of financial assets measured at fair value through other comprehensive income | 0                  | 3                | (1)              |
| Income from properties <sup>4</sup>                                                                               | 49                 | 39               | 20               |
| Net gains / (losses) from properties held for sale                                                                | (17)               | 12               | 24               |
| Other <sup>5</sup>                                                                                                | 354 <sup>6</sup>   | 648 <sup>7</sup> | 391 <sup>8</sup> |
| <b>Total other income</b>                                                                                         | <b>675</b>         | <b>384</b>       | <b>1,459</b>     |

<sup>1</sup> Includes foreign exchange gains / (losses) reclassified from other comprehensive income related to the disposal or closure of foreign operations. Refer to Note 29 for more information about UBS's acquisitions and disposals of subsidiaries and businesses. <sup>2</sup> 2022 included an USD 848m gain related to the sale of UBS's shareholding in Mitsubishi Corp.-UBS Realty Inc. <sup>3</sup> 2024 includes a loss of USD 80m due to UBS's share of proportionate impairment losses reflected in the profit and loss of an associate (2023: loss of USD 508m). <sup>4</sup> Includes rent received from third parties. <sup>5</sup> 2024 includes gains of USD 21m related to the repurchase of UBS's own debt instruments (compared with gains of USD 160m in 2023 and gains of USD 98m in 2022). <sup>6</sup> Includes USD 113m net gains in Asset Management from the sale of the Brazilian real estate fund management business. <sup>7</sup> Includes USD 174m of mortgage servicing rights fee income from the Credit Suisse Group. <sup>8</sup> Mainly relates to a portion of the total USD 133m gain on the sale of UBS's domestic wealth management business in Spain of USD 111m (with the remaining amount disclosed within Net gains / (losses) from acquisitions and disposals of subsidiaries), income of USD 111m related to a legacy litigation settlement and a legacy bankruptcy claim.

## Note 7 Personnel expenses

| USD m                                           | For the year ended |               |               |
|-------------------------------------------------|--------------------|---------------|---------------|
|                                                 | 31.12.24           | 31.12.23      | 31.12.22      |
| Salaries <sup>1</sup>                           | 12,178             | 10,997        | 7,045         |
| Variable compensation <sup>2</sup>              | 10,870             | 9,845         | 7,954         |
| <i>of which: performance awards</i>             | <i>4,456</i>       | <i>3,986</i>  | <i>3,205</i>  |
| <i>of which: financial advisors<sup>3</sup></i> | <i>5,293</i>       | <i>4,549</i>  | <i>4,508</i>  |
| <i>of which: other</i>                          | <i>1,121</i>       | <i>1,310</i>  | <i>241</i>    |
| Contractors                                     | 325                | 334           | 323           |
| Social security                                 | 1,622              | 1,473         | 944           |
| Post-employment benefit plans <sup>4</sup>      | 1,310              | 1,361         | 794           |
| <i>of which: defined benefit plans</i>          | <i>731</i>         | <i>847</i>    | <i>437</i>    |
| <i>of which: defined contribution plans</i>     | <i>578</i>         | <i>514</i>    | <i>357</i>    |
| Other personnel expenses                        | 1,013              | 890           | 621           |
| <b>Total personnel expenses</b>                 | <b>27,318</b>      | <b>24,899</b> | <b>17,680</b> |

<sup>1</sup> Includes role-based allowances. <sup>2</sup> Refer to Note 27 for more information. <sup>3</sup> Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. <sup>4</sup> Refer to Note 26 for more information. Includes curtailment gains of USD 104m for the year ended 31 December 2024 (for the year ended 31 December 2023: USD 29m; for the year ended 31 December 2022: USD 20m), which represent a reduction in the defined benefit obligation related to the Swiss pension plans resulting from a decrease in headcount following restructuring activities.

Personnel expenses increased by USD 2,419m to USD 27,318m, largely due to the consolidation of Credit Suisse expenses for the full year and included employee costs arising due to the integration of the legacy operations of Credit Suisse into the UBS Group.

## Note 8 General and administrative expenses

| USD m                                                   | For the year ended |                    |              |
|---------------------------------------------------------|--------------------|--------------------|--------------|
|                                                         | 31.12.24           | 31.12.23           | 31.12.22     |
| Outsourcing costs                                       | 1,816              | 1,492              | 896          |
| Technology costs                                        | 2,356              | 1,851              | 1,146        |
| Consulting, legal and audit fees                        | 1,616              | 1,619              | 592          |
| Real estate and logistics costs                         | 1,200              | 1,342              | 605          |
| Market data services                                    | 749                | 684                | 419          |
| Marketing and communication                             | 575                | 408                | 265          |
| Travel and entertainment                                | 337                | 278                | 172          |
| Litigation, regulatory and similar matters <sup>1</sup> | (128)              | 809                | 348          |
| Other                                                   | 1,604              | 1,673 <sup>2</sup> | 746          |
| <b>Total general and administrative expenses</b>        | <b>10,124</b>      | <b>10,156</b>      | <b>5,189</b> |

<sup>1</sup> Reflects the net increase / (decrease) in provisions for litigation, regulatory and similar matters recognized in the income statement, including a release of IFRS 3 acquisition-related contingent liabilities. Refer to Note 18 for more information. <sup>2</sup> Includes USD 296m attributable to setting up a provision related to onerous contracts.

General and administrative expenses decreased by USD 32m to USD 10,124m and included expenses arising due to the integration of the legacy operations of Credit Suisse into the UBS Group.

## Note 9 Income taxes

| USD m                                                                          | For the year ended |              |              |
|--------------------------------------------------------------------------------|--------------------|--------------|--------------|
|                                                                                | 31.12.24           | 31.12.23     | 31.12.22     |
| <b>Tax expense / (benefit)</b>                                                 |                    |              |              |
| <b>Swiss</b>                                                                   |                    |              |              |
| Current                                                                        | 672                | 883          | 730          |
| Deferred                                                                       | 296                | 152          | (15)         |
| <b>Total Swiss</b>                                                             | <b>968</b>         | <b>1,035</b> | <b>715</b>   |
| <b>Non-Swiss</b>                                                               |                    |              |              |
| Current                                                                        | 1,498              | 684          | 718          |
| Deferred                                                                       | (791)              | (846)        | 509          |
| <b>Total non-Swiss</b>                                                         | <b>707</b>         | <b>(162)</b> | <b>1,227</b> |
| <b>Total income tax expense / (benefit) recognized in the income statement</b> | <b>1,675</b>       | <b>873</b>   | <b>1,942</b> |

### Income tax recognized in the income statement

The Swiss current tax expenses related to taxable profits of UBS Switzerland AG and other Swiss entities.

The net Swiss deferred tax expenses included expenses of USD 361m that primarily related to the amortization of deferred tax assets (DTAs) previously recognized in relation to deductible temporary differences, partly offset by a benefit of USD 65m in respect of a net upward revaluation of DTAs.

The non-Swiss current tax expenses included USD 831m that mainly related to US corporate alternative minimum tax, with an equivalent deferred tax benefit for DTAs recognized in respect of tax credits carried forward and USD 667m in respect of other taxable profits of non-Swiss subsidiaries and branches.

The net non-Swiss deferred tax benefit included benefits of USD 831m related to the aforementioned deferred tax benefit and USD 417m in respect of a net upward revaluation of DTAs, partly offset by an expense of USD 457m that primarily related to the amortization of DTAs previously recognized in relation to tax losses carried forward and deductible temporary differences.

The Group's effective tax rate for the year was 24.6%, although it would have been 31.6% without the aforementioned deferred tax benefits from DTA revaluations. This is higher than the Group's structural rate of 23%, mainly because its net profit includes operating losses of certain entities, mostly reflecting expenses related to the integration of the legacy operations of Credit Suisse into the UBS Group, which include restructuring costs and other expenses resulting from the ongoing integration activities that did not result in any tax benefits because they cannot be offset with profits of other entities in the Group, and did not result in any DTA recognition.

## Note 9 Income taxes (continued)

| USD m                                                                             | For the year ended |            |              |
|-----------------------------------------------------------------------------------|--------------------|------------|--------------|
|                                                                                   | 31.12.24           | 31.12.23   | 31.12.22     |
| Operating profit / (loss) before tax                                              | 6,821              | 28,255     | 9,604        |
| of which: Swiss                                                                   | 3,002              | 32,237     | 4,425        |
| of which: non-Swiss                                                               | 3,819              | (3,981)    | 5,178        |
| Income taxes at Swiss tax rate of 18.5% for 2024, 18.5% for 2023 and 18% for 2022 | 1,262              | 5,227      | 1,729        |
| Increase / (decrease) resulting from:                                             |                    |            |              |
| Non-Swiss tax rates differing from Swiss tax rate                                 | (197)              | (224)      | 284          |
| Tax effects of losses not recognized                                              | 1,012              | 1,584      | 74           |
| Previously unrecognized tax losses now utilized                                   | (454)              | (401)      | (217)        |
| Non-taxable and lower-taxed income <sup>1</sup>                                   | (447)              | (5,641)    | (335)        |
| Non-deductible expenses and additional taxable income                             | 1,774              | 1,651      | 429          |
| Adjustments related to prior years, current tax                                   | (102)              | (87)       | (41)         |
| Adjustments related to prior years, deferred tax                                  | 9                  | (1)        | 13           |
| Change in deferred tax recognition                                                | (1,480)            | (1,288)    | (217)        |
| Adjustments to deferred tax balances arising from changes in tax rates            | (40)               | 26         | 0            |
| Other items                                                                       | 338                | 25         | 222          |
| <b>Income tax expense / (benefit)</b>                                             | <b>1,675</b>       | <b>873</b> | <b>1,942</b> |

<sup>1</sup> The reconciling item for non-taxable and lower-taxed income for 2023 primarily reflects that the negative goodwill gain that was recorded in the income statement in relation to the acquisition of the Credit Suisse Group did not result in any tax expense.

The components of operating profit before tax, and the differences between income tax expense reflected in the financial statements and the amounts calculated at the Swiss tax rate, are provided in the table above and explained below.

| Component                                                                     | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Non-Swiss tax rates differing from the Swiss tax rate</b>                  | To the extent that Group profits or losses arise outside Switzerland, the applicable local tax rate may differ from the Swiss tax rate. This item reflects, for such profits, an adjustment from the tax expense that would arise at the Swiss tax rate to the tax expense that would arise at the applicable local tax rate. Similarly, it reflects, for such losses, an adjustment from the tax benefit that would arise at the Swiss tax rate to the tax benefit that would arise at the applicable local tax rate. |
| <b>Tax effects of losses not recognized</b>                                   | This item relates to tax losses of entities arising in the year that are not recognized as DTAs and where no tax benefit arises in relation to those losses. Therefore, the tax benefit calculated by applying the local tax rate to those losses as described above is reversed.                                                                                                                                                                                                                                      |
| <b>Previously unrecognized tax losses now utilized</b>                        | This item relates to taxable profits of the year that are offset by tax losses of previous years for which no DTAs were previously recorded. Consequently, no current tax or deferred tax expense arises in relation to those taxable profits and the tax expense calculated by applying the local tax rate on those profits is reversed.                                                                                                                                                                              |
| <b>Non-taxable and lower-taxed income</b>                                     | This item relates to tax deductions for the year in respect of permanent differences. These include deductions in respect of profits that are either not taxable or are taxable at a lower rate of tax than the local tax rate. They also include deductions made for tax purposes, which are not reflected in the accounts.                                                                                                                                                                                           |
| <b>Non-deductible expenses and additional taxable income</b>                  | This item relates to additional taxable income for the year in respect of permanent differences. These include income that is recognized for tax purposes by an entity but is not included in its profit that is reported in the financial statements, as well as expenses for the year that are non-deductible (e.g. client entertainment costs are not deductible in certain locations).                                                                                                                             |
| <b>Adjustments related to prior years, current tax</b>                        | This item relates to adjustments to current tax expense for prior years (e.g. if the tax payable for a year is agreed with the tax authorities in an amount that differs from the amount previously reflected in the financial statements).                                                                                                                                                                                                                                                                            |
| <b>Adjustments related to prior years, deferred tax</b>                       | This item relates to adjustments to deferred tax positions recognized in prior years (e.g. if a tax loss for a year is fully recognized and the amount of the tax loss agreed with the tax authorities is expected to differ from the amount previously recognized as DTAs in the accounts).                                                                                                                                                                                                                           |
| <b>Change in deferred tax recognition</b>                                     | This item relates to changes in DTAs, including changes in DTAs previously recognized resulting from reassessments of expected future taxable profits. It also includes changes in temporary differences in the year, for which deferred tax is not recognized.                                                                                                                                                                                                                                                        |
| <b>Adjustments to deferred tax balances arising from changes in tax rates</b> | This item relates to remeasurements of DTAs and liabilities recognized due to changes in tax rates. These have the effect of changing the future tax saving that is expected from tax losses or deductible tax differences and therefore the amount of DTAs recognized or, alternatively, changing the tax cost of additional taxable income from taxable temporary differences and therefore the deferred tax liability.                                                                                              |
| <b>Other items</b>                                                            | Other items include other differences between profits or losses at the local tax rate and the actual local tax expense or benefit, including movements in provisions for uncertain positions in relation to the current year and other items.                                                                                                                                                                                                                                                                          |

### Income tax recognized directly in equity

A net tax expense of USD 9m was recognized in *Other comprehensive income* (2023: net expense of USD 314m) and a net tax benefit of USD 23m was recognized in *Share premium* (2023: net benefit of USD 19m).

## Note 9 Income taxes (continued)

### Deferred tax assets and liabilities

The Group has gross DTAs, valuation allowances and recognized DTAs related to tax loss carry-forwards and deductible temporary differences, as well as deferred tax liabilities in respect of taxable temporary differences, as shown in the table below. The valuation allowances reflect DTAs that were not recognized because, as of the last remeasurement period, management did not consider it probable that there would be sufficient future taxable profits available to utilize the related tax loss carry-forwards and deductible temporary differences.

The recognition of DTAs is supported by forecasts of taxable profits for the entities concerned. In addition, tax planning opportunities are available that would result in additional future taxable income and these would be utilized, if necessary.

Deferred tax liabilities are recognized in respect of investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that the Group can control the timing of the reversal of the associated taxable temporary difference and it is probable that such will not reverse in the foreseeable future. However, as of 31 December 2024, this exception was not considered to apply to any taxable temporary differences.

| USD m                                                                         | 31.12.24      |                     |                           | 31.12.23      |                     |                           |
|-------------------------------------------------------------------------------|---------------|---------------------|---------------------------|---------------|---------------------|---------------------------|
|                                                                               | Gross         | Valuation allowance | Recognized                | Gross         | Valuation allowance | Recognized                |
| <b>Deferred tax assets<sup>1</sup></b>                                        |               |                     |                           |               |                     |                           |
| Tax loss carry-forwards                                                       | 19,940        | (17,663)            | 2,277                     | 19,070        | (16,078)            | 2,992                     |
| Unused tax credits                                                            | 675           | 0                   | 675                       | 95            | 0                   | 95                        |
| Temporary differences                                                         | 10,841        | (2,659)             | 8,182                     | 11,159        | (3,564)             | 7,595                     |
| <i>of which: related to real estate costs capitalized for US tax purposes</i> | 2,971         | 0                   | 2,971                     | 2,703         | 0                   | 2,703                     |
| <i>of which: related to compensation and benefits</i>                         | 1,984         | (503)               | 1,482                     | 1,795         | (471)               | 1,324                     |
| <i>of which: related to cash flow hedges</i>                                  | 529           | 0                   | 529                       | 765           | (139)               | 626                       |
| <i>of which: other</i>                                                        | 5,358         | (2,156)             | 3,201                     | 5,896         | (2,954)             | 2,942                     |
| <b>Total deferred tax assets</b>                                              | <b>31,456</b> | <b>(20,322)</b>     | <b>11,134<sup>2</sup></b> | <b>30,324</b> | <b>(19,642)</b>     | <b>10,682<sup>2</sup></b> |
| <i>of which: related to the US</i>                                            |               |                     | 9,340                     |               |                     | 9,023                     |
| <i>of which: related to other locations</i>                                   |               |                     | 1,794                     |               |                     | 1,659                     |

### Deferred tax liabilities

|                                       |            |            |
|---------------------------------------|------------|------------|
| <b>Total deferred tax liabilities</b> | <b>340</b> | <b>325</b> |
|---------------------------------------|------------|------------|

<sup>1</sup> After offset of DTLs, as applicable. <sup>2</sup> As of 31 December 2024, the Group recognized DTAs of USD 697m (31 December 2023: USD 426m) in respect of entities that incurred losses in either 2024 or 2023.

In general, US federal tax losses incurred prior to 31 December 2017 can be carried forward for 20 years. US federal tax losses incurred after that date can be carried forward indefinitely, although the utilization of such losses is limited to 80% of the entity's future year taxable profits. UK tax losses can also be carried forward indefinitely; they can shelter up to either 25% or 50% of future year taxable profits, depending on when the tax losses arose. The amounts of US tax loss carry-forwards that are included in the table below are based on their amount for federal tax purposes rather than for state and local tax purposes.

### Unrecognized tax loss carry-forwards

| USD m                                          | 31.12.24      | 31.12.23      |
|------------------------------------------------|---------------|---------------|
| Within 1 year                                  | 387           | 342           |
| From 2 to 5 years                              | 9,491         | 10,839        |
| From 6 to 10 years                             | 3,127         | 7,114         |
| From 11 to 20 years                            | 3,760         | 1,818         |
| No expiry                                      | 50,838        | 44,222        |
| <b>Total</b>                                   | <b>67,603</b> | <b>64,335</b> |
| <i>of which: related to the US<sup>1</sup></i> | <i>19,213</i> | <i>12,354</i> |
| <i>of which: related to the UK</i>             | <i>38,293</i> | <i>37,773</i> |
| <i>of which: related to other locations</i>    | <i>10,097</i> | <i>14,208</i> |

<sup>1</sup> Mainly related to UBS AG's US branch.

**Pillar Two top-up taxes under Global Anti-Base Erosion rules**

Certain countries in which the Group operates have enacted legislation implementing the Pillar Two Global Anti-Base Erosion rules published by the Organisation for Economic Co-operation and Development that introduced domestic top-up taxes that applied to local UBS Group entities during 2024. These include Switzerland, the UK, Japan, Canada and most EU Member States. Moreover, Switzerland and most EU Member States had enacted legislation by 31 December 2024 that introduced non-domestic top-up taxes that are effective from 1 January 2025, which apply to the Group's worldwide entities.

The exception in paragraph 4A of IAS 12, *Income Taxes*, which requires that deferred tax assets and deferred tax liabilities be neither recognized nor disclosed in respect of such top-up taxes, has been applied for the purposes of these financial statements.

The Group's current tax expenses for 2024 do not include a material expense in relation to top-up taxes because, to the extent that the Group's profits arose in entities to which top-up taxes applied, these profits were almost all in countries that had effective tax rates of 15% or more.

An assessment of the Group's potential future exposure to top-up taxes under legislation that was enacted or substantively enacted to implement the Pillar Two model rules by 31 December 2024 but was not yet in effect was performed, reflecting country-by-country reporting and also the corporate tax expenses of group entities that are expected in future years. This assessment indicated that the Group's profits in future years are expected to be almost entirely earned in countries with corporate tax expenses that are at an effective tax rate of 15% or more and will not, therefore, be subject to top-up taxes. Consequently, the Group is not expected to have a material annual exposure to top-up taxes for future years under this legislation.



## Balance sheet notes

### Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement

The tables below provide information about financial instruments and certain credit lines that are subject to expected credit loss (ECL) requirements. UBS's ECL disclosure segments, or "ECL segments", are aggregated portfolios based on shared risk characteristics and on the same or similar rating methods applied. The key segments are presented in the table below.

› Refer to Note 20 for more information about expected credit loss measurement

| Segment                                         | Segment description                                                                                                                                       | Description of credit risk sensitivity                                                                                                                                                                                                                 | Business division                                                                                                                                                                  |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Private clients with mortgages</b>           | Lending to private clients secured by owner-occupied real estate and personal account overdrafts of those clients                                         | Sensitive to Swiss GDP, interest rate environment, unemployment levels, real estate collateral values and other regional aspects                                                                                                                       | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> <li>– Global Wealth Management</li> </ul>                                                           |
| <b>Real estate financing</b>                    | Rental or income-producing real estate financing to private and corporate clients secured by real estate                                                  | Sensitive to Swiss GDP, unemployment levels, the interest rate environment, real estate collateral values and other regional aspects                                                                                                                   | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> <li>– Global Wealth Management</li> <li>– Investment Bank</li> </ul>                                |
| <b>Large corporate clients</b>                  | Lending to large corporate and multi-national clients                                                                                                     | Sensitive to GDP developments, unemployment levels, credit default swap (CDS) indices, seasonality, business cycles and collateral values (diverse collateral, including real estate and other collateral types)                                       | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> <li>– Investment Bank</li> <li>– Global Wealth Management</li> <li>– Non-core and Legacy</li> </ul> |
| <b>SME clients</b>                              | Lending to small and medium-sized corporate clients                                                                                                       | Sensitive to GDP developments, unemployment levels, the interest rate environment and, to some extent, seasonality, business cycles and collateral values (diverse collateral, including real estate and other collateral types)                       | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> </ul>                                                                                               |
| <b>Lombard</b>                                  | Loans secured by pledges of marketable securities, guarantees and other forms of collateral (including hedge funds, private equity and unlisted equities) | Sensitive to equity and debt markets (e.g. changes in collateral values)                                                                                                                                                                               | <ul style="list-style-type: none"> <li>– Global Wealth Management</li> <li>– Non-core and Legacy</li> </ul>                                                                        |
| <b>Credit cards</b>                             | Credit card exposures in Switzerland and the US                                                                                                           | Sensitive to unemployment levels                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> <li>– Global Wealth Management</li> </ul>                                                           |
| <b>Commodity trade finance</b>                  | Working capital financing of commodity traders, generally extended on a self-liquidating transactional basis                                              | Sensitive primarily to the strength of individual transaction structures and collateral values (price volatility of commodities), as the primary source for debt service is directly linked to the shipments financed                                  | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> </ul>                                                                                               |
| <b>Consumer financing</b>                       | Consumer loans and car leasing                                                                                                                            | Sensitive to unemployment levels                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> </ul>                                                                                               |
| <b>Ship financing</b>                           | Ship financing mainly includes bulk carriers, oil tankers, containers and liquefied natural gas carriers                                                  | Sensitive to real GDP, earnings of tankers and earnings of bulk carriers                                                                                                                                                                               | <ul style="list-style-type: none"> <li>– Global Wealth Management</li> </ul>                                                                                                       |
| <b>Aircraft financing</b>                       | Corporate aircraft financing                                                                                                                              | Sensitive to collateral values                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>– Global Wealth Management</li> </ul>                                                                                                       |
| <b>Financial intermediaries and hedge funds</b> | Lending to financial institutions and pension funds, including exposures to broker-dealers and clearing houses                                            | Sensitive to GDP development, CDS indices, the interest rate environment, price and volatility risks in financial markets, regulatory and political risk, and collateral values (diverse collateral, including real estate and other collateral types) | <ul style="list-style-type: none"> <li>– Personal &amp; Corporate Banking</li> <li>– Investment Bank</li> <li>– Global Wealth Management</li> <li>– Non-core and Legacy</li> </ul> |

› Refer to Note 20f for more details regarding sensitivity

## Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

The tables below provide ECL exposure and ECL allowance and provision information about financial instruments and certain non-financial instruments that are subject to ECLs.

| USD m                                                                         | 31.12.24                     |                  |               |              |            |                |              |              |                |              |
|-------------------------------------------------------------------------------|------------------------------|------------------|---------------|--------------|------------|----------------|--------------|--------------|----------------|--------------|
|                                                                               | Carrying amount <sup>1</sup> |                  |               |              |            | ECL allowances |              |              |                |              |
| Financial instruments measured at amortized cost                              | Total                        | Stage 1          | Stage 2       | Stage 3      | PCI        | Total          | Stage 1      | Stage 2      | Stage 3        | PCI          |
| Cash and balances at central banks                                            | 223,329                      | 223,201          | 13            | 0            | 114        | (47)           | 0            | (21)         | 0              | (25)         |
| Amounts due from banks                                                        | 18,903                       | 18,704           | 198           | 0            | 0          | (36)           | (1)          | (5)          | 0              | (30)         |
| Receivables from securities financing transactions measured at amortized cost | 118,301                      | 118,301          | 0             | 0            | 0          | (2)            | (2)          | 0            | 0              | 0            |
| Cash collateral receivables on derivative instruments                         | 43,959                       | 43,959           | 0             | 0            | 0          | 0              | 0            | 0            | 0              | 0            |
| Loans and advances to customers                                               | 579,967                      | 553,532          | 22,049        | 3,565        | 820        | (1,978)        | (276)        | (323)        | (1,134)        | (244)        |
| <i>of which: Private clients with mortgages</i>                               | <i>249,756</i>               | <i>239,540</i>   | <i>8,987</i>  | <i>1,146</i> | <i>84</i>  | <i>(160)</i>   | <i>(46)</i>  | <i>(70)</i>  | <i>(30)</i>    | <i>(14)</i>  |
| <i>of which: Real estate financing</i>                                        | <i>82,602</i>                | <i>78,410</i>    | <i>3,976</i>  | <i>195</i>   | <i>20</i>  | <i>(58)</i>    | <i>(24)</i>  | <i>(27)</i>  | <i>(7)</i>     | <i>0</i>     |
| <i>of which: Large corporate clients</i>                                      | <i>25,286</i>                | <i>20,816</i>    | <i>3,462</i>  | <i>707</i>   | <i>301</i> | <i>(573)</i>   | <i>(72)</i>  | <i>(123)</i> | <i>(277)</i>   | <i>(100)</i> |
| <i>of which: SME clients</i>                                                  | <i>20,768</i>                | <i>17,403</i>    | <i>2,265</i>  | <i>952</i>   | <i>148</i> | <i>(742)</i>   | <i>(55)</i>  | <i>(47)</i>  | <i>(613)</i>   | <i>(26)</i>  |
| <i>of which: Lombard</i>                                                      | <i>147,504</i>               | <i>147,136</i>   | <i>260</i>    | <i>48</i>    | <i>61</i>  | <i>(42)</i>    | <i>(6)</i>   | <i>0</i>     | <i>(18)</i>    | <i>(18)</i>  |
| <i>of which: Credit cards</i>                                                 | <i>1,978</i>                 | <i>1,533</i>     | <i>406</i>    | <i>39</i>    | <i>0</i>   | <i>(41)</i>    | <i>(6)</i>   | <i>(11)</i>  | <i>(25)</i>    | <i>0</i>     |
| <i>of which: Commodity trade finance</i>                                      | <i>4,203</i>                 | <i>4,089</i>     | <i>106</i>    | <i>8</i>     | <i>0</i>   | <i>(81)</i>    | <i>(9)</i>   | <i>0</i>     | <i>(71)</i>    | <i>0</i>     |
| <i>of which: Ship / aircraft financing</i>                                    | <i>7,848</i>                 | <i>6,974</i>     | <i>874</i>    | <i>0</i>     | <i>0</i>   | <i>(31)</i>    | <i>(14)</i>  | <i>(16)</i>  | <i>0</i>       | <i>0</i>     |
| <i>of which: Consumer financing</i>                                           | <i>2,820</i>                 | <i>2,480</i>     | <i>114</i>    | <i>159</i>   | <i>67</i>  | <i>(93)</i>    | <i>(15)</i>  | <i>(19)</i>  | <i>(62)</i>    | <i>4</i>     |
| Other financial assets measured at amortized cost                             | 58,835                       | 58,209           | 436           | 178          | 12         | (125)          | (25)         | (7)          | (84)           | (8)          |
| <i>of which: Loans to financial advisors</i>                                  | <i>2,723</i>                 | <i>2,568</i>     | <i>59</i>     | <i>95</i>    | <i>0</i>   | <i>(41)</i>    | <i>(4)</i>   | <i>(1)</i>   | <i>(37)</i>    | <i>0</i>     |
| <b>Total financial assets measured at amortized cost</b>                      | <b>1,043,293</b>             | <b>1,015,906</b> | <b>22,697</b> | <b>3,743</b> | <b>946</b> | <b>(2,187)</b> | <b>(304)</b> | <b>(357)</b> | <b>(1,218)</b> | <b>(307)</b> |
| Financial assets measured at fair value through other comprehensive income    | 2,195                        | 2,195            | 0             | 0            | 0          | 0              | 0            | 0            | 0              | 0            |
| <b>Total on-balance sheet financial assets in scope of ECL requirements</b>   | <b>1,045,488</b>             | <b>1,018,102</b> | <b>22,697</b> | <b>3,743</b> | <b>946</b> | <b>(2,187)</b> | <b>(304)</b> | <b>(357)</b> | <b>(1,218)</b> | <b>(307)</b> |

| Off-balance sheet (in scope of ECL)                                         | Total exposure |                |              |            |           | ECL provisions |              |              |                |              |
|-----------------------------------------------------------------------------|----------------|----------------|--------------|------------|-----------|----------------|--------------|--------------|----------------|--------------|
|                                                                             | Total          | Stage 1        | Stage 2      | Stage 3    | PCI       | Total          | Stage 1      | Stage 2      | Stage 3        | PCI          |
| Guarantees                                                                  | 40,279         | 38,858         | 1,242        | 151        | 27        | (64)           | (16)         | (24)         | (24)           | 0            |
| <i>of which: Large corporate clients</i>                                    | <i>7,817</i>   | <i>7,096</i>   | <i>635</i>   | <i>78</i>  | <i>8</i>  | <i>(17)</i>    | <i>(7)</i>   | <i>(9)</i>   | <i>(2)</i>     | <i>0</i>     |
| <i>of which: SME clients</i>                                                | <i>2,524</i>   | <i>2,074</i>   | <i>393</i>   | <i>41</i>  | <i>15</i> | <i>(26)</i>    | <i>(5)</i>   | <i>(15)</i>  | <i>(7)</i>     | <i>0</i>     |
| <i>of which: Financial intermediaries and hedge funds</i>                   | <i>21,590</i>  | <i>21,449</i>  | <i>141</i>   | <i>0</i>   | <i>0</i>  | <i>(1)</i>     | <i>(1)</i>   | <i>0</i>     | <i>0</i>       | <i>0</i>     |
| <i>of which: Lombard</i>                                                    | <i>3,709</i>   | <i>3,652</i>   | <i>24</i>    | <i>29</i>  | <i>4</i>  | <i>(6)</i>     | <i>(1)</i>   | <i>0</i>     | <i>(5)</i>     | <i>0</i>     |
| <i>of which: Commodity trade finance</i>                                    | <i>2,678</i>   | <i>2,676</i>   | <i>2</i>     | <i>0</i>   | <i>0</i>  | <i>(1)</i>     | <i>(1)</i>   | <i>0</i>     | <i>0</i>       | <i>0</i>     |
| Irrevocable loan commitments                                                | 79,579         | 75,158         | 4,178        | 187        | 56        | (177)          | (105)        | (61)         | (10)           | (2)          |
| <i>of which: Large corporate clients</i>                                    | <i>47,381</i>  | <i>43,820</i>  | <i>3,393</i> | <i>125</i> | <i>43</i> | <i>(155)</i>   | <i>(91)</i>  | <i>(54)</i>  | <i>(8)</i>     | <i>(2)</i>   |
| Forward starting reverse repurchase and securities borrowing agreements     | 24,896         | 24,896         | 0            | 0          | 0         | 0              | 0            | 0            | 0              | 0            |
| Committed unconditionally revocable credit lines                            | 145,665        | 143,262        | 2,149        | 250        | 5         | (76)           | (59)         | (17)         | 0              | 0            |
| <i>of which: Real estate financing</i>                                      | <i>7,674</i>   | <i>7,329</i>   | <i>345</i>   | <i>0</i>   | <i>0</i>  | <i>(6)</i>     | <i>(4)</i>   | <i>(2)</i>   | <i>0</i>       | <i>0</i>     |
| <i>of which: Large corporate clients</i>                                    | <i>14,690</i>  | <i>14,089</i>  | <i>584</i>   | <i>14</i>  | <i>3</i>  | <i>(22)</i>    | <i>(14)</i>  | <i>(7)</i>   | <i>(2)</i>     | <i>0</i>     |
| <i>of which: SME clients</i>                                                | <i>9,812</i>   | <i>9,289</i>   | <i>333</i>   | <i>190</i> | <i>0</i>  | <i>(34)</i>    | <i>(28)</i>  | <i>(6)</i>   | <i>0</i>       | <i>0</i>     |
| <i>of which: Lombard</i>                                                    | <i>73,267</i>  | <i>73,181</i>  | <i>84</i>    | <i>0</i>   | <i>1</i>  | <i>0</i>       | <i>0</i>     | <i>0</i>     | <i>0</i>       | <i>0</i>     |
| <i>of which: Credit cards</i>                                               | <i>10,074</i>  | <i>9,604</i>   | <i>467</i>   | <i>3</i>   | <i>0</i>  | <i>(8)</i>     | <i>(6)</i>   | <i>(2)</i>   | <i>0</i>       | <i>0</i>     |
| Irrevocable committed prolongation of existing loans                        | 4,608          | 4,602          | 4            | 2          | 0         | (3)            | (3)          | 0            | 0              | 0            |
| <b>Total off-balance sheet financial instruments and other credit lines</b> | <b>295,027</b> | <b>286,776</b> | <b>7,572</b> | <b>590</b> | <b>89</b> | <b>(320)</b>   | <b>(183)</b> | <b>(102)</b> | <b>(34)</b>    | <b>(2)</b>   |
| <b>Total allowances and provisions</b>                                      |                |                |              |            |           | <b>(2,507)</b> | <b>(487)</b> | <b>(459)</b> | <b>(1,253)</b> | <b>(309)</b> |

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

## Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

| USD m                                                                         | 31.12.23                       |                  |               |              |              |                |              |              |              |              |
|-------------------------------------------------------------------------------|--------------------------------|------------------|---------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|
|                                                                               | Carrying amount <sup>1,2</sup> |                  |               |              |              | ECL allowances |              |              |              |              |
| Financial instruments measured at amortized cost                              | Total                          | Stage 1          | Stage 2       | Stage 3      | PCI          | Total          | Stage 1      | Stage 2      | Stage 3      | PCI          |
| Cash and balances at central banks                                            | 314,060                        | 314,025          | 18            | 0            | 17           | (48)           | 0            | (26)         | 0            | (22)         |
| Amounts due from banks                                                        | 21,146                         | 21,091           | 17            | 0            | 38           | (12)           | (6)          | (1)          | 0            | (5)          |
| Receivables from securities financing transactions measured at amortized cost | 99,039                         | 99,039           | 0             | 0            | 0            | (2)            | (2)          | 0            | 0            | 0            |
| Cash collateral receivables on derivative instruments                         | 50,082                         | 50,082           | 0             | 0            | 0            | 0              | 0            | 0            | 0            | 0            |
| Loans and advances to customers                                               | 639,669                        | 610,922          | 24,408        | 2,869        | 1,470        | (1,698)        | (423)        | (289)        | (862)        | (123)        |
| of which: Private clients with mortgages                                      | 268,616                        | 256,614          | 10,695        | 929          | 378          | (209)          | (62)         | (97)         | (39)         | (11)         |
| of which: Real estate financing                                               | 97,817                         | 92,084           | 5,367         | 270          | 97           | (103)          | (41)         | (31)         | (21)         | (11)         |
| of which: Large corporate clients                                             | 30,084                         | 25,671           | 3,182         | 700          | 532          | (575)          | (105)        | (70)         | (312)        | (89)         |
| of which: SME clients                                                         | 25,957                         | 22,155           | 2,919         | 754          | 129          | (402)          | (71)         | (42)         | (277)        | (13)         |
| of which: Lombard                                                             | 156,353                        | 156,299          | 3             | 50           | 0            | (41)           | (13)         | (11)         | (17)         | 0            |
| of which: Credit cards                                                        | 2,041                          | 1,564            | 438           | 39           | 0            | (42)           | (6)          | (11)         | (24)         | 0            |
| of which: Commodity trade finance                                             | 5,727                          | 5,662            | 25            | 22           | 18           | (130)          | (18)         | (1)          | (111)        | 0            |
| of which: Ship / aircraft financing                                           | 9,214                          | 8,920            | 273           | 4            | 17           | (51)           | (48)         | (3)          | 0            | (1)          |
| of which: Consumer financing                                                  | 2,982                          | 2,795            | 92            | 38           | 57           | (59)           | (22)         | (17)         | (20)         | 0            |
| Other financial assets measured at amortized cost                             | 65,455                         | 64,268           | 968           | 158          | 61           | (151)          | (41)         | (10)         | (94)         | (5)          |
| of which: Loans to financial advisors                                         | 2,615                          | 2,422            | 79            | 114          | 0            | (49)           | (4)          | (1)          | (44)         | 0            |
| <b>Total financial assets measured at amortized cost</b>                      | <b>1,189,451</b>               | <b>1,159,428</b> | <b>25,410</b> | <b>3,027</b> | <b>1,586</b> | <b>(1,911)</b> | <b>(473)</b> | <b>(326)</b> | <b>(956)</b> | <b>(156)</b> |
| Financial assets measured at fair value through other comprehensive income    | 2,233                          | 2,233            | 0             | 0            | 0            | 0              | 0            | 0            | 0            | 0            |
| <b>Total on-balance sheet financial assets in scope of ECL requirements</b>   | <b>1,191,684</b>               | <b>1,161,661</b> | <b>25,410</b> | <b>3,027</b> | <b>1,586</b> | <b>(1,911)</b> | <b>(473)</b> | <b>(326)</b> | <b>(956)</b> | <b>(156)</b> |

| Off-balance sheet (in scope of ECL)                                         | Total exposure |                |              |            |            | ECL provisions |              |              |              |              |
|-----------------------------------------------------------------------------|----------------|----------------|--------------|------------|------------|----------------|--------------|--------------|--------------|--------------|
|                                                                             | Total          | Stage 1        | Stage 2      | Stage 3    | PCI        | Total          | Stage 1      | Stage 2      | Stage 3      | PCI          |
| Guarantees                                                                  | 46,191         | 44,487         | 1,495        | 151        | 58         | (73)           | (28)         | (22)         | (23)         | 0            |
| of which: Large corporate clients                                           | 9,267          | 8,138          | 1,023        | 89         | 17         | (31)           | (11)         | (13)         | (7)          | 0            |
| of which: SME clients                                                       | 2,839          | 2,469          | 337          | 31         | 2          | (14)           | (4)          | (5)          | (5)          | 0            |
| of which: Financial intermediaries and hedge funds                          | 22,922         | 22,876         | 46           | 0          | 0          | (12)           | (8)          | (3)          | 0            | 0            |
| of which: Lombard                                                           | 5,045          | 5,045          | 0            | 0          | 0          | (1)            | 0            | 0            | (1)          | 0            |
| of which: Commodity trade finance                                           | 2,037          | 2,027          | 9            | 0          | 0          | (1)            | (1)          | 0            | 0            | 0            |
| Irrevocable loan commitments                                                | 91,643         | 87,080         | 4,297        | 218        | 48         | (178)          | (117)        | (51)         | (14)         | 4            |
| of which: Large corporate clients                                           | 50,696         | 46,708         | 3,881        | 59         | 48         | (149)          | (94)         | (41)         | (12)         | (2)          |
| Forward starting reverse repurchase and securities borrowing agreements     | 18,444         | 18,444         | 0            | 0          | 0          | 0              | 0            | 0            | 0            | 0            |
| Committed unconditionally revocable credit lines                            | 163,256        | 160,456        | 2,654        | 146        | 0          | (95)           | (78)         | (17)         | 0            | 0            |
| of which: Real estate financing                                             | 15,846         | 15,033         | 813          | 0          | 0          | (14)           | (11)         | (3)          | 0            | 0            |
| of which: Large corporate clients                                           | 17,139         | 16,678         | 454          | 8          | 0          | (23)           | (17)         | (6)          | 0            | 0            |
| of which: SME clients                                                       | 11,658         | 11,253         | 375          | 29         | 0          | (38)           | (33)         | (5)          | 0            | 0            |
| of which: Lombard                                                           | 77,618         | 77,618         | 0            | 1          | 0          | 0              | 0            | 0            | 0            | 0            |
| of which: Credit cards                                                      | 10,458         | 9,932          | 522          | 4          | 0          | (10)           | (8)          | (2)          | 0            | 0            |
| Irrevocable committed prolongation of existing loans                        | 4,608          | 4,593          | 11           | 4          | 0          | (4)            | (4)          | 0            | 0            | 0            |
| <b>Total off-balance sheet financial instruments and other credit lines</b> | <b>324,141</b> | <b>315,060</b> | <b>8,456</b> | <b>519</b> | <b>106</b> | <b>(350)</b>   | <b>(226)</b> | <b>(90)</b>  | <b>(37)</b>  | <b>3</b>     |
| <b>Total allowances and provisions</b>                                      |                |                |              |            |            | <b>(2,261)</b> | <b>(700)</b> | <b>(416)</b> | <b>(993)</b> | <b>(153)</b> |

<sup>1</sup> The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. <sup>2</sup> Comparative-period information has been revised. Refer to Note 2 for more information.

## Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

Coverage ratios are calculated for the core loan portfolio by taking ECL allowances and provisions divided by the gross carrying amount of the exposures. Core loan exposure is defined as the sum of *Loans and advances to customers* and *Loans to financial advisors*.

These ratios are influenced by the following key factors:

- Lombard loans are generally secured with marketable securities in portfolios that are, as a rule, highly diversified, with strict lending policies that are intended to ensure that credit risk is minimal under most circumstances;
- mortgage loans to private clients and real estate financing are controlled by conservative eligibility criteria, including low loan-to-value ratios and strong debt service capabilities;
- the amount of unsecured retail lending (including credit cards and consumer financing) is not material;
- contractual maturities in the loan portfolio, which are a factor in the calculation of ECLs, are generally short, with Lombard lending typically having average contractual maturities of 12 months or less, real estate lending generally between two and three years in Switzerland, with long-dated maturities in the US, and corporate lending between one and two years with related loan commitments up to four years; and
- write-offs of ECL allowances against the gross loan balances when all or part of a financial asset is deemed uncollectible or forgiven reduce the coverage ratios.

The total combined on- and off-balance sheet coverage ratio was 27 basis points as of 31 December 2024, 5 basis points higher than the ratio as of 31 December 2023. The combined stage 1 and 2 ratio of 10 basis points was 1 basis point lower than the ratio as of 31 December 2023; the stage 3 ratio was 22%, 1 percentage point higher than the ratio as of 31 December 2023, and the PCI ratio was 21%.

| 31.12.24                                           |                               |                |               |              |              |                    |          |            |           |              |              |
|----------------------------------------------------|-------------------------------|----------------|---------------|--------------|--------------|--------------------|----------|------------|-----------|--------------|--------------|
| On-balance sheet                                   | Gross carrying amount (USD m) |                |               |              |              | ECL coverage (bps) |          |            |           |              |              |
|                                                    | Total                         | Stage 1        | Stage 2       | Stage 3      | PCI          | Total              | Stage 1  | Stage 2    | Stage 1&2 | Stage 3      | PCI          |
| Private clients with mortgages                     | 249,916                       | 239,586        | 9,056         | 1,176        | 98           | 6                  | 2        | 77         | 5         | 257          | 1,447        |
| Real estate financing                              | 82,660                        | 78,434         | 4,003         | 202          | 20           | 7                  | 3        | 67         | 6         | 353          | 2            |
| Total real estate lending                          | 332,576                       | 318,020        | 13,059        | 1,378        | 118          | 7                  | 2        | 74         | 5         | 271          | 1,203        |
| Large corporate clients                            | 25,859                        | 20,888         | 3,585         | 983          | 402          | 22                 | 35       | 344        | 80        | 2,814        | 2,500        |
| SME clients                                        | 21,510                        | 17,459         | 2,312         | 1,565        | 174          | 345                | 32       | 205        | 52        | 3,918        | 1,474        |
| Total corporate lending                            | 47,369                        | 38,347         | 5,897         | 2,549        | 576          | 278                | 33       | 290        | 67        | 3,492        | 2,190        |
| Lombard                                            | 147,547                       | 147,141        | 260           | 66           | 79           | 3                  | 0        | 8          | 0         | 2,719        | 2,317        |
| Credit cards                                       | 2,019                         | 1,539          | 416           | 64           | 0            | 205                | 39       | 256        | 85        | 3,857        | 0            |
| Commodity trade finance                            | 4,284                         | 4,098          | 106           | 79           | 0            | 189                | 22       | 40         | 23        | 8,984        | 4,226        |
| Ship / aircraft financing                          | 7,879                         | 6,988          | 891           | 0            | 0            | 39                 | 20       | 184        | 39        | 0            | 0            |
| Consumer financing                                 | 2,912                         | 2,495          | 133           | 221          | 63           | 318                | 62       | 1,449      | 132       | 2,786        | 0            |
| Other loans and advances to customers              | 37,359                        | 35,179         | 1,610         | 342          | 228          | 42                 | 8        | 57         | 10        | 917          | 3,909        |
| Loans to financial advisors                        | 2,764                         | 2,571          | 60            | 132          | 0            | 149                | 14       | 159        | 17        | 2,785        | 0            |
| Total other lending                                | 204,764                       | 200,012        | 3,477         | 905          | 370          | 24                 | 4        | 164        | 7         | 2,691        | 2,804        |
| <b>Total<sup>1</sup></b>                           | <b>584,708</b>                | <b>556,380</b> | <b>22,433</b> | <b>4,831</b> | <b>1,064</b> | <b>35</b>          | <b>5</b> | <b>145</b> | <b>10</b> | <b>2,424</b> | <b>2,294</b> |
| Off-balance sheet                                  | Gross exposure (USD m)        |                |               |              |              | ECL coverage (bps) |          |            |           |              |              |
|                                                    | Total                         | Stage 1        | Stage 2       | Stage 3      | PCI          | Total              | Stage 1  | Stage 2    | Stage 1&2 | Stage 3      | PCI          |
| Private clients with mortgages                     | 8,473                         | 8,271          | 176           | 25           | 1            | 4                  | 4        | 22         | 4         | 84           | 0            |
| Real estate financing                              | 8,694                         | 8,300          | 394           | 0            | 0            | 7                  | 6        | 33         | 7         | 0            | 0            |
| Total real estate lending                          | 17,167                        | 16,571         | 570           | 25           | 1            | 6                  | 5        | 30         | 6         | 84           | 0            |
| Large corporate clients                            | 69,892                        | 65,009         | 4,612         | 217          | 54           | 28                 | 17       | 150        | 26        | 588          | 290          |
| SME clients                                        | 13,944                        | 12,788         | 842           | 287          | 27           | 53                 | 30       | 324        | 48        | 281          | 0            |
| Total corporate lending                            | 83,837                        | 77,797         | 5,454         | 504          | 81           | 32                 | 19       | 177        | 30        | 413          | 186          |
| Lombard                                            | 80,390                        | 80,235         | 120           | 30           | 4            | 1                  | 0        | 1          | 0         | 1,764        | 0            |
| Credit cards                                       | 10,074                        | 9,604          | 467           | 3            | 0            | 8                  | 6        | 36         | 8         | 0            | 0            |
| Commodity trade finance                            | 3,487                         | 3,464          | 23            | 0            | 0            | 3                  | 3        | 51         | 3         | 0            | 0            |
| Ship / aircraft financing                          | 2,669                         | 2,663          | 6             | 0            | 0            | 13                 | 13       | 49         | 13        | 0            | 0            |
| Consumer financing                                 | 134                           | 134            | 0             | 0            | 0            | 6                  | 6        | 0          | 6         | 0            | 0            |
| Financial intermediaries and hedge funds           | 19,609                        | 19,145         | 464           | 0            | 0            | 1                  | 1        | 8          | 1         | 0            | 0            |
| Other off-balance sheet commitments                | 52,765                        | 52,268         | 468           | 27           | 2            | 4                  | 2        | 28         | 2         | 2,903        | 0            |
| Total other lending                                | 169,127                       | 167,512        | 1,549         | 61           | 6            | 2                  | 1        | 23         | 2         | 2,171        | 0            |
| <b>Total<sup>2</sup></b>                           | <b>270,131</b>                | <b>261,880</b> | <b>7,572</b>  | <b>590</b>   | <b>89</b>    | <b>12</b>          | <b>7</b> | <b>135</b> | <b>11</b> | <b>580</b>   | <b>171</b>   |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>854,839</b>                | <b>818,260</b> | <b>30,006</b> | <b>5,421</b> | <b>1,153</b> | <b>27</b>          | <b>6</b> | <b>142</b> | <b>10</b> | <b>2,223</b> | <b>2,131</b> |

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

## Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement (continued)

| 31.12.23                                           |                               |                |               |              |              |                    |          |            |           |              |            |
|----------------------------------------------------|-------------------------------|----------------|---------------|--------------|--------------|--------------------|----------|------------|-----------|--------------|------------|
| On-balance sheet                                   | Gross carrying amount (USD m) |                |               |              |              | ECL coverage (bps) |          |            |           |              |            |
|                                                    | Total                         | Stage 1        | Stage 2       | Stage 3      | PCI          | Total              | Stage 1  | Stage 2    | Stage 1&2 | Stage 3      | PCI        |
| Private clients with mortgages                     | 268,825                       | 256,675        | 10,792        | 968          | 389          | 8                  | 2        | 90         | 6         | 399          | 283        |
| Real estate financing                              | 97,920                        | 92,124         | 5,398         | 290          | 108          | 11                 | 4        | 57         | 7         | 713          | 980        |
| Total real estate lending                          | 366,745                       | 348,800        | 16,190        | 1,258        | 497          | 9                  | 3        | 79         | 6         | 472          | 434        |
| Large corporate clients                            | 30,660                        | 25,775         | 3,252         | 1,012        | 620          | 188                | 41       | 215        | 60        | 3,083        | 1,429      |
| SME clients                                        | 26,359                        | 22,226         | 2,961         | 1,031        | 142          | 153                | 32       | 141        | 45        | 2,689        | 893        |
| Total corporate lending                            | 57,019                        | 48,001         | 6,213         | 2,042        | 762          | 172                | 37       | 180        | 53        | 2,884        | 1,329      |
| Lombard                                            | 156,394                       | 156,312        | 15            | 67           | 0            | 3                  | 1        | 7,616      | 2         | 2,487        | 0          |
| Credit cards                                       | 2,083                         | 1,571          | 449           | 63           | 0            | 200                | 40       | 253        | 87        | 3,801        | 0          |
| Commodity trade finance                            | 5,858                         | 5,681          | 26            | 133          | 18           | 223                | 32       | 365        | 34        | 8,333        | 6          |
| Ship / aircraft financing                          | 9,265                         | 8,968          | 276           | 4            | 17           | 56                 | 54       | 99         | 55        | 0            | 315        |
| Consumer financing                                 | 3,041                         | 2,817          | 110           | 58           | 57           | 195                | 79       | 1,559      | 135       | 3,422        | 7          |
| Other loans and advances to customers              | 40,961                        | 39,196         | 1,419         | 105          | 242          | 21                 | 10       | 39         | 11        | 3,981        | (3)        |
| Loans to financial advisors                        | 2,665                         | 2,426          | 80            | 159          | 0            | 185                | 17       | 122        | 20        | 2,793        | 0          |
| Total other lending                                | 220,267                       | 216,971        | 2,373         | 589          | 334          | 21                 | 7        | 210        | 9         | 4,376        | 9          |
| <b>Total<sup>1</sup></b>                           | <b>644,031</b>                | <b>613,772</b> | <b>24,777</b> | <b>3,889</b> | <b>1,593</b> | <b>27</b>          | <b>7</b> | <b>117</b> | <b>11</b> | <b>2,329</b> | <b>773</b> |
| Off-balance sheet                                  | Gross exposure (USD m)        |                |               |              |              | ECL coverage (bps) |          |            |           |              |            |
|                                                    | Total                         | Stage 1        | Stage 2       | Stage 3      | PCI          | Total              | Stage 1  | Stage 2    | Stage 1&2 | Stage 3      | PCI        |
| Private clients with mortgages                     | 9,782                         | 9,505          | 261           | 15           | 0            | 6                  | 5        | 27         | 6         | 40           | 0          |
| Real estate financing                              | 17,107                        | 16,281         | 826           | 0            | 0            | 9                  | 8        | 44         | 9         | 0            | 0          |
| Total real estate lending                          | 26,889                        | 25,786         | 1,088         | 15           | 0            | 8                  | 7        | 40         | 8         | 40           | 0          |
| Large corporate clients                            | 77,103                        | 71,524         | 5,357         | 157          | 65           | 26                 | 17       | 111        | 24        | 1,217        | 242        |
| SME clients                                        | 16,762                        | 15,868         | 812           | 80           | 2            | 40                 | 29       | 196        | 37        | 640          | 0          |
| Total corporate lending                            | 93,865                        | 87,392         | 6,170         | 236          | 67           | 29                 | 19       | 122        | 26        | 1,022        | 221        |
| Lombard                                            | 86,173                        | 86,173         | 0             | 1            | 0            | 0                  | 0        | 0          | 0         | 0            | 0          |
| Credit cards                                       | 10,458                        | 9,932          | 522           | 4            | 0            | 10                 | 8        | 35         | 10        | 0            | 0          |
| Commodity trade finance                            | 4,640                         | 4,628          | 13            | 0            | 0            | 6                  | 5        | 151        | 6         | 0            | 0          |
| Ship / aircraft financing                          | 1,053                         | 1,053          | 0             | 0            | 0            | 26                 | 26       | 0          | 26        | 0            | 0          |
| Consumer financing                                 | 153                           | 153            | 0             | 0            | 0            | 0                  | 0        | 0          | 0         | 0            | 0          |
| Financial intermediaries and hedge funds           | 42,578                        | 42,325         | 253           | 0            | 0            | 3                  | 3        | 142        | 3         | 0            | 0          |
| Other off-balance sheet commitments                | 39,887                        | 39,174         | 411           | 263          | 39           | 7                  | 4        | 111        | 5         | 453          | 0          |
| Total other lending                                | 184,944                       | 183,438        | 1,199         | 268          | 39           | 3                  | 2        | 85         | 3         | 486          | 0          |
| <b>Total<sup>2</sup></b>                           | <b>305,697</b>                | <b>296,616</b> | <b>8,456</b>  | <b>519</b>   | <b>106</b>   | <b>11</b>          | <b>8</b> | <b>107</b> | <b>10</b> | <b>717</b>   | <b>0</b>   |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>949,729</b>                | <b>910,388</b> | <b>33,233</b> | <b>4,408</b> | <b>1,699</b> | <b>22</b>          | <b>7</b> | <b>114</b> | <b>11</b> | <b>2,140</b> | <b>706</b> |

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

## Note 11 Derivative instruments

### Overview

Over-the-counter (OTC) derivative contracts are usually traded under a standardized International Swaps and Derivatives Association (ISDA) master agreement or other recognized local industry-standard master agreements between UBS and its counterparties. Terms are negotiated directly with counterparties and the contracts have industry-standard settlement mechanisms prescribed by ISDA or similar industry-standard solutions. Other OTC derivatives are cleared through clearing houses, in particular interest rate swaps with LCH, where a settled-to-market method has been generally adopted, under which cash collateral exchanged on a daily basis is considered to legally settle the market value of the derivatives. Regulators in various jurisdictions have introduced rules requiring the payment and collection of initial and variation margins on certain OTC derivative contracts, which may have a bearing on price and other relevant terms.

Exchange-traded derivatives (ETD) are standardized in terms of their amounts and settlement dates, and are bought and sold on regulated exchanges. Exchanges offer the benefits of pricing transparency, standardized daily settlement of changes in value and, consequently, reduced credit risk.

Most of the Group's derivative transactions relate to sales and market-making activity. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Market-making aims to directly support the facilitation and execution of client activity, and involves quoting bid and offer prices to other market participants with the aim of generating revenues based on spread and volume. The Group also uses various derivative instruments for hedging purposes.

- › Refer to Notes 16 and 21 for more information about derivative instruments
- › Refer to Note 25 for more information about derivatives designated in hedge accounting relationships

## Note 11 Derivative instruments (continued)

### Risks of derivative instruments

The derivative financial assets shown on the balance sheet can be an important component of the Group's credit exposure; however, the positive replacement values related to a respective counterparty are rarely an adequate reflection of the Group's credit exposure in its derivatives business with that counterparty. This is generally the case because, on the one hand, replacement values can increase over time (potential future exposure), while, on the other hand, exposure may be mitigated by entering into master netting agreements and bilateral collateral arrangements. Both the exposure measures used internally by the Group to control credit risk and the capital requirements imposed by regulators reflect these additional factors.

- › Refer to Note 22 for more information about derivative financial assets and liabilities after consideration of netting potential permitted under enforceable netting arrangements
- › Refer to the "Risk management and control" section of this report for more information about the risks arising from derivative instruments

### Derivative instruments

|                                                                                                   | 31.12.24                    |                                  |                                                                                        |                                       | 31.12.23                    |                                  |                                                                                        |                                       |
|---------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------|----------------------------------------------------------------------------------------|---------------------------------------|-----------------------------|----------------------------------|----------------------------------------------------------------------------------------|---------------------------------------|
|                                                                                                   | Derivative financial assets | Derivative financial liabilities | Notional amounts related to derivative financial assets and liabilities <sup>1,2</sup> | Other notional amounts <sup>1,3</sup> | Derivative financial assets | Derivative financial liabilities | Notional amounts related to derivative financial assets and liabilities <sup>1,2</sup> | Other notional amounts <sup>1,3</sup> |
| <i>USD bn</i>                                                                                     |                             |                                  |                                                                                        |                                       |                             |                                  |                                                                                        |                                       |
| <b>Interest rate</b>                                                                              | <b>41.4</b>                 | <b>36.6</b>                      | <b>3,643.8</b>                                                                         | <b>16,843.5</b>                       | <b>55.6</b>                 | <b>52.9</b>                      | <b>3,524.1</b>                                                                         | <b>20,073.9</b>                       |
| of which: forwards (OTC) <sup>4</sup>                                                             | 0.1                         | 0.0                              | 92.9                                                                                   | 851.5                                 | 0.1                         | 0.1                              | 122.4                                                                                  | 2,532.2                               |
| of which: swaps (OTC)                                                                             | 26.5                        | 20.3                             | 1,354.1                                                                                | 14,974.2                              | 37.7                        | 32.6                             | 1,331.6                                                                                | 16,601.3                              |
| of which: options (OTC)                                                                           | 14.7                        | 16.1                             | 2,189.1                                                                                |                                       | 17.7                        | 20.0                             | 2,066.7                                                                                |                                       |
| of which: futures (ETD)                                                                           |                             |                                  |                                                                                        | 827.5                                 |                             |                                  |                                                                                        | 843.7                                 |
| of which: options (ETD)                                                                           | 0.1                         | 0.0                              | 7.8                                                                                    | 190.3                                 | 0.0                         | 0.0                              | 3.4                                                                                    | 96.1                                  |
| <b>Credit derivatives</b>                                                                         | <b>3.1</b>                  | <b>3.7</b>                       | <b>143.8</b>                                                                           |                                       | <b>4.0</b>                  | <b>4.7</b>                       | <b>274.9</b>                                                                           |                                       |
| of which: credit default swaps (OTC)                                                              | 2.8                         | 3.3                              | 138.7                                                                                  |                                       | 3.8                         | 4.4                              | 269.6                                                                                  |                                       |
| of which: total return swaps (OTC)                                                                | 0.0                         | 0.3                              | 1.0                                                                                    |                                       | 0.1                         | 0.3                              | 3.7                                                                                    |                                       |
| <b>Foreign exchange</b>                                                                           | <b>100.9</b>                | <b>94.6</b>                      | <b>7,207.3</b>                                                                         | <b>268.8</b>                          | <b>78.7</b>                 | <b>89.9</b>                      | <b>6,913.3</b>                                                                         | <b>180.4</b>                          |
| of which: forwards (OTC)                                                                          | 36.9                        | 32.3                             | 2,267.7                                                                                |                                       | 18.7                        | 24.1                             | 2,152.0                                                                                |                                       |
| of which: swaps (OTC)                                                                             | 55.2                        | 53.5                             | 3,785.4                                                                                | 267.0                                 | 52.2                        | 58.1                             | 3,809.7                                                                                | 178.7                                 |
| of which: options (OTC)                                                                           | 8.6                         | 8.7                              | 1,145.2                                                                                |                                       | 7.7                         | 7.6                              | 944.4                                                                                  |                                       |
| <b>Equity / index</b>                                                                             | <b>36.9</b>                 | <b>42.7</b>                      | <b>1,364.8</b>                                                                         | <b>93.3</b>                           | <b>35.5</b>                 | <b>41.4</b>                      | <b>1,396.8</b>                                                                         | <b>95.0</b>                           |
| of which: swaps (OTC)                                                                             | 5.9                         | 8.2                              | 352.8                                                                                  |                                       | 6.6                         | 9.2                              | 273.3                                                                                  |                                       |
| of which: options (OTC)                                                                           | 4.4                         | 8.3                              | 226.1                                                                                  |                                       | 4.9                         | 9.0                              | 245.2                                                                                  |                                       |
| of which: futures (ETD)                                                                           |                             |                                  |                                                                                        | 84.6                                  |                             |                                  |                                                                                        | 86.6                                  |
| of which: options (ETD)                                                                           | 13.4                        | 13.5                             | 784.7                                                                                  | 8.7                                   | 15.4                        | 14.3                             | 876.6                                                                                  | 8.5                                   |
| of which: client-cleared transactions (ETD)                                                       | 13.1                        | 12.7                             |                                                                                        |                                       | 8.3                         | 8.2                              |                                                                                        |                                       |
| <b>Commodities</b>                                                                                | <b>2.6</b>                  | <b>2.2</b>                       | <b>155.4</b>                                                                           | <b>17.1</b>                           | <b>2.0</b>                  | <b>1.6</b>                       | <b>142.9</b>                                                                           | <b>16.4</b>                           |
| of which: swaps (OTC)                                                                             | 0.9                         | 1.1                              | 58.3                                                                                   |                                       | 0.9                         | 0.7                              | 50.0                                                                                   |                                       |
| of which: options (OTC)                                                                           | 0.8                         | 0.4                              | 42.2                                                                                   |                                       | 0.6                         | 0.3                              | 42.3                                                                                   |                                       |
| of which: futures (ETD)                                                                           |                             |                                  |                                                                                        | 12.6                                  |                             |                                  |                                                                                        | 13.7                                  |
| of which: forwards (ETD)                                                                          | 0.0                         | 0.0                              | 27.3                                                                                   |                                       | 0.0                         | 0.0                              | 31.5                                                                                   |                                       |
| of which: client-cleared transactions (ETD)                                                       | 0.3                         | 0.4                              |                                                                                        |                                       | 0.2                         | 0.3                              |                                                                                        |                                       |
| <b>Other<sup>5</sup></b>                                                                          | <b>0.6</b>                  | <b>0.8</b>                       | <b>86.9</b>                                                                            |                                       | <b>0.4</b>                  | <b>1.6</b>                       | <b>116.5</b>                                                                           |                                       |
| <b>Total derivative instruments, based on netting under IFRS Accounting Standards<sup>6</sup></b> | <b>185.6</b>                | <b>180.6</b>                     | <b>12,602.0</b>                                                                        | <b>17,222.8</b>                       | <b>176.1</b>                | <b>192.2</b>                     | <b>12,368.5</b>                                                                        | <b>20,365.8</b>                       |

1 In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional amounts of the netted derivative financial instruments are still presented on a gross basis.

2 Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. 3 Other notional amounts related to derivatives that are cleared through either a central counterparty or an exchange and settled on a daily basis (except for OTC derivatives settled through collateralized-to-market arrangements, which are presented under Derivative financial assets and Derivative financial liabilities). 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 any of the periods presented. 4 Includes certain forward starting repurchase and reverse repurchase agreements that are classified as measured at fair value through profit or loss and are recognized within derivative instruments. 5 Includes mainly derivative loan commitments measured at FVTPL, as well as unsettled purchases and sales of non-derivative financial instruments for which the changes in the fair value between trade date and settlement date are recognized as derivative financial instruments. 6 Derivative 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 the entity and all of the counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Refer to Note 22 for more information on netting arrangements.



## Note 11 Derivative instruments (continued)

On a notional amount basis, approximately 55% of OTC interest rate contracts held as of 31 December 2024 (31 December 2023: 50%) mature within one year, 27% (31 December 2023: 30%) within one to five years and 18% (31 December 2023: 20%) after five years.

Notional amounts of interest rate contracts cleared through either a central counterparty or an exchange that are legally settled or economically net settled on a daily basis are presented under *Other notional amounts* in the table above and are categorized into maturity buckets on the basis of contractual maturities of the cleared underlying derivative contracts. Other notional amounts related to interest rate contracts decreased by USD 3.2trn compared with 31 December 2023, mainly reflecting unwinding activities in Non-core and Legacy, partly offset by higher business volumes in the Investment Bank.

## Note 12 Property, equipment and software

### At historical cost less accumulated depreciation

| USD m                                                                           | Owned properties and equipment <sup>1</sup> | Leased properties and equipment <sup>2</sup> | Software | Projects in progress | 2024    | 2023    |
|---------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|----------|----------------------|---------|---------|
| <b>Historical cost</b>                                                          |                                             |                                              |          |                      |         |         |
| Balance at the beginning of the year                                            | 16,710                                      | 6,613                                        | 11,726   | 863                  | 35,913  | 27,127  |
| Balance recognized upon the acquisition of the Credit Suisse Group <sup>3</sup> |                                             |                                              |          |                      |         | 6,055   |
| Additions                                                                       | 229                                         | 230                                          | 48       | 1,691                | 2,199   | 1,796   |
| Disposals / write-offs <sup>4</sup>                                             | (532)                                       | (139)                                        | (437)    | 0                    | (1,108) | (1,791) |
| Reclassifications <sup>5</sup>                                                  | 238                                         | (13)                                         | 1,406    | (1,725)              | (94)    | 1,203   |
| Foreign currency translation                                                    | (925)                                       | (224)                                        | (322)    | (54)                 | (1,525) | 1,523   |
| Balance at the end of the year                                                  | 15,721                                      | 6,467                                        | 12,421   | 776                  | 35,385  | 35,913  |
| <b>Accumulated depreciation</b>                                                 |                                             |                                              |          |                      |         |         |
| Balance at the beginning of the year                                            | 9,207                                       | 2,545                                        | 6,312    |                      | 18,064  | 14,839  |
| Depreciation                                                                    | 923                                         | 893                                          | 1,788    |                      | 3,605   | 3,022   |
| Impairment <sup>6</sup>                                                         | 3                                           | 4                                            | 45       |                      | 52      | 593     |
| Disposals / write-offs <sup>4</sup>                                             | (529)                                       | (139)                                        | (438)    |                      | (1,105) | (1,783) |
| Reclassifications <sup>5</sup>                                                  | 29                                          | (4)                                          | (5)      |                      | 20      | 686     |
| Foreign currency translation                                                    | (494)                                       | (87)                                         | (167)    |                      | (749)   | 708     |
| Balance at the end of the year                                                  | 9,139                                       | 3,212                                        | 7,536    |                      | 19,887  | 18,064  |
| <b>Net book value</b>                                                           |                                             |                                              |          |                      |         |         |
| Net book value at the beginning of the year                                     | 7,503                                       | 4,068                                        | 5,413    | 863                  | 17,849  | 12,288  |
| Net book value at the end of the year                                           | 6,582                                       | 3,255                                        | 4,884    | 776 <sup>7</sup>     | 15,498  | 17,849  |

<sup>1</sup> Includes leasehold improvements and IT hardware. <sup>2</sup> Represents right-of-use assets recognized by UBS as lessee. UBS predominantly enters into lease contracts, or contracts that include lease components, in relation to real estate, including offices, retail branches and sales offices. The total cash outflow for leases during 2024 was USD 1,138m (2023: USD 878m). Interest expense on lease liabilities is included within Interest expense from financial instruments measured at amortized cost and Lease liabilities is included within Other financial liabilities measured at amortized cost. Refer to Notes 4 and 19a, respectively. There were no material gains or losses arising from sale-and-leaseback transactions in 2024 and in 2023. <sup>3</sup> Refer to Note 2 for more information about the acquisition of the Credit Suisse Group. <sup>4</sup> Includes write-offs of fully depreciated assets. <sup>5</sup> The total reclassification amount for the respective periods represents net reclassifications from / to Other non-financial assets. <sup>6</sup> Impairment charges recorded in 2024 generally relate to assets that are no longer used, of which USD 51m for Group Items and USD 1m for Global Wealth Management. The recoverable amount based on a value-in-use approach was determined to be zero. <sup>7</sup> Consists of USD 460m related to software and USD 317m related to Owned properties and equipment.

## Note 13 Goodwill and intangible assets

### Introduction

UBS performs an impairment test on its goodwill assets on an annual basis or when indicators of impairment exist.

UBS considers Asset Management, as reported in Note 3a, as a separate cash-generating unit (a CGU), as that is the level at which the performance of investment (and the related goodwill) is reviewed and assessed by management. Given that a significant amount of goodwill in Global Wealth Management relates to the acquisition of PaineWebber Group, Inc. in 2000, which mainly affected the Americas portion of the business, this goodwill remains separately monitored by the Americas, despite the formation of Global Wealth Management in 2018. Therefore, goodwill for Global Wealth Management is separately considered for impairment at the level of two CGUs: Americas; and Switzerland and International (consisting of EMEA, Asia Pacific and Global).

The impairment test is performed for each CGU to which goodwill is allocated by comparing the recoverable amount with the carrying amount of the respective CGU. UBS determines the recoverable amount of the respective CGUs based on their value in use. An impairment charge is recognized if the carrying amount exceeds the recoverable amount.

The acquisition of the Credit Suisse Group in 2023 resulted in negative goodwill, which was recognized in the income statement on the date of the acquisition. No goodwill related to the acquisition of the Credit Suisse Group was recognized on the balance sheet.

➤ Refer to Note 2 for more information about the acquisition of the Credit Suisse Group

## Note 13 Goodwill and intangible assets (continued)

As of 31 December 2024, total goodwill recognized on the balance sheet was USD 6.0bn, of which USD 3.7bn was carried by the Global Wealth Management Americas CGU, USD 1.2bn was carried by the Global Wealth Management Switzerland and International CGU, and USD 1.1bn was carried by Asset Management. Based on the impairment testing methodology described below, UBS concluded that the goodwill balances as of 31 December 2024 allocated to these CGUs were not impaired. For each of the CGUs, the recoverable amount substantially exceeded the carrying value as of 31 December 2024, and there was no indication of a significant risk of goodwill impairment based on the testing performed as of 31 December 2024.

### Methodology for goodwill impairment testing

The recoverable amounts are determined using a discounted cash flow model, which has been adapted to use inputs that consider features of the banking business and its regulatory environment. The recoverable amount of a CGU is the sum of the discounted earnings attributable to shareholders from the first three forecast years and the terminal value, adjusted for the effect of the capital assumed to be needed over the next three years and to support growth beyond that period. The terminal value, which covers all periods beyond the third year, is calculated on the basis of the forecast of the third-year profit, the discount rate and the long-term growth rate, as well as the implied perpetual capital growth. For the Global Wealth Management Americas CGU, the methodology is consistently applied, but the forecast period covers five years (with a terminal value thereafter) in order to provide for the CGU's specific planning assumptions, namely the ongoing investments in the core banking infrastructure in the US to enhance the product capabilities and offerings in this market in the medium term. The extended forecast period of five years did not trigger, defer or avoid an impairment of goodwill as of 31 December 2024.

The carrying amount for each CGU is determined by reference to the Group's equity attribution framework. Within this framework, UBS attributes equity to the businesses on the basis of their risk-weighted assets and leverage ratio denominator (both metrics include resource allocations from Group functions to the business divisions), or by their common equity tier 1 (CET1) capital equivalent of risk-based capital if higher, their goodwill and their intangible assets, as well as attributed equity related to certain CET1 capital deduction items. The framework is primarily used for the purpose of measuring the performance of the businesses and includes certain management assumptions. Attributed equity is equal to the capital a CGU requires to conduct its business and is currently considered a reasonable approximation of the carrying amount of the CGUs. The attributed equity methodology is also applied in the business planning process, the inputs from which are used in calculating the recoverable amounts of the respective CGU.

### Assumptions

Valuation parameters used within the Group's impairment test model are linked to external market information, where applicable. The model used to determine the recoverable amount is most sensitive to changes in the forecast earnings available to shareholders in years one to three, to changes in the discount rates and to changes in the long-term growth rate. The applied long-term growth rate is based on long-term economic growth rates for different regions worldwide. Earnings available to shareholders are estimated on the basis of forecast results, which are part of the business plan approved by the Board of Directors.

The discount rates are determined by applying a capital asset pricing model-based approach, as well as considering quantitative and qualitative inputs from both internal and external analysts and the view of management. They also take into account regional differences in risk-free rates at the level of the individual CGUs. In line with discount rates, long-term growth rates are determined at the regional level based on nominal GDP growth rate forecasts.

Key assumptions used to determine the recoverable amounts of each CGU are tested for sensitivity by applying a reasonably possible change to those assumptions. Forecast earnings available to shareholders were changed by 20%, the discount rates were changed by 1.5 percentage points, and the long-term growth rates were changed by 0.75 percentage points. Under all scenarios, reasonably possible changes in key assumptions did not result in an impairment of goodwill or intangible assets reported by Global Wealth Management Americas, Global Wealth Management Switzerland and International, and Asset Management.

If the estimated earnings and other assumptions in future periods deviate from the current outlook, the value of goodwill attributable to Global Wealth Management Americas, Global Wealth Management Switzerland and International, and Asset Management may become impaired in the future, giving rise to losses in the income statement. Recognition of any impairment of goodwill would reduce IFRS Accounting Standards equity and net profit. It would not affect cash flows and, as goodwill is required to be deducted from capital under the Basel III capital framework, no effect would be expected on the Group's capital ratios.

#### Discount and growth rates

| In %                                                   | Discount rates |          | Growth rates |          |
|--------------------------------------------------------|----------------|----------|--------------|----------|
|                                                        | 31.12.24       | 31.12.23 | 31.12.24     | 31.12.23 |
| Global Wealth Management Americas                      | 9.5            | 9.5      | 3.8          | 3.8      |
| Global Wealth Management Switzerland and International | 9.5            | 9.5      | 3.7          | 3.4      |
| Asset Management                                       | 9.0            | 9.0      | 3.3          | 3.3      |

## Note 13 Goodwill and intangible assets (continued)

| USD m                                                                   | Goodwill     | Intangible assets <sup>1</sup> | 2024         | 2023         |
|-------------------------------------------------------------------------|--------------|--------------------------------|--------------|--------------|
| <b>Historical cost</b>                                                  |              |                                |              |              |
| Balance at the beginning of the year                                    | 6,043        | 2,964                          | 9,006        | 7,641        |
| Acquisition of the Credit Suisse Group <sup>2</sup>                     | 0            | 0                              | 0            | 1,287        |
| Additions                                                               | 0            | 7                              | 7            | 6            |
| Disposals <sup>3</sup>                                                  | 0            | (1)                            | (1)          | (40)         |
| Reclassifications <sup>4</sup>                                          | 0            | (384)                          | (384)        | 0            |
| Foreign currency translation                                            | (52)         | (135)                          | (187)        | 112          |
| Balance at the end of the year                                          | 5,990        | 2,451                          | 8,441        | 9,006        |
| <b>Accumulated amortization and impairment</b>                          |              |                                |              |              |
| Balance at the beginning of the year                                    | 0            | 1,491                          | 1,491        | 1,374        |
| Amortization                                                            | 0            | 190                            | 190          | 134          |
| Impairment / (reversal of impairment)                                   | 0            | 1                              | 1            | 0            |
| Disposals <sup>3</sup>                                                  | 0            | 0                              | 0            | (30)         |
| Reclassifications <sup>4</sup>                                          | 0            | (96)                           | (96)         | 0            |
| Foreign currency translation                                            | 0            | (32)                           | (32)         | 13           |
| Balance at the end of the year                                          | 0            | 1,554                          | 1,554        | 1,491        |
| <b>Net book value at the end of the year</b>                            | <b>5,990</b> | <b>897</b>                     | <b>6,887</b> | <b>7,515</b> |
| <i>of which: Global Wealth Management Americas</i>                      | <i>3,706</i> | <i>28</i>                      | <i>3,734</i> | <i>3,748</i> |
| <i>of which: Global Wealth Management Switzerland and International</i> | <i>1,158</i> | <i>113</i>                     | <i>1,271</i> | <i>1,236</i> |
| <i>of which: Personal &amp; Corporate Banking</i>                       | <i>0</i>     | <i>657</i>                     | <i>657</i>   | <i>908</i>   |
| <i>of which: Asset Management</i>                                       | <i>1,127</i> | <i>0</i>                       | <i>1,127</i> | <i>1,149</i> |
| <i>of which: Investment Bank</i>                                        | <i>0</i>     | <i>98</i>                      | <i>98</i>    | <i>135</i>   |
| <i>of which: Non-core and Legacy</i>                                    | <i>0</i>     | <i>1</i>                       | <i>1</i>     | <i>339</i>   |

<sup>1</sup> Intangible assets mainly include customer relationships, core deposits, contractual rights and the fully amortized branch network intangible asset recognized in connection with the acquisition of PaineWebber Group, Inc. in 2000. <sup>2</sup> Refer to Note 2 for more information about the acquisition of the Credit Suisse Group. <sup>3</sup> Reflects the derecognition of goodwill allocated to businesses and intangible assets held by entities that have been disposed of. <sup>4</sup> In 2024, certain intangible assets were reclassified to Assets of disposal group held for sale. Refer to Note 29 for more information.

The table below presents estimated aggregated amortization expenses for intangible assets.

| USD m                                                  | Intangible assets |
|--------------------------------------------------------|-------------------|
| <b>Estimated aggregated amortization expenses for:</b> |                   |
| 2025                                                   | 126               |
| 2026                                                   | 122               |
| 2027                                                   | 122               |
| 2028                                                   | 117               |
| 2029                                                   | 111               |
| Thereafter                                             | 296               |
| Not amortized due to indefinite useful life            | 3                 |
| <b>Total</b>                                           | <b>897</b>        |

## Note 14 Other assets

### a) Other financial assets measured at amortized cost

| USD m                                                          | 31.12.24      | 31.12.23 <sup>1</sup> |
|----------------------------------------------------------------|---------------|-----------------------|
| Debt securities                                                | 41,585        | 45,057                |
| Loans to financial advisors                                    | 2,723         | 2,615                 |
| Fee- and commission-related receivables                        | 2,242         | 2,576                 |
| Finance lease receivables                                      | 5,879         | 6,288                 |
| Settlement and clearing accounts                               | 430           | 338                   |
| Accrued interest income                                        | 2,115         | 3,163                 |
| Other <sup>2</sup>                                             | 3,862         | 5,418                 |
| <b>Total other financial assets measured at amortized cost</b> | <b>58,835</b> | <b>65,455</b>         |

<sup>1</sup> Comparative-period information has been revised. Refer to Note 2 for more information. <sup>2</sup> Predominantly includes cash collateral provided to exchanges and clearing houses to secure securities trading activity through those counterparties.

Effective 1 April 2022, UBS reclassified a portfolio of HQLA financial assets from *Financial assets measured at fair value through other comprehensive income* with a fair value of USD 6.9bn (the Portfolio) to *Other financial assets measured at amortized cost*.

## Note 14 Other assets (continued)

The Portfolio's cumulative fair value losses of USD 449m pre-tax and USD 333m post-tax, previously recognized in Other comprehensive income, were removed from equity and adjusted against the value of the assets on the reclassification date, so that the Portfolio was measured as if the assets had always been classified at amortized cost, with a value of USD 7.4bn as on 1 April 2022. The reclassification has had no effect on the income statement. At the time, the accounting reclassification arose as a direct result of the planned transformation of UBS's Global Wealth Management Americas business, involving significant growth and extension of the business, generating substantial cash balances, with a number of new saving and deposit products being launched that are longer in duration. Additional lending, and a broader range of customer segments were targeted. As a consequence, 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.

### b) Other non-financial assets

| USD m                                                                                                       | 31.12.24      | 31.12.23      |
|-------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Precious metals and other physical commodities                                                              | 7,341         | 5,930         |
| Deposits and collateral provided in connection with litigation, regulatory and similar matters <sup>1</sup> | 1,946         | 2,726         |
| Prepaid expenses                                                                                            | 1,679         | 2,080         |
| Current tax assets                                                                                          | 1,546         | 1,456         |
| VAT, withholding tax and other tax receivables                                                              | 1,233         | 1,327         |
| Properties and other non-current assets held for sale                                                       | 196           | 188           |
| Assets of disposal groups held for sale <sup>2</sup>                                                        | 1,705         |               |
| Other                                                                                                       | 2,119         | 2,342         |
| <b>Total other non-financial assets</b>                                                                     | <b>17,766</b> | <b>16,049</b> |

1 Refer to Note 18 for more information. 2 Refer to Note 29 for more information about the agreement to sell Select Portfolio Servicing.

## Note 15 Amounts due to banks and customer deposits

| USD m                                                   | 31.12.24       | 31.12.23       |
|---------------------------------------------------------|----------------|----------------|
| Amounts due to banks                                    | 23,347         | 70,962         |
| Customer deposits                                       | 745,777        | 792,029        |
| of which: demand deposits                               | 221,797        | 240,942        |
| of which: retail savings / deposits                     | 182,274        | 186,087        |
| of which: sweep deposits                                | 41,935         | 41,045         |
| of which: time deposits <sup>3</sup>                    | 299,771        | 323,955        |
| <b>Total amounts due to banks and customer deposits</b> | <b>769,124</b> | <b>862,990</b> |

1 Includes customer deposits in UBS AG Jersey Branch and UBS AG Guernsey Branch placed by UBS Switzerland AG and UBS AG Swiss Branch on behalf of their clients.

Amounts due to banks decreased mainly due to the repayment of funding regarding the Emergency Liquidity Assistance facility from the Swiss National bank. Customer deposits decreased mainly reflecting foreign currency effects and net new deposit outflows mainly in time deposits due to maturities, partly offset by shifts into retail savings / deposits as a result of the aforementioned maturities.

## Note 16 Debt issued designated at fair value

| USD m                                                                                                                | 31.12.24       | 31.12.23       |
|----------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Issued debt instruments</b>                                                                                       |                |                |
| Equity-linked <sup>1</sup>                                                                                           | 54,069         | 60,573         |
| Rates-linked                                                                                                         | 23,641         | 28,883         |
| Credit-linked                                                                                                        | 5,225          | 7,730          |
| Fixed-rate                                                                                                           | 14,250         | 20,541         |
| Commodity-linked                                                                                                     | 3,592          | 3,844          |
| Other                                                                                                                | 7,131          | 6,718          |
| of which: debt that contributes to total loss-absorbing capacity                                                     | 4,934          | 4,629          |
| <b>Total debt issued designated at fair value<sup>2</sup></b>                                                        | <b>107,909</b> | <b>128,289</b> |
| of which: issued by UBS AG standalone with original maturity greater than one year <sup>3</sup>                      | 82,491         | 73,544         |
| of which: issued by Credit Suisse AG standalone with original maturity greater than one year <sup>3</sup>            |                | 29,948         |
| of which: issued by Credit Suisse International standalone with original maturity greater than one year <sup>3</sup> | 96             | 1,471          |

1 Includes investment fund unit-linked instruments issued. 2 As of 31 December 2024, 100% of Total debt issued designated at fair value was unsecured. 3 Based on original contractual maturity without considering any early redemption features.

## Note 17 Debt issued measured at amortized cost

|                                                                                                            |                |                |
|------------------------------------------------------------------------------------------------------------|----------------|----------------|
| USD m                                                                                                      | 31.12.24       | 31.12.23       |
| <b>Short-term debt<sup>1</sup></b>                                                                         | <b>30,509</b>  | 38,530         |
| Senior unsecured debt                                                                                      | 133,159        | 147,547        |
| <i>of which: contributes to total loss-absorbing capacity (TLAC)</i>                                       | <i>92,515</i>  | <i>101,939</i> |
| <i>of which: issued by UBS AG standalone with original maturity greater than one year</i>                  | <i>32,664</i>  | <i>18,446</i>  |
| <i>of which: issued by Credit Suisse AG standalone with original maturity greater than one year</i>        |                | <i>24,609</i>  |
| Covered bonds                                                                                              | 8,762          | 5,214          |
| Subordinated debt                                                                                          | 15,030         | 17,644         |
| <i>of which: eligible as high-trigger loss-absorbing additional tier 1 capital instruments<sup>2</sup></i> | <i>13,084</i>  | <i>10,744</i>  |
| <i>of which: eligible as low-trigger loss-absorbing additional tier 1 capital instruments</i>              | <i>1,245</i>   | <i>1,214</i>   |
| <i>of which: eligible as non-Basel III-compliant tier 2 capital instruments</i>                            | <i>207</i>     | <i>538</i>     |
| Debt issued through the Swiss central mortgage institutions                                                | 26,335         | 27,377         |
| Other long-term debt                                                                                       | 424            | 1,506          |
| <b>Long-term debt<sup>3</sup></b>                                                                          | <b>183,709</b> | 199,288        |
| <b>Total debt issued measured at amortized cost<sup>4,5</sup></b>                                          | <b>214,219</b> | 237,817        |

<sup>1</sup> Debt with an original contractual maturity of less than one year, includes mainly certificates of deposit and commercial paper. <sup>2</sup> For 31 December 2024, includes USD 6.9bn (31 December 2023: USD 3.6bn) that are, upon the occurrence of a trigger event or a viability event, subject to conversion into ordinary UBS shares. <sup>3</sup> 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. <sup>4</sup> Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented. <sup>5</sup> Except for Covered bonds (100% secured), Debt issued through the Swiss central mortgage institutions (100% secured) and Other long-term debt (91% secured), 100% of the balance was unsecured as of 31 December 2024.

The Group uses interest rate and foreign exchange derivatives to manage the risks inherent in certain debt instruments held at amortized cost. In some cases, the Group applies hedge accounting for interest rate risk, as discussed in item 2j in Note 1a and Note 25. As a result of applying hedge accounting, the life-to-date adjustment to the carrying amount of debt issued was a decrease of USD 3.1bn as of 31 December 2024 and a decrease of USD 3.0bn as of 31 December 2023, reflecting changes in fair value due to interest rate movements.

Subordinated debt consists of unsecured debt obligations that are contractually subordinated in right of payment to all other present and future non-subordinated obligations of the respective issuing entity. All of the subordinated debt instruments outstanding as of 31 December 2024 pay a fixed rate of interest.

➤ Refer to Note 24 for maturity information

UBS Group AG, together with UBS AG, has fully and unconditionally guaranteed the outstanding SEC-registered debt securities of Credit Suisse (USA) LLC, which as of 31 December 2024 consisted of a single outstanding issuance with a balance of USD 742m maturing in July 2032. Credit Suisse (USA) LLC is an indirect, wholly owned subsidiary of UBS Group AG. UBS Group AG assumed Credit Suisse Group AG's obligations under the guarantee as of 12 June 2023 (i.e. the date of the merger). In accordance with the guarantee, if Credit Suisse (USA) LLC fails to make a timely payment under the agreements governing such debt securities, the holders of the debt securities may demand payment from either UBS Group AG or UBS AG, without first proceeding against Credit Suisse (USA) LLC.

## Note 18 Provisions and contingent liabilities

### a) Provisions

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

|                                                                                                                                                        |              |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------|
| USD m                                                                                                                                                  | 31.12.24     | 31.12.23 <sup>1</sup> |
| Provisions related to expected credit losses (IFRS 9, <i>Financial Instruments</i> ) <sup>2</sup>                                                      | 320          | 350                   |
| Provisions related to Credit Suisse loan commitments (IFRS 3, <i>Business Combinations</i> ) <sup>3</sup>                                              | 997          | 1,924                 |
| Provisions related to litigation, regulatory and similar matters (IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i> )            | 3,602        | 4,020                 |
| Acquisition-related contingent liabilities relating to litigation, regulatory and similar matters (IFRS 3, <i>Business Combinations</i> ) <sup>3</sup> | 2,122        | 3,993                 |
| Restructuring, real-estate and other provisions (IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i> )                             | 1,368        | 2,123                 |
| <b>Total provisions and contingent liabilities</b>                                                                                                     | <b>8,409</b> | 12,412                |

<sup>1</sup> Comparative-period information has been revised. Refer to Note 2 for more information. <sup>2</sup> Refer to Note 10 for more information. <sup>3</sup> Refer to Note 2 for more information about the acquisition of the Credit Suisse Group.

## Note 18 Provisions and contingent liabilities (continued)

The table below presents additional information for provisions under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

| <i>USD m</i>                                              | Litigation,<br>regulatory and<br>similar matters <sup>1</sup> | Restructuring <sup>2</sup> | Real estate <sup>3</sup> | Other <sup>4</sup> | Total 2024     |
|-----------------------------------------------------------|---------------------------------------------------------------|----------------------------|--------------------------|--------------------|----------------|
| <b>Balance at the beginning of the year</b>               | 4,020                                                         | 741                        | 259                      | 1,123              | <b>6,144</b>   |
| Increase in provisions recognized in the income statement | 321                                                           | 1,008                      | 20                       | 159                | <b>1,508</b>   |
| Release of provisions recognized in the income statement  | (97)                                                          | (234)                      | (5)                      | (880)              | <b>(1,217)</b> |
| Reclassifications                                         | 1,594 <sup>5</sup>                                            | 0                          | 0                        | 0                  | <b>1,594</b>   |
| Provisions used in conformity with designated purpose     | (2,129) <sup>5</sup>                                          | (704)                      | (18)                     | (52)               | <b>(2,903)</b> |
| Foreign currency translation and other movements          | (108)                                                         | 1                          | (16)                     | (34)               | <b>(157)</b>   |
| <b>Balance at the end of the year</b>                     | <b>3,602</b>                                                  | <b>813</b>                 | <b>240</b>               | <b>315</b>         | <b>4,969</b>   |

1 Consists of provisions for losses resulting from legal, liability and compliance risks. 2 Consists of USD 383m of provisions for onerous contracts related to real estate as of 31 December 2024 (31 December 2023: USD 448m), USD 334m of personnel-related restructuring provisions as of 31 December 2024 (31 December 2023: USD 294m) and onerous contracts related to technology. 3 Mainly includes provisions for reinstatement costs with respect to leased properties. 4 Mainly includes provisions related to employee benefits, VAT and operational risks. 5 Includes reclassifications from IFRS 3 contingent liabilities to IAS 37 provisions, including the funding by UBS of the offer made in June 2024 by the Credit Suisse supply chain finance funds to redeem all of their outstanding units. As a result of the offer, UBS reclassified USD 944m from IFRS 3 acquisition-related contingent liabilities to IAS 37 provisions related to litigation, regulatory and similar matters, as the probability of an outflow of resources increased, bringing the total IAS 37 provision for this matter to USD 1,421m, with no impact on the income statement. The provision has been used to recognize the funding obligation, which was accounted for as a derivative liability with a fair value of USD 1,421m. Post the expiry of the offer, USD 92m was reclassified from derivative liabilities back into IAS 37 provisions in relation to investors who did not accept the redemption offer.

Restructuring provisions are generally recognized as a consequence of management agreeing to materially change the scope of the business or the manner in which it is conducted, including changes in management structures. Restructuring provisions relate to onerous contracts for property and personnel-related provisions. 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. 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.

Other provisions mainly include provisions related to onerous contracts, employee benefits and operational risks. Onerous contracts are recognized for certain contractual arrangements where the costs exceed the economic benefits expected to be received.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 18b. There are no material contingent liabilities associated with the other classes of provisions.

### b) Litigation, regulatory and similar matters

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

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

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



## Note 18 Provisions and contingent liabilities (continued)

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

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

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 18a) above. UBS provides below an estimate of the aggregate liability for its litigation, regulatory and similar matters as a class of contingent liabilities. Estimates of contingent liabilities are inherently imprecise and uncertain as these estimates require UBS to make 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. Taking into account these uncertainties and the other factors described herein, UBS estimates the future losses that could arise from litigation, regulatory and similar matters disclosed below for which an estimate is possible, that are not covered by existing provisions (including acquisition-related contingent liabilities established under IFRS 3 in connection with the acquisition of Credit Suisse), are in the range of USD 0bn to USD 1.9bn.

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 amounts shown in the table below reflect the provisions recorded under IFRS Accounting Standards. In connection with the acquisition of Credit Suisse, UBS Group AG additionally has reflected in its purchase accounting under IFRS 3 a valuation adjustment reflecting an estimate of outflows relating to contingent liabilities for all present obligations included in the scope of the acquisition at fair value upon closing, even if it is not probable that the contingent liability will result in an outflow of resources, significantly decreasing the recognition threshold for litigation liabilities beyond those that generally apply under IFRS Accounting Standards. The IFRS 3 acquisition-related contingent liabilities of USD 2.1bn at 31 December 2024 reflect a decrease of USD 1.9bn from 31 December 2023 as a result of reclassifications to provisions under IAS 37 and releases upon resolution of the relevant matter.

### Provisions for litigation, regulatory and similar matters by business division and in Group Items<sup>1</sup>

| USD m                                                              | Global Wealth Management | Personal & Corporate Banking | Asset Management | Investment Bank | Non-core and Legacy | Group Items | Total 2024 |
|--------------------------------------------------------------------|--------------------------|------------------------------|------------------|-----------------|---------------------|-------------|------------|
| Balance at the beginning of the year                               | 1,235                    | 157                          | 15               | 294             | 2,186               | 134         | 4,020      |
| Increase in provisions recognized in the income statement          | 165                      | 1                            | 7                | 19              | 118                 | 12          | 321        |
| Release of provisions recognized in the income statement           | (18)                     | 0                            | 0                | (11)            | (66)                | (2)         | (97)       |
| Reclassifications <sup>2</sup>                                     | 17                       | 0                            | 0                | 0               | 1,578               | 0           | 1,594      |
| Provisions used in conformity with designated purpose <sup>2</sup> | (59)                     | 0                            | (20)             | (26)            | (2,020)             | (4)         | (2,129)    |
| Foreign currency translation and other movements                   | (69)                     | (10)                         | 0                | (12)            | (17)                | (1)         | (108)      |
| Balance at the end of the year                                     | 1,271                    | 147                          | 1                | 266             | 1,779               | 139         | 3,602      |

<sup>1</sup> Provisions, if any, for the matters described in items 2 and 10 of this Note are recorded in Global Wealth Management. Provisions, if any, for the matters described in items 5, 6, 7, 8, 9, 11, 13 and 14 of this Note are recorded in Non-core and Legacy. Provisions, if any, for the matters described in item 1 of this Note are allocated between Global Wealth Management, Personal & Corporate Banking and Non-core and Legacy. Provisions, if any, for the matters described in item 3 of this Note are allocated between the Investment Bank, Non-core and Legacy and Group Items. Provisions, if any, for the matters described in item 4 of this Note are allocated between Global Wealth Management and Personal & Corporate Banking. Provisions, if any, for the matters described in item 12 of this Note are allocated between the Investment Bank and Non-core and Legacy. <sup>2</sup> Includes reclassifications from IFRS 3 contingent liabilities to IAS 37 provisions, including the funding by UBS of the offer made in June 2024 by the Credit Suisse supply chain finance funds to redeem all of their outstanding units. As a result of the offer, UBS reclassified USD 944m from IFRS 3 acquisition-related contingent liabilities to IAS 37 provisions related to litigation, regulatory and similar matters, as the probability of an outflow of resources increased, bringing the total IAS 37 provision for this matter to USD 1,421m, with no impact on the income statement. The provision has been used to recognize the funding obligation, which was accounted for as a derivative liability with a fair value of USD 1,421m. Post the expiry of the offer, USD 92m was reclassified from derivative liabilities back into IAS 37 provisions in relation to investors who did not accept the redemption offer.

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

## Note 18 Provisions and contingent liabilities (continued)

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

In 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7bn on UBS AG and UBS (France) S.A. and awarded EUR 800m of civil damages to the French state. A trial in the Paris Court of Appeal took place in March 2021. In December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75m, the confiscation of EUR 1bn, and awarded civil damages to the French state of EUR 800m. UBS appealed the decision to the French Supreme Court. The Supreme Court rendered its judgment on 15 November 2023. It upheld the Court of Appeal's decision regarding unlawful solicitation and aggravated laundering of the proceeds of tax fraud, but overturned the confiscation of EUR 1bn, the penalty of EUR 3.75m and the EUR 800m of civil damages awarded to the French state. The case has been remanded to the Court of Appeal for a retrial regarding these overturned elements. The French state has reimbursed the EUR 800m of civil damages to UBS AG.

In May 2014, Credit Suisse entered into settlement agreements with the SEC, Federal Reserve and New York Department of Financial Services and entered into an agreement with the US Department of Justice (DOJ) to plead guilty to conspiring to aid and abet US taxpayers in filing false tax returns (2014 Plea Agreement). Credit Suisse continued to report to and cooperate with US authorities in accordance with its obligations under the 2014 Plea Agreement, including by conducting a review of cross-border services provided by Credit Suisse. In this connection, Credit Suisse provided information to US authorities regarding potentially undeclared US assets held by clients at Credit Suisse. UBS continues to cooperate with the ongoing investigation by the DOJ.

Our balance sheet at 31 December 2024 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 2. Madoff

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

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

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

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

## Note 18 Provisions and contingent liabilities (continued)

### 3. Foreign exchange, LIBOR and benchmark rates, and other trading practices

*Foreign-exchange-related regulatory matters:* Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and UK 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. In December 2021, the European Commission issued a decision imposing a fine of EUR 83.3m on Credit Suisse entities based on findings of anticompetitive practices in the foreign exchange market. Credit Suisse has appealed the decision to the European General Court. UBS received leniency and accordingly no fine was assessed.

*Foreign-exchange-related civil litigation:* Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS, Credit Suisse and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS and Credit Suisse have 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. Certain class members have excluded themselves from that settlement and filed individual actions in US and English courts against UBS, Credit Suisse and other banks, alleging violations of US and European competition laws and unjust enrichment. UBS, Credit Suisse and the other banks have resolved those individual matters. Credit Suisse and UBS, together with other financial institutions, were named in a consolidated putative class action in Israel, which made allegations similar to those made in the actions pursued in other jurisdictions. In April 2022, Credit Suisse entered into an agreement to settle all claims in this action. In February 2024, UBS entered into an agreement to settle all claims in this action. Both settlements remain subject to court approval.

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 May 2024, the Second Circuit upheld the district court's dismissal of the case.

*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 and Credit Suisse 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, Yen LIBOR, EURIBOR, CHF LIBOR, and GBP LIBOR and seek unspecified compensatory and other damages under various legal theories.

*USD LIBOR class and individual actions in the US:* Beginning in 2013, putative class actions were filed in US federal district courts (and subsequently consolidated in the US District Court for the Southern District of New York (SDNY)) by plaintiffs who engaged in over-the-counter instruments, exchange-traded Eurodollar futures and options, bonds or loans that referenced USD LIBOR. The complaints allege violations of antitrust law and the Commodities Exchange Act, as well breach of contract and unjust enrichment. Following various rulings by the district court and the Second Circuit dismissing certain of the causes of action and allowing others to proceed, one class action with respect to transactions in over-the-counter instruments and several actions brought by individual plaintiffs are proceeding in the district court. UBS and Credit Suisse have entered into settlement agreements in respect of the class actions relating to exchange-traded instruments, bonds and loans. These settlements have received final court approval and the actions have been dismissed as to UBS and Credit Suisse. In addition, an individual action was filed in the Northern District of California against UBS, Credit Suisse 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 ICE LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. The court dismissed the initial complaint and subsequently dismissed an amended complaint with prejudice. In January 2024, plaintiffs appealed the dismissal to the Ninth Circuit Court of Appeals, which affirmed the dismissal in November 2024.

*Other benchmark class actions in the US:* The Yen LIBOR/Euroyen TIBOR, EURIBOR and GBP LIBOR actions have been dismissed. Plaintiffs have appealed the dismissals.

In November 2022, defendants moved to dismiss the complaint in the CHF LIBOR action. In 2023, the court approved a settlement by Credit Suisse of the claims against it in this matter.

## Note 18 Provisions and contingent liabilities (continued)

*Government bonds:* In 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules between 2007 and 2011 relating to European government bonds. The European Commission fined UBS EUR 172m. UBS has appealed the amount of the fine. Also in 2021, the European Commission issued a decision finding that Credit Suisse and four other banks had breached European Union antitrust rules relating to supra-sovereign, sovereign and agency bonds denominated in USD. The European Commission fined Credit Suisse EUR 11.9m, which amount was confirmed on appeal.

Credit Suisse, together with other financial institutions, was named in two Canadian putative class actions, which allege that defendants conspired to fix the prices of supranational, sub-sovereign and agency bonds sold to and purchased from investors in the secondary market. One action was dismissed against Credit Suisse in February 2020. In October 2022, Credit Suisse entered into an agreement to settle all claims in the second action, which was approved by the court in November 2024.

*Credit default swap auction litigation* – In June 2021, Credit Suisse, along with other banks and entities, was named in a putative class action complaint filed in the US District Court for the District of New Mexico alleging manipulation of credit default swap (CDS) final auction prices. Defendants filed a motion to enforce a previous CDS class action settlement in the SDNY. In January 2024, the SDNY ruled that, to the extent claims in the New Mexico action arise from conduct prior to 30 June 2014, those claims are barred by the SDNY settlement. The plaintiffs have appealed the SDNY decision.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, UBS's balance sheet at 31 December 2024 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 4. Swiss retrocessions

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

The Supreme Court decision has resulted, and continues to result, in a number of client requests 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.

UBS's balance sheet at 31 December 2024 reflected a provision with respect to matters described in this item 4 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 5. Mortgage-related matters

*Government and regulatory related matters: DOJ RMBS settlement* – In January 2017, Credit Suisse Securities (USA) LLC (CSS LLC) and its current and former US subsidiaries and US affiliates reached a settlement with the US Department of Justice (DOJ) related to its legacy Residential Mortgage-Backed Securities (RMBS) business, a business conducted through 2007. The settlement resolved potential civil claims by the DOJ related to certain of those Credit Suisse entities' packaging, marketing, structuring, arrangement, underwriting, issuance and sale of RMBS. Pursuant to the terms of the settlement a civil monetary penalty was paid to the DOJ in January 2017. The settlement also required the Credit Suisse entities to provide certain levels of consumer relief measures, including affordable housing payments and loan forgiveness, and the DOJ and Credit Suisse agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. UBS continues to evaluate its approach toward satisfying the remaining consumer relief obligations. The aggregate amount of the consumer relief obligation increased after 2021 by 5% per annum of the outstanding amount due until these obligations are settled. The monitor publishes reports periodically on these consumer relief matters.

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



## Note 18 Provisions and contingent liabilities (continued)

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in New York State court in five actions: An action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7 alleges damages of not less than USD 374m. In December 2023, the court granted in part DLJ's motion to dismiss, dismissing with prejudice all notice-based claims; the parties have appealed. An action by Home Equity Asset Trust, Series 2006-8, alleges damages of not less than USD 436m. An action by Home Equity Asset Trust 2007-1 alleges damages of not less than USD 420m. Following a non-jury trial, the court issued a decision in December 2024 that the plaintiff had established breaches of representations and warranties relating to 210 of the 783 loans at issue. The court deferred decision as to damages, which will either be agreed upon by the parties or briefed for further decision by the court. An action by Home Equity Asset Trust 2007-2 alleges damages of not less than USD 495m. An action by CSMC Asset-Backed Trust 2007-NC1 does not allege a damages amount.

### 6. ATA litigation

Since November 2014, a series of lawsuits have been filed against a number of banks, including Credit Suisse, in the US District Court for the Eastern District of New York (EDNY) and the SDNY alleging claims under the United States Anti-Terrorism Act (ATA) and the Justice Against Sponsors of Terrorism Act. The plaintiffs in each of these lawsuits are, or are relatives of, victims of various terrorist attacks in Iraq and allege a conspiracy and/or aiding and abetting based on allegations that various international financial institutions, including the defendants, agreed to alter, falsify or omit information from payment messages that involved Iranian parties for the express purpose of concealing the Iranian parties' financial activities and transactions from detection by US authorities. The lawsuits allege that this conduct has made it possible for Iran to transfer funds to Hezbollah and other terrorist organizations actively engaged in harming US military personnel and civilians. In January 2023, the United States Court of Appeals for the Second Circuit affirmed a September 2019 ruling by the EDNY granting defendants' motion to dismiss the first filed lawsuit. In October 2023, the United States Supreme Court denied plaintiffs' petition for a writ of certiorari. In February 2024, plaintiffs filed a motion to vacate the judgment in the first filed lawsuit. Of the other seven cases, four are stayed, including one that was dismissed as to Credit Suisse and most of the bank defendants prior to entry of the stay, and in three cases plaintiffs have filed amended complaints.

### 7. Customer account matters

Several clients have claimed that a former relationship manager in Switzerland had exceeded his investment authority in the management of their portfolios, resulting in excessive concentrations of certain exposures and investment losses. Credit Suisse AG has investigated the claims, as well as transactions among the clients. Credit Suisse AG filed a criminal complaint against the former relationship manager with the Geneva Prosecutor's Office upon which the prosecutor initiated a criminal investigation. Several clients of the former relationship manager also filed criminal complaints with the Geneva Prosecutor's Office. In February 2018, the former relationship manager was sentenced to five years in prison by the Geneva criminal court for fraud, forgery and criminal mismanagement and ordered to pay damages of approximately USD 130m. On appeal, the Criminal Court of Appeals of Geneva and, subsequently, the Swiss Federal Supreme Court upheld the main findings of the Geneva criminal court.

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

In Singapore, in a civil lawsuit against Credit Suisse Trust Limited, the Singapore International Commercial Court issued a judgment finding for the plaintiffs and, in September 2023, the court awarded damages of USD 742.73m, excluding post-judgment interest. This figure does not exclude potential overlap with the Bermuda proceedings against Credit Suisse Life (Bermuda) Ltd., described below, and the court ordered the parties to ensure that there shall be no double recovery in relation to this award and the Bermuda proceedings. On appeal from this judgment, in July 2024, the court ordered some changes to the calculation of damages and directed the parties to agree adjustments to the award. The court ordered a revised award of USD 461m, including interest and costs, in October 2024.

In Bermuda, in the civil lawsuit brought against Credit Suisse Life (Bermuda) Ltd., the Supreme Court of Bermuda issued a judgment finding for the plaintiff and awarded damages of USD 607.35m to the plaintiff. Credit Suisse Life (Bermuda) Ltd. appealed the decision and in June 2023, the Bermuda Court of Appeal confirmed the award issued by the Supreme Court of Bermuda and the finding that Credit Suisse Life (Bermuda) Ltd. had breached its contractual and fiduciary duties, but overturning the finding that Credit Suisse Life (Bermuda) Ltd. had made fraudulent misrepresentations. In March 2024, the Bermuda Court of Appeal granted a motion by Credit Suisse Life (Bermuda) Ltd. for leave to appeal the judgment to the Judicial Committee of the Privy Council and the notice of such appeal was filed. The Court of Appeal also ordered that the current stay continue pending determination of the appeal on the condition that the damages awarded remain within the escrow account plus interest calculated at the Bermuda statutory rate of 3.5%. In December 2023, USD 75m was released from the escrow account and paid to plaintiffs.

In Switzerland, civil lawsuits have been commenced against Credit Suisse AG in the Court of First Instance of Geneva, with statements of claim served in March 2023 and March 2024.

## Note 18 Provisions and contingent liabilities (continued)

### 8. Mozambique matter

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

In October 2021, Credit Suisse reached settlements with the DOJ, the US Securities and Exchange Commission (SEC), the UK Financial Conduct Authority (FCA) and FINMA to resolve inquiries by these agencies, including findings that Credit Suisse failed to appropriately organize and conduct its business with due skill and care, and manage risks. Credit Suisse Group AG entered into a three-year Deferred Prosecution Agreement (DPA) with the DOJ in connection with the criminal information charging Credit Suisse Group AG with conspiracy to commit wire fraud and Credit Suisse Securities (Europe) Limited (CSSEL) entered into a Plea Agreement and pleaded guilty to one count of conspiracy to violate the US federal wire fraud statute. Under the terms of the DPA, UBS Group AG (as successor to Credit Suisse Group AG) continued compliance enhancement and remediation efforts agreed by Credit Suisse, and undertake additional measures as outlined in the DPA. In January 2025, as permitted under the terms of the DPA, the DOJ elected to extend the term of the DPA by one year.

### 9. ETN-related litigation

*XIV litigation:* Since March 2018, three class action complaints were filed in the SDNY on behalf of a putative class of purchasers of VelocityShares Daily Inverse VIX Short-Term Exchange Traded Notes linked to the S&P 500 VIX Short-Term Futures Index (XIV ETNs). The complaints have been consolidated and asserts claims against Credit Suisse for violations of various anti-fraud and anti-manipulation provisions of US securities laws arising from a decline in the value of XIV ETNs in February 2018. On appeal from an order of the SDNY dismissing all claims, the Second Circuit issued an order that reinstated a portion of the claims. In decisions in March 2023 and February 2025, the court granted class certification for two of the three classes proposed by plaintiffs and denied class certification of the third proposed class.

### 10. Bulgarian former clients matter

In December 2020, the Swiss Office of the Attorney General brought charges against Credit Suisse AG and other parties concerning the diligence and controls applied to a historical relationship with Bulgarian former clients who are alleged to have laundered funds through Credit Suisse AG accounts. In June 2022, following a trial, Credit Suisse AG was convicted in the Swiss Federal Criminal Court of certain historical organizational inadequacies in its anti-money-laundering framework and ordered to pay a fine of CHF 2m. In addition, the court seized certain client assets in the amount of approximately CHF 12m and ordered Credit Suisse AG to pay a compensatory claim in the amount of approximately CHF 19m. Credit Suisse AG appealed the decision to the Swiss Federal Court of Appeals. Following the merger of UBS AG and Credit Suisse AG, UBS AG confirmed the appeal. In November 2024, the court issued a judgment that acquitted UBS AG and annulled the fine and compensatory claim ordered by the first instance court. The court of appeal's judgment may be appealed to the Swiss Federal Supreme Court.

### 11. Supply chain finance funds

Credit Suisse has received requests for documents and information in connection with inquiries, investigations, enforcement and other actions relating to the supply chain finance funds (SCFFs) matter by FINMA, the FCA and other regulatory and governmental agencies.

In February 2023, FINMA announced the conclusion of its enforcement proceedings against Credit Suisse in connection with the SCFFs matter. In its order, FINMA reported that Credit Suisse had seriously breached applicable Swiss supervisory laws in this context with regard to risk management and appropriate operational structures. While FINMA recognized that Credit Suisse had already taken extensive organizational measures to strengthen its governance and control processes, FINMA ordered certain additional remedial measures. These include a requirement that Credit Suisse documents the responsibilities of approximately 600 of its highest-ranking managers. This measure has been made applicable to UBS Group. FINMA has also separately opened four enforcement proceedings against former managers of Credit Suisse.

In May 2023, FINMA opened an enforcement proceeding against Credit Suisse in order to confirm compliance with supervisory requirements in response to inquiries from FINMA's enforcement division in the SCFFs matter. FINMA has closed the enforcement proceeding, finding that Credit Suisse breached its cooperation obligations with FINMA Enforcement. FINMA refrained from ordering any remedial measures as it did not find similar issues with UBS.

In December 2024, the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) concluded its investigation. The CSSF identified non-compliance with several obligations under Luxembourg law and imposed a sanction of EUR 250,000.



## Note 18 Provisions and contingent liabilities (continued)

The Attorney General of the Canton of Zurich has initiated a criminal procedure in connection with the SCFFs matter and several fund investors have joined the procedure as interested parties. Certain former and active Credit Suisse employees, among others, have been named as accused persons, but Credit Suisse itself was not made a party to the proceeding.

Certain civil actions have been filed by fund investors and other parties against Credit Suisse and/or certain officers and directors in various jurisdictions, which make allegations including mis-selling and breaches of duties of care, diligence and other fiduciary duties. In June 2024, the Credit Suisse SCFFs made a voluntary offer to the SCFFs investors to redeem all outstanding fund units. The offer expired on 31 July 2024, and fund units representing around 92% of the SCFFs' net asset value were tendered in the offer and accepted. Fund units accepted in the offer were redeemed at 90% of the net asset value determined on 25 February 2021, net of any payments made by the relevant fund to the fund investors since that time. Investors whose units were redeemed released any claims they may have had against the SCFFs, Credit Suisse or UBS. The offer was funded by UBS through the purchase of units of feeder sub-funds.

### 12. Archegos

Credit Suisse and UBS have received requests for documents and information in connection with inquiries, investigations and/or actions relating to their relationships with Archegos Capital Management (Archegos), including from FINMA (assisted by a third party appointed by FINMA), the DOJ, the SEC, the US Federal Reserve, the US Commodity Futures Trading Commission (CFTC), the US Senate Banking Committee, the Prudential Regulation Authority (PRA), the FCA, the WEKO, the Hong Kong Competition Commission and other regulatory and governmental agencies. UBS is cooperating with the authorities in these matters. In July 2023, CSI and CSSEL entered into a settlement agreement with the PRA providing for the resolution of the PRA's investigation. Also in July 2023, FINMA issued a decree ordering remedial measures and the Federal Reserve Board issued an Order to Cease and Desist. Under the terms of the order, Credit Suisse paid a civil money penalty and agreed to undertake certain remedial measures relating to counterparty credit risk management, liquidity risk management and non-financial risk management, as well as enhancements to board oversight and governance. UBS Group, as the legal successor to Credit Suisse Group AG, is a party to the FINMA decree and Federal Reserve Board Cease and Desist Order.

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

### 13. Credit Suisse financial disclosures

Credit Suisse Group AG and certain directors, officers and executives have been named in securities class action complaints pending in the SDNY. These complaints, filed on behalf of purchasers of Credit Suisse shares, additional tier 1 capital notes, and other securities in 2023, allege that defendants made misleading statements regarding: (i) customer outflows in late 2022; (ii) the adequacy of Credit Suisse's financial reporting controls; and (iii) the adequacy of Credit Suisse's risk management processes, and include allegations relating to Credit Suisse Group AG's merger with UBS Group AG. Many of the actions have been consolidated, and a motion to dismiss was granted in part and denied in part in September 2024. For one additional action, filed in October 2023, a motion to dismiss remains pending.

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

### 14. Merger-related litigation

Certain Credit Suisse Group AG affiliates and certain directors, officers and executives have been named in class action complaints pending in the SDNY and New Jersey federal court. One complaint, brought on behalf of Credit Suisse shareholders, alleges breaches of fiduciary duty under Swiss law and civil RICO claims under US federal law. In February 2024, the court granted defendants' motions to dismiss the civil RICO claims and conditionally dismissed the Swiss law claims pending defendants' acceptance of jurisdiction in Switzerland. In March 2024, having received consents to Swiss jurisdiction from all defendants served with the complaint, the court dismissed the Swiss law claims against those defendants. Additional complaints, brought on behalf of holders of Credit Suisse additional tier 1 capital notes (AT1 noteholders) allege breaches of fiduciary duty under Swiss law, arising from a series of scandals and misconduct, which led to Credit Suisse Group AG's merger with UBS Group AG, causing losses to shareholders and AT1 noteholders. Motions to dismiss these complaints were granted in March 2024 and September 2024 on the basis that Switzerland is the most appropriate forum for litigation. Plaintiff in one of these cases has appealed the dismissal.

## Note 19 Other liabilities

### a) Other financial liabilities measured at amortized cost

| USD m                                                               | 31.12.24      | 31.12.23      |
|---------------------------------------------------------------------|---------------|---------------|
| Other accrued expenses                                              | 3,140         | 3,270         |
| Accrued interest expenses                                           | 5,876         | 6,692         |
| Settlement and clearing accounts                                    | 1,944         | 1,519         |
| Lease liabilities                                                   | 4,597         | 5,502         |
| Other                                                               | 5,476         | 3,868         |
| <b>Total other financial liabilities measured at amortized cost</b> | <b>21,033</b> | <b>20,851</b> |

### b) Other financial liabilities designated at fair value

| USD m                                                             | 31.12.24      | 31.12.23      |
|-------------------------------------------------------------------|---------------|---------------|
| Financial liabilities related to unit-linked investment contracts | 17,203        | 15,992        |
| Securities financing transactions                                 | 5,798         | 7,416         |
| Over-the-counter debt instruments and other                       | 5,698         | 6,076         |
| <b>Total other financial liabilities designated at fair value</b> | <b>28,699</b> | <b>29,484</b> |

### c) Other non-financial liabilities

| USD m                                                               | 31.12.24      | 31.12.23      |
|---------------------------------------------------------------------|---------------|---------------|
| Compensation-related liabilities                                    | 9,592         | 9,746         |
| <i>of which: Deferred Contingent Capital Plan</i>                   | <i>1,847</i>  | <i>1,709</i>  |
| <i>of which: financial advisor compensation plans</i>               | <i>1,621</i>  | <i>1,483</i>  |
| <i>of which: cash awards and other compensation plans</i>           | <i>4,393</i>  | <i>4,723</i>  |
| <i>of which: net defined benefit liability</i>                      | <i>763</i>    | <i>796</i>    |
| <i>of which: other compensation-related liabilities<sup>1</sup></i> | <i>969</i>    | <i>1,035</i>  |
| Current tax liabilities                                             | 1,671         | 1,460         |
| Deferred tax liabilities                                            | 340           | 325           |
| VAT, withholding tax and other tax payables                         | 1,156         | 1,120         |
| Deferred income                                                     | 555           | 635           |
| Liabilities of disposal groups held for sale <sup>2</sup>           | 1,199         |               |
| Other                                                               | 320           | 802           |
| <b>Total other non-financial liabilities</b>                        | <b>14,834</b> | <b>14,089</b> |

<sup>1</sup> Includes liabilities for payroll taxes and untaken vacation. <sup>2</sup> Refer to Note 29 for more information about the agreement to sell Select Portfolio Servicing.

## Additional information

### Note 20 Expected credit loss measurement

#### a) Expected credit losses in the period

Total net credit loss expenses were USD 551m in 2024, reflecting net credit loss releases of USD 99m related to stage 1 and 2 positions and net credit loss expenses of USD 651m related to credit-impaired (stage 3 and purchased credit-impaired) positions, predominantly in the corporate lending portfolios.

► Refer to Note 20b for more information regarding changes to ECL models, scenarios, scenario weights and the post-model adjustments and to Note 20c for more information regarding the development of ECL allowances and provisions

#### Credit loss expense / (release)

| USD m                              | Performing positions | Credit-impaired positions |           | Total        |
|------------------------------------|----------------------|---------------------------|-----------|--------------|
|                                    | Stages 1 and 2       | Stage 3                   | Purchased |              |
| <b>For the year ended 31.12.24</b> |                      |                           |           |              |
| Global Wealth Management           | (60)                 | 41                        | 3         | (16)         |
| Personal & Corporate Banking       | (63)                 | 487                       | (21)      | 404          |
| Asset Management                   | (1)                  | 0                         | 0         | (1)          |
| Investment Bank                    | 56                   | 42                        | 0         | 97           |
| Non-core and Legacy                | (30)                 | 42                        | 57        | 69           |
| Group Items                        | (2)                  | 0                         | 0         | (2)          |
| <b>Total</b>                       | <b>(99)</b>          | <b>612</b>                | <b>39</b> | <b>551</b>   |
| <b>For the year ended 31.12.23</b> |                      |                           |           |              |
| Global Wealth Management           | 127                  | 27                        | 13        | 166          |
| Personal & Corporate Banking       | 271                  | 183                       | 27        | 482          |
| Asset Management                   | 1                    | (1)                       | 0         | 0            |
| Investment Bank                    | 110                  | 78                        | 2         | 190          |
| Non-core and Legacy                | 78                   | 91                        | 25        | 193          |
| Group Items                        | 5                    | 0                         | 0         | 6            |
| <b>Total</b>                       | <b>593</b>           | <b>378</b>                | <b>67</b> | <b>1,037</b> |
| <b>For the year ended 31.12.22</b> |                      |                           |           |              |
| Global Wealth Management           | (5)                  | 5                         |           | 0            |
| Personal & Corporate Banking       | 27                   | 12                        |           | 39           |
| Asset Management                   | 0                    | 0                         |           | 0            |
| Investment Bank                    | 6                    | (18)                      |           | (12)         |
| Non-core and Legacy                | 0                    | 2                         |           | 2            |
| Group Items                        | 1                    | 0                         |           | 1            |
| <b>Total</b>                       | <b>29</b>            | <b>0</b>                  |           | <b>29</b>    |

#### b) Changes to ECL models, scenarios, scenario weights and key inputs

Refer to Note 1a for information about the principles governing expected credit loss (ECL) models, scenarios, scenario weights and key inputs.

##### Governance

Comprehensive cross-functional and cross-divisional governance processes are in place and are used to discuss and approve scenario updates and weights, to assess whether significant increases in credit risk resulted in stage transfers, to review model outputs and to reach conclusions regarding post-model adjustments.

##### Model changes

During 2024, the model review and enhancement process led to adjustments of the probability of default (PD), loss given default (LGD) and credit conversion factor (CCF) models, resulting in a USD 49m increase in ECL allowances. This included an increase of USD 68m in the Investment Bank related to large corporate clients and a USD 17m decrease in Global Wealth Management related to lending for ship financing.

##### Scenario and key input updates

During 2024, the scenarios and related macroeconomic factors were updated from those applied at the end of 2023 by considering the prevailing economic and political conditions and uncertainty. The review focused on events that significantly changed the economic outlook during the year: the milder inflation outlook and the start of a monetary policy easing cycle, and geopolitical uncertainties. ECLs for legacy Credit Suisse positions were calculated based on legacy Credit Suisse models, including the same scenario and scenario weight inputs as for UBS's existing business activity.

**Baseline scenario:** the projections of the baseline scenario, which are aligned to the economic and market assumptions used for UBS's business planning purposes, are broadly in line with external benchmarks, such as those from Bloomberg Consensus, Oxford Economics and the International Monetary Fund World Economic Outlook. The expectation for 2025 is that global growth slows due to rising uncertainty, with the prospect of renewed tariff escalation, and a deceleration in US economic growth. Unemployment rates are forecast to increase somewhat from their 2024 levels. After declining over 2024, long-term interest rates are expected to remain broadly stable in 2025. The outlook for house prices worldwide remains resilient, including in Switzerland.

## Note 20 Expected credit loss measurement (continued)

*Mild debt crisis scenario:* The first hypothetical downside scenario is the mild debt crisis scenario. The mild debt crisis assumes that political, solvency and liquidity concerns cause a sell-off of sovereign debt in emerging markets and the peripheral Eurozone. The global economy and financial markets are negatively affected, and central banks are assumed to ease their monetary policy.

*Stagflationary geopolitical crisis scenario:* The second downside scenario is aligned with the 2024 Group binding stress scenario and was updated in 2024 to reflect expected risks, resulting in minimal changes. Geopolitical tensions cause an escalation of security concerns and undermine globalization. The ensuing economic regionalization leads to a surge in global commodity prices and further disruptions of supply chains and raises the specter of prolonged stagflation. Central banks are forced to further tighten monetary policy to contain inflationary pressures.

*Asset price appreciation scenario:* The upside scenario is based on positive developments, such as an easing of geopolitical tensions across the globe and a rebound in Chinese economic growth. A combination of lower commodity prices, effective monetary policies and easing supply chain disruptions helps to reduce inflation. Improved consumer and business sentiment lead to a global economic rebound, enabling central banks to normalize interest rates, which causes asset prices to increase significantly.

The table below details the key assumptions for the four scenarios applied as of 31 December 2024.

### Scenario generation, review process and governance

A team of economists within Group Risk Control develops the forward-looking macroeconomic assumptions, with a broad range of experts also being involved in that process.

The scenarios, their weights and the key macroeconomic and other factors are subject to a critical assessment by the IFRS 9 Scenario Sounding Sessions and ECL Management Forum, which include senior management from Group Risk and Group Finance. Important aspects for the review include whether there may be particular credit risk concerns that may not be capable of being addressed systematically and require post-model adjustments for stage allocation and ECL allowances.

The Group Model Governance Committee, as the highest authority under UBS's model governance framework, ratifies the decisions taken by the ECL Management Forum.

### Scenario weights and post-model adjustments

Scenario weights, as illustrated in the table below, are unchanged.

However, unquantifiable risks continue to be relevant, as the geopolitical risks remained high in 2024, and the impact on the world economy from escalations with unforeseeable consequences could be severe. In the near term, this uncertainty relates primarily to developments in the Russia–Ukraine war and Middle East conflicts. Models, which are based on supportable statistical information from past experiences regarding interdependencies of macroeconomic factors and their implications for credit risk portfolios, cannot comprehensively reflect such extraordinary events, such as a pandemic or a fundamental change in the world political order. Rather than creating multiple additional scenarios to attempt to gauge these risks and applying model parameters that lack supportable information and cannot be robustly validated, management continued to also apply post-model adjustments.

Total stage 1 and 2 allowances and provisions were USD 946m as of 31 December 2024 and included post-model adjustments of USD 235m (31 December 2023: USD 326m). Post-model adjustments are to address uncertainty levels, including those arising from the geopolitical situation, and to align Credit Suisse's model results with the results expected under the applicable UBS model after the migration of positions.

### Economic scenarios and weights applied

| ECL scenario                         | Assigned weights in % |          |
|--------------------------------------|-----------------------|----------|
|                                      | 31.12.24              | 31.12.23 |
| Asset price appreciation / inflation | 0.0                   | 0.0      |
| Baseline                             | 60.0                  | 60.0     |
| Mild debt crisis                     | 15.0                  | 15.0     |
| Stagflationary geopolitical crisis   | 25.0                  | 25.0     |

## Note 20 Expected credit loss measurement (continued)

| Scenario assumptions                                                           | One year              |          |                  |                                    | Three years cumulative |          |                  |                                    |
|--------------------------------------------------------------------------------|-----------------------|----------|------------------|------------------------------------|------------------------|----------|------------------|------------------------------------|
|                                                                                | Asset price inflation | Baseline | Mild debt crisis | Stagflationary geopolitical crisis | Asset price inflation  | Baseline | Mild debt crisis | Stagflationary geopolitical crisis |
| <b>31.12.24</b>                                                                |                       |          |                  |                                    |                        |          |                  |                                    |
| <b>Real GDP growth (percentage change)</b>                                     |                       |          |                  |                                    |                        |          |                  |                                    |
| United States                                                                  | 3.5                   | 2.0      | (1.4)            | (4.8)                              | 8.6                    | 5.5      | 0.8              | (4.4)                              |
| Eurozone                                                                       | 2.5                   | 0.9      | (1.7)            | (5.6)                              | 5.6                    | 3.2      | (0.1)            | (5.7)                              |
| Switzerland                                                                    | 2.7                   | 0.9      | (1.1)            | (4.8)                              | 6.2                    | 4.2      | 0.4              | (4.9)                              |
| <b>Consumer price index (percentage change)</b>                                |                       |          |                  |                                    |                        |          |                  |                                    |
| United States                                                                  | 2.3                   | 2.6      | 0.0              | 10.0                               | 8.1                    | 7.8      | 2.5              | 15.8                               |
| Eurozone                                                                       | 2.0                   | 2.2      | 0.0              | 9.6                                | 7.3                    | 5.9      | 2.0              | 14.8                               |
| Switzerland                                                                    | 1.4                   | 0.7      | (0.2)            | 5.8                                | 5.7                    | 2.7      | 1.4              | 10.7                               |
| <b>Unemployment rate (end-of-period level, %)</b>                              |                       |          |                  |                                    |                        |          |                  |                                    |
| United States                                                                  | 3.1                   | 4.3      | 6.8              | 9.8                                | 3.0                    | 4.1      | 8.1              | 12.4                               |
| Eurozone                                                                       | 6.0                   | 7.0      | 7.9              | 10.5                               | 6.0                    | 6.8      | 8.3              | 11.7                               |
| Switzerland                                                                    | 2.3                   | 2.6      | 3.4              | 4.6                                | 2.3                    | 2.5      | 4.2              | 5.5                                |
| <b>Fixed income: 10-year government bonds (change in yields, basis points)</b> |                       |          |                  |                                    |                        |          |                  |                                    |
| USD                                                                            | 0                     | 77       | (137)            | 270                                | 45                     | 82       | (77)             | 245                                |
| EUR                                                                            | 0                     | 25       | (113)            | 245                                | 38                     | 35       | (68)             | 215                                |
| CHF                                                                            | 0                     | (4)      | (22)             | 195                                | 38                     | 11       | (1)              | 180                                |
| <b>Equity indices (percentage change)</b>                                      |                       |          |                  |                                    |                        |          |                  |                                    |
| S&P 500                                                                        | 20.0                  | 12.0     | (28.1)           | (56.5)                             | 51.7                   | 26.7     | (14.0)           | (51.2)                             |
| EuroStoxx 50                                                                   | 16.0                  | (0.6)    | (27.9)           | (56.6)                             | 41.7                   | 9.9      | (18.3)           | (52.7)                             |
| SPI                                                                            | 14.0                  | (0.6)    | (26.0)           | (56.6)                             | 37.9                   | 8.0      | (13.0)           | (52.7)                             |
| <b>Swiss real estate (percentage change)</b>                                   |                       |          |                  |                                    |                        |          |                  |                                    |
| Single-Family Homes                                                            | 4.5                   | 3.2      | (4.3)            | (18.5)                             | 10.7                   | 8.8      | (3.0)            | (28.6)                             |
| <b>Other real estate (percentage change)</b>                                   |                       |          |                  |                                    |                        |          |                  |                                    |
| United States (S&P / Case-Shiller)                                             | 6.3                   | 3.4      | (7.6)            | (20.2)                             | 16.8                   | 11.9     | (5.2)            | (30.5)                             |
| Eurozone (House Price Index)                                                   | 4.5                   | 3.7      | (6.1)            | (8.4)                              | 10.7                   | 11.6     | (5.6)            | (12.9)                             |

| Scenario assumptions                                                           | One year              |          |                  |                                    | Three years cumulative |          |                  |                                    |
|--------------------------------------------------------------------------------|-----------------------|----------|------------------|------------------------------------|------------------------|----------|------------------|------------------------------------|
|                                                                                | Asset price inflation | Baseline | Mild debt crisis | Stagflationary geopolitical crisis | Asset price inflation  | Baseline | Mild debt crisis | Stagflationary geopolitical crisis |
| <b>31.12.23</b>                                                                |                       |          |                  |                                    |                        |          |                  |                                    |
| <b>Real GDP growth (percentage change)</b>                                     |                       |          |                  |                                    |                        |          |                  |                                    |
| United States                                                                  | 4.0                   | 0.1      | (1.6)            | (4.8)                              | 9.1                    | 4.4      | 0.6              | (4.4)                              |
| Eurozone                                                                       | 3.0                   | 0.5      | (1.7)            | (5.6)                              | 6.2                    | 2.9      | (0.1)            | (5.7)                              |
| Switzerland                                                                    | 3.0                   | 1.4      | (1.2)            | (4.8)                              | 6.6                    | 4.4      | 0.3              | (4.9)                              |
| <b>Consumer price index (percentage change)</b>                                |                       |          |                  |                                    |                        |          |                  |                                    |
| United States                                                                  | 2.5                   | 2.3      | (0.1)            | 10.0                               | 8.1                    | 7.1      | 2.3              | 15.8                               |
| Eurozone                                                                       | 2.3                   | 2.0      | (0.2)            | 9.6                                | 7.4                    | 6.1      | 1.8              | 14.8                               |
| Switzerland                                                                    | 2.1                   | 1.5      | (0.4)            | 5.8                                | 6.2                    | 4.3      | 0.8              | 10.7                               |
| <b>Unemployment rate (end-of-period level, %)</b>                              |                       |          |                  |                                    |                        |          |                  |                                    |
| United States                                                                  | 3.0                   | 4.4      | 6.3              | 9.2                                | 3.0                    | 4.4      | 7.7              | 11.8                               |
| Eurozone                                                                       | 6.0                   | 6.9      | 8.2              | 10.6                               | 6.0                    | 6.8      | 9.0              | 11.8                               |
| Switzerland                                                                    | 1.6                   | 2.3      | 2.9              | 4.1                                | 1.5                    | 2.3      | 3.8              | 5.0                                |
| <b>Fixed income: 10-year government bonds (change in yields, basis points)</b> |                       |          |                  |                                    |                        |          |                  |                                    |
| USD                                                                            | 13                    | (82)     | (215)            | 270                                | 37                     | (78)     | (155)            | 245                                |
| EUR                                                                            | 20                    | (90)     | (185)            | 225                                | 58                     | (78)     | (140)            | 195                                |
| CHF                                                                            | 25                    | (41)     | (73)             | 195                                | 63                     | (34)     | (28)             | 180                                |
| <b>Equity indices (percentage change)</b>                                      |                       |          |                  |                                    |                        |          |                  |                                    |
| S&P 500                                                                        | 20.0                  | 15.3     | (26.6)           | (51.5)                             | 51.7                   | 28.1     | (12.2)           | (45.6)                             |
| EuroStoxx 50                                                                   | 20.0                  | 12.0     | (26.4)           | (51.6)                             | 46.6                   | 22.9     | (16.6)           | (47.2)                             |
| SPI                                                                            | 15.0                  | 4.6      | (24.5)           | (51.6)                             | 39.2                   | 15.9     | (11.2)           | (47.2)                             |
| <b>Swiss real estate (percentage change)</b>                                   |                       |          |                  |                                    |                        |          |                  |                                    |
| Single-Family Homes                                                            | 6.6                   | (1.5)    | (4.4)            | (18.5)                             | 14.0                   | 0.8      | (3.0)            | (28.6)                             |
| <b>Other real estate (percentage change)</b>                                   |                       |          |                  |                                    |                        |          |                  |                                    |
| United States (S&P / Case-Shiller)                                             | 8.1                   | 0.6      | (8.6)            | (20.0)                             | 19.7                   | 5.8      | (5.2)            | (30.2)                             |
| Eurozone (House Price Index)                                                   | 7.0                   | 0.6      | (5.9)            | (8.4)                              | 15.4                   | 6.4      | (5.2)            | (12.9)                             |

## Note 20 Expected credit loss measurement (continued)

### c) Development of ECL allowances and provisions

The ECL allowances and provisions recognized in the period are impacted by a variety of factors, such as:

- the effect of selecting and updating forward-looking scenarios and the respective weights;
- origination of new instruments during the period;
- the effect of passage of time (lower residual lifetime PD and the effect of discount unwind) as the ECL on an instrument for the remaining lifetime decreases (all other factors remaining the same);
- derecognition of instruments in the period;
- change in individual asset quality of instruments;
- movements from a maximum 12-month ECL to the recognition of lifetime ECL (and vice versa) following transfers between stages 1 and 2;
- movements from stages 1 and 2 to stage 3 (credit-impaired status) when default has become certain and PD increases to 100% (or vice versa);
- changes in models or updates to model parameters;
- write-off; and
- foreign exchange translations for assets denominated in foreign currencies.

The table below explains the changes in the ECL allowances and provisions for on- and off-balance sheet financial instruments and credit lines within the scope of ECL requirements between the beginning and the end of the period due to the factors listed above.

#### Development of ECL allowances and provisions

| USD m                                                                                | Total          | Stage 1      | Stage 2      | Stage 3        | PCI          |
|--------------------------------------------------------------------------------------|----------------|--------------|--------------|----------------|--------------|
| <b>Balance as of 31 December 2023</b>                                                | <b>(2,261)</b> | <b>(700)</b> | <b>(416)</b> | <b>(993)</b>   | <b>(153)</b> |
| <b>Net movement from new and derecognized transactions<sup>1</sup></b>               | <b>37</b>      | <b>30</b>    | <b>(21)</b>  | <b>29</b>      | <b>0</b>     |
| of which: Private clients with mortgages                                             | 2              | (6)          | 8            | 0              | 0            |
| of which: Real estate financing                                                      | 8              | 5            | 3            | 0              | 0            |
| of which: Large corporate clients                                                    | (12)           | (6)          | (34)         | 28             | 0            |
| of which: SME clients                                                                | 10             | 4            | 5            | 0              | 0            |
| of which: Other                                                                      | 30             | 33           | (3)          | 0              | 1            |
| of which: Loans to financial advisors                                                | (2)            | (2)          | 0            | 0              | 0            |
| <b>Remeasurements with stage transfers<sup>2</sup></b>                               | <b>(509)</b>   | <b>32</b>    | <b>(53)</b>  | <b>(488)</b>   | <b>0</b>     |
| of which: Private clients with mortgages                                             | (6)            | 0            | (7)          | 0              | 0            |
| of which: Real estate financing                                                      | (8)            | 2            | (4)          | (5)            | 0            |
| of which: Large corporate clients                                                    | (100)          | 21           | (20)         | (101)          | 0            |
| of which: SME clients                                                                | (295)          | 3            | (11)         | (287)          | 0            |
| of which: Other                                                                      | (100)          | 6            | (10)         | (96)           | 1            |
| <b>Remeasurements without stage transfers<sup>3</sup></b>                            | <b>(30)</b>    | <b>127</b>   | <b>36</b>    | <b>(153)</b>   | <b>(40)</b>  |
| of which: Private clients with mortgages                                             | 27             | 18           | 18           | (7)            | (2)          |
| of which: Real estate financing                                                      | 44             | 16           | 5            | 6              | 17           |
| of which: Large corporate clients                                                    | 29             | 55           | 31           | (25)           | (32)         |
| of which: SME clients                                                                | (90)           | 5            | 2            | (97)           | 0            |
| of which: Other                                                                      | (40)           | 32           | (19)         | (29)           | (23)         |
| of which: Sovereign                                                                  | (9)            | 12           | (21)         | 0              | 0            |
| <b>Model changes<sup>4</sup></b>                                                     | <b>(49)</b>    | <b>(14)</b>  | <b>(35)</b>  | <b>0</b>       | <b>0</b>     |
| <b>Movements with profit or loss impact<sup>5</sup></b>                              | <b>(551)</b>   | <b>175</b>   | <b>(74)</b>  | <b>(612)</b>   | <b>(39)</b>  |
| <b>Movements without profit or loss impact (write-off, FX and other)<sup>6</sup></b> | <b>305</b>     | <b>37</b>    | <b>31</b>    | <b>353</b>     | <b>(116)</b> |
| <b>Balance as of 31 December 2024</b>                                                | <b>(2,507)</b> | <b>(487)</b> | <b>(459)</b> | <b>(1,253)</b> | <b>(309)</b> |

<sup>1</sup> Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. <sup>2</sup> Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. <sup>3</sup> Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. <sup>4</sup> Represents the change in the allowances and provisions related to changes in models and methodologies. <sup>5</sup> Includes ECL movements from new and derecognized transactions, remeasurement changes, and model and methodology changes. <sup>6</sup> Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.



## Note 20 Expected credit loss measurement (continued)

*Movements with profit or loss impact:* Stage 1 and 2 ECL allowances and provisions decreased on a net basis by USD 169m.

– *Net movement from new and derecognized transactions* includes stage 1 releases of USD 30m and stage 2 expenses of USD 21m. Stage 1 releases are mainly driven by releases on other smaller segments, mainly due to repayments. Stage 2 expenses are predominantly driven by expenses on the corporate lending portfolios.

– *Remeasurements with stage transfers* include USD 53m expenses in stage 2, following corporate and real estate lending credit reviews and transfers to stage 2.

– *Model changes:* refer to Note 20b for more information.

*Movements without profit or loss impact:* Stage 1 and 2 allowances decreased by USD 68m, almost entirely driven by foreign exchange effects.

Stage 3 and PCI allowances decreased by USD 237m, driven by net write-offs of USD 348m, partly offset by foreign exchange and other movements of USD 111m.

### Development of ECL allowances and provisions

| USD m                                                                                | Total          | Stage 1      | Stage 2      | Stage 3      | PCI          |
|--------------------------------------------------------------------------------------|----------------|--------------|--------------|--------------|--------------|
| <b>Balance as of 31 December 2022</b>                                                | <b>(1,091)</b> | <b>(259)</b> | <b>(267)</b> | <b>(564)</b> | <b>0</b>     |
| <b>Acquisition of Credit Suisse AG portfolios</b>                                    | <b>(541)</b>   | <b>(541)</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Net movement from new and derecognized transactions<sup>1</sup></b>               | <b>14</b>      | <b>(2)</b>   | <b>9</b>     | <b>7</b>     | <b>0</b>     |
| of which: Private clients with mortgages                                             | (4)            | (7)          | 3            | 0            | 0            |
| of which: Real estate financing                                                      | 1              | (2)          | 3            | 0            | 0            |
| of which: Large corporate clients                                                    | 18             | 8            | 3            | 7            | 0            |
| of which: SME clients                                                                | (2)            | (2)          | 0            | 0            | 0            |
| of which: Other                                                                      | 1              | 1            | 0            | 0            | 0            |
| of which: Financial intermediaries and hedge funds                                   | (1)            | (1)          | 0            | 0            | 0            |
| of which: Loans to financial advisors                                                | 0              | 0            | 0            | 0            | 0            |
| <b>Remeasurements with stage transfers<sup>2</sup></b>                               | <b>(507)</b>   | <b>42</b>    | <b>(149)</b> | <b>(400)</b> | <b>0</b>     |
| of which: Private clients with mortgages                                             | (12)           | 2            | (3)          | (12)         | 0            |
| of which: Real estate financing                                                      | (35)           | 8            | (27)         | (16)         | 0            |
| of which: Large corporate clients                                                    | (223)          | 17           | (21)         | (220)        | 0            |
| of which: SME clients                                                                | (167)          | 6            | (59)         | (115)        | 0            |
| of which: Other                                                                      | (69)           | 8            | (39)         | (38)         | 0            |
| of which: Financial intermediaries and hedge funds                                   | 1              | 0            | 0            | 0            | 0            |
| of which: Loans to financial advisors                                                | 1              | 2            | (1)          | 0            | 0            |
| <b>Remeasurements without stage transfers<sup>3</sup></b>                            | <b>17</b>      | <b>58</b>    | <b>12</b>    | <b>14</b>    | <b>(67)</b>  |
| of which: Private clients with mortgages                                             | 3              | 1            | 16           | (3)          | (11)         |
| of which: Real estate financing                                                      | (1)            | 5            | 3            | (1)          | (9)          |
| of which: Large corporate clients                                                    | (42)           | (18)         | (1)          | (8)          | (16)         |
| of which: SME clients                                                                | 65             | 31           | 1            | 44           | (11)         |
| of which: Other                                                                      | (7)            | 39           | (8)          | (18)         | (20)         |
| of which: Sovereign                                                                  | (37)           | 0            | (15)         | 0            | (22)         |
| of which: Loans to financial advisors                                                | (7)            | 1            | 0            | (8)          | 0            |
| <b>Model changes<sup>4</sup></b>                                                     | <b>(22)</b>    | <b>(14)</b>  | <b>(8)</b>   | <b>0</b>     | <b>0</b>     |
| <b>Movements with profit or loss impact<sup>5</sup></b>                              | <b>(1,037)</b> | <b>(457)</b> | <b>(136)</b> | <b>(378)</b> | <b>(67)</b>  |
| <b>Movements without profit or loss impact (write-off, FX and other)<sup>6</sup></b> | <b>(132)</b>   | <b>17</b>    | <b>(13)</b>  | <b>(50)</b>  | <b>(86)</b>  |
| <b>Balance as of 31 December 2023</b>                                                | <b>(2,261)</b> | <b>(700)</b> | <b>(416)</b> | <b>(993)</b> | <b>(153)</b> |

1 Represents the increase and decrease in allowances and provisions resulting from financial instruments (including guarantees and facilities) that were newly originated, purchased or renewed and from the final derecognition of loans or facilities on their maturity date or earlier. 2 Represents the remeasurement between 12-month and lifetime ECL due to stage transfers. 3 Represents the change in allowances and provisions related to changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions, changes in the exposure profile, PD and LGD changes, and unwinding of the time value. 4 Represents the change in the allowances and provisions related to changes in models and methodologies. 5 Includes ECL movements from new and derecognized transactions, remeasurement changes, and model and methodology changes. 6 Represents the decrease in allowances and provisions resulting from write-offs of the ECL allowance against the gross carrying amount when all or part of a financial asset is deemed uncollectible or forgiven and movements in foreign exchange rates.

## Note 20 Expected credit loss measurement (continued)

As explained in Note 1a, the assessment of a significant increase in credit risk (an SICR) considers a number of qualitative and quantitative factors to determine whether a stage transfer between stage 1 and stage 2 is required, although the primary assessment considers changes in PD based on rating analyses and economic outlook. Additionally, UBS takes into consideration counterparties that have moved to a credit watch list and those with payments that are at least 30 days past due.

### ECL stage 2 ("significant deterioration in credit risk") allowances / provisions as of 31 December 2024 – classification by trigger

| USD m                                           | Total | of which:<br>PD layer | of which:<br>watch list | of which:<br>≥30 days<br>past due |
|-------------------------------------------------|-------|-----------------------|-------------------------|-----------------------------------|
| <i>Private clients with mortgages</i>           | (71)  | (47)                  | (1)                     | (22)                              |
| <i>Real estate financing</i>                    | (29)  | (18)                  | (2)                     | (9)                               |
| <i>Large corporate clients</i>                  | (194) | (96)                  | (95)                    | (4)                               |
| <i>SME clients</i>                              | (76)  | (41)                  | (20)                    | (14)                              |
| <i>Ship / aircraft financing</i>                | (17)  | (16)                  | (1)                     | (1)                               |
| <i>Financial intermediaries and hedge funds</i> | (2)   | (1)                   | 0                       | (1)                               |
| <i>Loans to financial advisors</i>              | (1)   | 0                     | 0                       | (1)                               |
| <i>Credit cards</i>                             | (12)  | 0                     | 0                       | (12)                              |
| <i>Consumer financing</i>                       | (19)  | (12)                  | 0                       | (7)                               |
| <i>Commodity trade finance</i>                  | (1)   | 0                     | 0                       | 0                                 |
| <i>Other</i>                                    | (37)  | (25)                  | (10)                    | (1)                               |
| On- and off-balance sheet                       | (459) | (256)                 | (131)                   | (72)                              |

### d) Maximum exposure to credit risk

The tables below provide the Group's maximum exposure to credit risk for financial instruments subject to ECL requirements and the respective collateral and other credit enhancements mitigating credit risk for these classes of financial instruments.

The maximum exposure to credit risk includes the carrying amounts of financial instruments recognized on the balance sheet subject to credit risk and the notional amounts for off-balance sheet arrangements. Where information is available, collateral is presented at fair value. For other collateral, such as real estate, a reasonable alternative value is used. Credit enhancements, such as credit derivative contracts and guarantees, are included at their notional amounts. Both are capped at the maximum exposure to credit risk for which they serve as security. The "Risk management and control" section of this report describes management's view of credit risk and the related exposures, which can differ in certain respects from the requirements of IFRS Accounting Standards.

## Note 20 Expected credit loss measurement (continued)

| Maximum exposure to credit risk                                                                  |                                                                  |                           |                                               |                        |                                  |         |                             |                                                                  |                                   |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------|-----------------------------------------------|------------------------|----------------------------------|---------|-----------------------------|------------------------------------------------------------------|-----------------------------------|
| USD bn                                                                                           | 31.12.24                                                         |                           |                                               |                        |                                  |         |                             |                                                                  |                                   |
|                                                                                                  | Maximum exposure to credit risk                                  | Collateral <sup>1,2</sup> |                                               |                        | Credit enhancements <sup>1</sup> |         |                             | Exposure to credit risk after collateral and credit enhancements |                                   |
|                                                                                                  |                                                                  | Cash collateral received  | Collateralized by equity and debt instruments | Secured by real estate | Other collateral <sup>3</sup>    | Netting | Credit derivative contracts |                                                                  | Guarantees and sub-participations |
| Financial assets measured at amortized cost on the balance sheet                                 |                                                                  |                           |                                               |                        |                                  |         |                             |                                                                  |                                   |
| Cash and balances at central banks                                                               | 223.3                                                            |                           |                                               |                        |                                  |         |                             |                                                                  | 223.3                             |
| Amounts due from banks <sup>4</sup>                                                              | 18.9                                                             | 0.0                       | 0.2                                           |                        | 0.1                              |         |                             | 0.2                                                              | 18.4                              |
| Receivables from securities financing transactions measured at amortized cost                    | 118.3                                                            | 0.0                       | 113.2                                         |                        | 4.1                              |         |                             |                                                                  | 1.0                               |
| Cash collateral receivables on derivative instruments <sup>5,6</sup>                             | 44.0                                                             |                           |                                               |                        |                                  | 28.3    |                             |                                                                  | 15.7                              |
| Loans and advances to customers                                                                  | 580.0                                                            | 30.8                      | 130.1                                         | 337.5                  | 40.9                             |         | 0.0                         | 9.3                                                              | 31.4                              |
| Other financial assets measured at amortized cost                                                | 58.8                                                             | 0.2                       | 0.7                                           | 0.0                    | 5.3                              |         |                             |                                                                  | 52.7                              |
| Total financial assets measured at amortized cost                                                | 1,043.3                                                          | 31.0                      | 244.1                                         | 337.5                  | 50.3                             | 28.3    | 0.0                         | 9.5                                                              | 342.6                             |
| Financial assets measured at fair value through other comprehensive income – debt                |                                                                  |                           |                                               |                        |                                  |         |                             |                                                                  |                                   |
|                                                                                                  | 2.2                                                              |                           |                                               |                        |                                  |         |                             |                                                                  | 2.2                               |
| Total maximum exposure to credit risk reflected on the balance sheet within the scope of ECL     | 1,045.5                                                          | 31.0                      | 244.1                                         | 337.5                  | 50.3                             | 28.3    | 0.0                         | 9.5                                                              | 344.7                             |
| Guarantees <sup>7</sup>                                                                          | 40.2                                                             | 1.9                       | 19.6                                          | 0.4                    | 2.3                              |         | 0.0                         | 3.9                                                              | 12.3                              |
| Irrevocable loan commitments                                                                     | 79.4                                                             | 0.2                       | 3.8                                           | 1.6                    | 22.7                             |         | 0.0                         | 4.2                                                              | 46.8                              |
| Forward starting reverse repurchase and securities borrowing agreements                          | 24.9                                                             |                           | 24.9                                          |                        |                                  |         |                             |                                                                  | 0.0                               |
| Committed unconditionally revocable credit lines                                                 | 145.6                                                            | 19.4                      | 61.6                                          | 12.9                   | 1.5                              |         |                             | 3.1                                                              | 47.1                              |
| Total maximum exposure to credit risk not reflected on the balance sheet within the scope of ECL | 290.1                                                            | 21.4                      | 109.9                                         | 14.9                   | 26.4                             | 0.0     | 0.0                         | 11.2                                                             | 106.2                             |
| 31.12.23 <sup>8</sup>                                                                            |                                                                  |                           |                                               |                        |                                  |         |                             |                                                                  |                                   |
| USD bn                                                                                           | Maximum exposure to credit risk                                  | Collateral <sup>1,2</sup> |                                               |                        | Credit enhancements <sup>1</sup> |         |                             | Exposure to credit risk after collateral and credit enhancements |                                   |
|                                                                                                  |                                                                  | Cash collateral received  | Collateralized by equity and debt instruments | Secured by real estate | Other collateral <sup>3</sup>    | Netting | Credit derivative contracts |                                                                  | Guarantees and sub-participations |
|                                                                                                  | Financial assets measured at amortized cost on the balance sheet |                           |                                               |                        |                                  |         |                             |                                                                  |                                   |
| Cash and balances at central banks                                                               | 314.1                                                            |                           |                                               |                        |                                  |         |                             |                                                                  | 314.1                             |
| Amounts due from banks <sup>4</sup>                                                              | 21.1                                                             | 0.0                       | 0.2                                           |                        | 0.2                              |         |                             | 0.3                                                              | 20.5                              |
| Receivables from securities financing transactions measured at amortized cost                    | 99.0                                                             | 0.0                       | 95.6                                          |                        | 2.8                              |         |                             |                                                                  | 0.7                               |
| Cash collateral receivables on derivative instruments <sup>5,6</sup>                             | 50.1                                                             |                           |                                               |                        |                                  | 32.9    |                             |                                                                  | 17.2                              |
| Loans and advances to customers                                                                  | 639.7                                                            | 40.2                      | 131.9                                         | 372.9                  | 38.9                             |         | 0.0                         | 11.9                                                             | 43.9                              |
| Other financial assets measured at amortized cost                                                | 65.5                                                             | 0.1                       | 0.8                                           | 0.1                    | 5.7                              |         |                             |                                                                  | 58.8                              |
| Total financial assets measured at amortized cost                                                | 1,189.5                                                          | 40.4                      | 228.5                                         | 373.0                  | 47.5                             | 32.9    | 0.0                         | 12.1                                                             | 455.1                             |
| Financial assets measured at fair value through other comprehensive income – debt                |                                                                  |                           |                                               |                        |                                  |         |                             |                                                                  |                                   |
|                                                                                                  | 2.2                                                              |                           |                                               |                        |                                  |         |                             |                                                                  | 2.2                               |
| Total maximum exposure to credit risk reflected on the balance sheet within the scope of ECL     | 1,191.7                                                          | 40.4                      | 228.5                                         | 373.0                  | 47.5                             | 32.9    | 0.0                         | 12.1                                                             | 457.3                             |
| Guarantees <sup>7</sup>                                                                          | 46.1                                                             | 2.9                       | 21.4                                          | 0.3                    | 3.4                              |         | 0.1                         | 4.6                                                              | 13.3                              |
| Irrevocable loan commitments                                                                     | 91.5                                                             | 0.5                       | 3.2                                           | 2.2                    | 17.1                             |         | 0.4                         | 5.9                                                              | 62.3                              |
| Forward starting reverse repurchase and securities borrowing agreements                          | 18.4                                                             |                           | 18.4                                          |                        |                                  |         |                             |                                                                  | 0.0                               |
| Committed unconditionally revocable credit lines                                                 | 163.2                                                            | 20.3                      | 58.5                                          | 17.6                   | 6.2                              |         |                             | 4.4                                                              | 56.2                              |
| Total maximum exposure to credit risk not reflected on the balance sheet within the scope of ECL | 319.2                                                            | 23.7                      | 101.6                                         | 20.1                   | 26.6                             | 0.0     | 0.5                         | 14.8                                                             | 131.8                             |

1 Of which: USD 3,742m for 31 December 2024 (31 December 2023: USD 3,824m) relates to total credit-impaired financial assets measured at amortized cost and USD 356m for 31 December 2024 (31 December 2023: USD 237m) to total off-balance sheet financial instruments and credit lines for credit-impaired positions. 2 Collateral arrangements generally incorporate a range of collateral, including cash, equity and debt instruments, real estate and other collateral. For the purpose of this disclosure, UBS applies a risk-based approach that generally prioritizes collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is first allocated to the funded element. For legacy Credit Suisse a risk-based approach is applied that generally prioritizes real estate collateral and prioritizes other collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is proportionally allocated. 3 Includes but is not limited to life insurance contracts, rights in respect of subscription or capital commitments from fund partners, lien claims on assets of borrowers, leasing items, mortgage loans, inventory, gold and other commodities. 4 Amounts due from banks include amounts held with third-party banks on behalf of clients. The credit risk associated with these balances may be borne by those clients. 5 Included within Cash collateral receivables on derivative instruments are margin balances due from exchanges or clearing houses. Some of these margin balances reflect amounts transferred on behalf of clients who retain the associated credit risk. 6 The amount shown in the "Netting" column represents the netting potential not recognized on the balance sheet. Refer to Note 22 for more information. 7 Guarantees collateralized by equity and debt instruments include certain overnight repurchase and reverse repurchase transactions where UBS acts as a sponsoring member for eligible clients when clearing through the Fixed Income Clearing Corporation (the FICC). As part of this arrangement, UBS guarantees the FICC for prompt and full payment and performance of the clients' respective obligations under the FICC rules. The Group minimizes its liability under these guarantees by obtaining a security interest in the cash or high-quality securities collateral that the clients place with the clearing house; therefore, the risk of loss is expected to be remote. 8 Comparative-period information has been revised. Refer to Note 2 for more information.

## Note 20 Expected credit loss measurement (continued)

### e) Financial assets subject to credit risk by rating category

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. Under IFRS 9, the credit risk rating reflects the Group's assessment of the probability of default of individual counterparties, prior to substitutions. The amounts presented are gross of impairment allowances.

› Refer to the "Risk management and control" section of this report for more details about the Group's internal grading system

#### Financial assets subject to credit risk by rating category

|                                                          | 31.12.24       |                |                |                |               |                             |                             |                |                                                       |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|---------------|-----------------------------|-----------------------------|----------------|-------------------------------------------------------|
| Rating category <sup>1</sup>                             | 0-1            | 2-3            | 4-5            | 6-8            | 9-13          | Credit-impaired (defaulted) | Total gross carrying amount | ECL allowances | Net carrying amount (maximum exposure to credit risk) |
| <b>Financial assets measured at amortized cost</b>       |                |                |                |                |               |                             |                             |                |                                                       |
| Cash and balances at central banks                       | 222,735        | 442            | 24             | 0              | 174           | 0                           | 223,375                     | (47)           | 223,329                                               |
| of which: stage 1                                        | 222,735        | 442            | 24             | 0              | 0             | 0                           | 223,201                     | 0              | 223,201                                               |
| of which: stage 2                                        | 0              | 0              | 0              | 0              | 35            | 0                           | 35                          | (21)           | 13                                                    |
| of which: PCI                                            | 0              | 0              | 0              | 0              | 140           | 0                           | 140                         | (25)           | 114                                                   |
| Amounts due from banks                                   | 156            | 15,238         | 2,409          | 809            | 326           | 0                           | 18,938                      | (36)           | 18,903                                                |
| of which: stage 1                                        | 156            | 15,206         | 2,331          | 791            | 221           | 0                           | 18,705                      | (1)            | 18,704                                                |
| of which: stage 2                                        | 0              | 32             | 78             | 18             | 75            | 0                           | 203                         | (5)            | 198                                                   |
| of which: PCI                                            | 0              | 0              | 0              | 0              | 30            | 0                           | 30                          | (30)           | 0                                                     |
| Receivables from securities financing transactions       | 67,467         | 17,033         | 6,361          | 26,097         | 1,345         | 0                           | 118,303                     | (2)            | 118,301                                               |
| of which: stage 1                                        | 67,467         | 17,033         | 6,361          | 26,097         | 1,345         | 0                           | 118,303                     | (2)            | 118,301                                               |
| Cash collateral receivables on derivative instruments    | 10,166         | 19,998         | 7,794          | 5,893          | 109           | 0                           | 43,959                      | 0              | 43,959                                                |
| of which: stage 1                                        | 10,166         | 19,998         | 7,794          | 5,893          | 109           | 0                           | 43,959                      | 0              | 43,959                                                |
| Loans and advances to customers                          | 1,868          | 261,017        | 169,139        | 106,577        | 37,652        | 5,692                       | 581,944                     | (1,978)        | 579,967                                               |
| of which: stage 1                                        | 1,868          | 259,251        | 165,762        | 98,176         | 28,752        | 0                           | 553,808                     | (276)          | 553,532                                               |
| of which: stage 2                                        | 0              | 1,754          | 3,373          | 8,375          | 8,870         | 0                           | 22,373                      | (323)          | 22,049                                                |
| of which: stage 3                                        | 0              | 0              | 0              | 0              | 0             | 4,699                       | 4,699                       | (1,134)        | 3,565                                                 |
| of which: PCI                                            | 0              | 11             | 5              | 25             | 30            | 992                         | 1,064                       | (244)          | 820                                                   |
| Other financial assets measured at amortized cost        | 26,078         | 21,060         | 2,920          | 6,958          | 1,661         | 282                         | 58,959                      | (125)          | 58,835                                                |
| of which: stage 1                                        | 26,078         | 21,030         | 2,893          | 6,820          | 1,413         | 0                           | 58,233                      | (25)           | 58,209                                                |
| of which: stage 2                                        | 0              | 30             | 27             | 139            | 247           | 0                           | 444                         | (7)            | 436                                                   |
| of which: stage 3                                        | 0              | 0              | 0              | 0              | 0             | 262                         | 262                         | (84)           | 178                                                   |
| of which: PCI                                            | 0              | 0              | 0              | 0              | 0             | 20                          | 20                          | (8)            | 12                                                    |
| <b>Total financial assets measured at amortized cost</b> | <b>328,469</b> | <b>334,788</b> | <b>188,646</b> | <b>146,334</b> | <b>41,267</b> | <b>5,974</b>                | <b>1,045,479</b>            | <b>(2,187)</b> | <b>1,043,293</b>                                      |
| <b>On-balance sheet financial instruments</b>            |                |                |                |                |               |                             |                             |                |                                                       |
| Financial assets measured at FVOCI – debt instruments    | 1,393          | 702            | 0              | 101            | 0             | 0                           | 2,195                       | 0              | 2,195                                                 |
| <b>Total on-balance sheet financial instruments</b>      | <b>329,862</b> | <b>335,490</b> | <b>188,646</b> | <b>146,435</b> | <b>41,267</b> | <b>5,974</b>                | <b>1,047,675</b>            | <b>(2,187)</b> | <b>1,045,488</b>                                      |

<sup>1</sup> Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information about rating categories.

#### Off-balance sheet positions subject to expected credit loss by rating category

|                                                                         | 31.12.24      |                |               |               |               |                             |                                                         |               |  |
|-------------------------------------------------------------------------|---------------|----------------|---------------|---------------|---------------|-----------------------------|---------------------------------------------------------|---------------|--|
| Rating category <sup>1</sup>                                            | 0-1           | 2-3            | 4-5           | 6-8           | 9-13          | Credit-impaired (defaulted) | Total carrying amount (maximum exposure to credit risk) | ECL provision |  |
| <b>Off-balance sheet financial instruments</b>                          |               |                |               |               |               |                             |                                                         |               |  |
| Guarantees                                                              | 17,395        | 7,282          | 8,403         | 5,196         | 1,829         | 174                         | 40,279                                                  | (64)          |  |
| of which: stage 1                                                       | 17,395        | 7,247          | 8,362         | 4,484         | 1,371         | 0                           | 38,858                                                  | (16)          |  |
| of which: stage 2                                                       | 0             | 35             | 41            | 708           | 459           | 0                           | 1,242                                                   | (24)          |  |
| of which: stage 3                                                       | 0             | 0              | 0             | 0             | 0             | 151                         | 151                                                     | (24)          |  |
| of which: PCI                                                           | 0             | 0              | 0             | 4             | 0             | 23                          | 27                                                      | 0             |  |
| Irrevocable loan commitments                                            | 1,119         | 23,843         | 22,361        | 14,249        | 17,807        | 200                         | 79,579                                                  | (177)         |  |
| of which: stage 1                                                       | 1,119         | 23,650         | 21,974        | 13,742        | 14,673        | 0                           | 75,158                                                  | (105)         |  |
| of which: stage 2                                                       | 0             | 193            | 387           | 507           | 3,091         | 0                           | 4,178                                                   | (61)          |  |
| of which: stage 3                                                       | 0             | 0              | 0             | 0             | 0             | 187                         | 187                                                     | (10)          |  |
| of which: PCI                                                           | 0             | 0              | 0             | 0             | 43            | 13                          | 56                                                      | (2)           |  |
| Forward starting reverse repurchase and securities borrowing agreements | 0             | 0              | 0             | 24,896        | 0             | 0                           | 24,896                                                  | 0             |  |
| <b>Total off-balance sheet financial instruments</b>                    | <b>18,515</b> | <b>31,125</b>  | <b>30,763</b> | <b>44,340</b> | <b>19,636</b> | <b>374</b>                  | <b>144,754</b>                                          | <b>(241)</b>  |  |
| <b>Credit lines</b>                                                     |               |                |               |               |               |                             |                                                         |               |  |
| Committed unconditionally revocable credit lines                        | 2,180         | 100,663        | 22,875        | 13,258        | 6,434         | 255                         | 145,665                                                 | (76)          |  |
| of which: stage 1                                                       | 2,180         | 100,106        | 22,414        | 12,690        | 5,872         | 0                           | 143,262                                                 | (59)          |  |
| of which: stage 2                                                       | 0             | 557            | 461           | 568           | 562           | 0                           | 2,149                                                   | (17)          |  |
| of which: stage 3                                                       | 0             | 0              | 0             | 0             | 0             | 250                         | 250                                                     | 0             |  |
| of which: PCI                                                           | 0             | 0              | 0             | 0             | 0             | 5                           | 5                                                       | 0             |  |
| Irrevocable committed prolongation of existing loans                    | 6             | 1,997          | 946           | 739           | 918           | 2                           | 4,608                                                   | (3)           |  |
| of which: stage 1                                                       | 6             | 1,997          | 946           | 739           | 914           | 0                           | 4,602                                                   | (3)           |  |
| of which: stage 2                                                       | 0             | 0              | 0             | 1             | 3             | 0                           | 4                                                       | 0             |  |
| of which: stage 3                                                       | 0             | 0              | 0             | 0             | 0             | 2                           | 2                                                       | 0             |  |
| <b>Total credit lines</b>                                               | <b>2,186</b>  | <b>102,661</b> | <b>23,821</b> | <b>13,997</b> | <b>7,351</b>  | <b>257</b>                  | <b>150,273</b>                                          | <b>(79)</b>   |  |

<sup>1</sup> Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information about rating categories.

## Note 20 Expected credit loss measurement (continued)

### Financial assets subject to credit risk by rating category

| USD m                                                        | 31.12.23       |                |                |                |               |                             |                             |                |  | Net carrying amount (maximum exposure to credit risk) |
|--------------------------------------------------------------|----------------|----------------|----------------|----------------|---------------|-----------------------------|-----------------------------|----------------|--|-------------------------------------------------------|
| Rating category <sup>1,2</sup>                               | 0–1            | 2–3            | 4–5            | 6–8            | 9–13          | Credit-impaired (defaulted) | Total gross carrying amount | ECL allowances |  |                                                       |
| <b>Financial assets measured at amortized cost</b>           |                |                |                |                |               |                             |                             |                |  |                                                       |
| <b>Cash and balances at central banks</b>                    | <b>251,462</b> | <b>61,936</b>  | <b>627</b>     | <b>0</b>       | <b>43</b>     | <b>40</b>                   | <b>314,108</b>              | <b>(48)</b>    |  | <b>314,060</b>                                        |
| of which: stage 1                                            | 251,462        | 61,936         | 627            | 0              | 0             | 0                           | 314,025                     | 0              |  | 314,025                                               |
| of which: stage 2                                            | 0              | 0              | 0              | 0              | 43            | 0                           | 43                          | (26)           |  | 18                                                    |
| of which: PCI                                                | 0              | 0              | 0              | 0              | 0             | 40                          | 40                          | (22)           |  | 17                                                    |
| <b>Amounts due from banks</b>                                | <b>1,081</b>   | <b>15,438</b>  | <b>2,215</b>   | <b>1,589</b>   | <b>792</b>    | <b>43</b>                   | <b>21,159</b>               | <b>(12)</b>    |  | <b>21,146</b>                                         |
| of which: stage 1                                            | 1,081          | 15,438         | 2,210          | 1,589          | 780           | 0                           | 21,098                      | (6)            |  | 21,091                                                |
| of which: stage 2                                            | 0              | 0              | 5              | 0              | 12            | 0                           | 18                          | (1)            |  | 17                                                    |
| of which: PCI                                                | 0              | 0              | 0              | 0              | 0             | 43                          | 43                          | (5)            |  | 38                                                    |
| <b>Receivables from securities financing transactions</b>    | <b>45,838</b>  | <b>30,171</b>  | <b>6,397</b>   | <b>15,544</b>  | <b>1,091</b>  | <b>0</b>                    | <b>99,041</b>               | <b>(2)</b>     |  | <b>99,039</b>                                         |
| of which: stage 1                                            | 45,838         | 30,171         | 6,397          | 15,544         | 1,091         | 0                           | 99,041                      | (2)            |  | 99,039                                                |
| <b>Cash collateral receivables on derivative instruments</b> | <b>8,009</b>   | <b>30,334</b>  | <b>6,425</b>   | <b>5,117</b>   | <b>198</b>    | <b>0</b>                    | <b>50,082</b>               | <b>0</b>       |  | <b>50,082</b>                                         |
| of which: stage 1                                            | 8,009          | 30,334         | 6,425          | 5,117          | 198           | 0                           | 50,082                      | 0              |  | 50,082                                                |
| <b>Loans and advances to customers</b>                       | <b>6,428</b>   | <b>288,117</b> | <b>180,792</b> | <b>119,191</b> | <b>41,557</b> | <b>5,282</b>                | <b>641,367</b>              | <b>(1,698)</b> |  | <b>639,669</b>                                        |
| of which: stage 1                                            | 6,428          | 286,683        | 177,962        | 109,996        | 30,276        | 0                           | 611,346                     | (423)          |  | 610,922                                               |
| of which: stage 2                                            | 0              | 1,428          | 2,829          | 9,171          | 11,269        | 0                           | 24,697                      | (289)          |  | 24,408                                                |
| of which: stage 3                                            | 0              | 0              | 0              | 0              | 0             | 3,731                       | 3,731                       | (862)          |  | 2,869                                                 |
| of which: PCI                                                | 0              | 6              | 0              | 24             | 12            | 1,551                       | 1,593                       | (123)          |  | 1,470                                                 |
| <b>Other financial assets measured at amortized cost</b>     | <b>25,755</b>  | <b>25,875</b>  | <b>2,875</b>   | <b>9,619</b>   | <b>1,163</b>  | <b>318</b>                  | <b>65,605</b>               | <b>(151)</b>   |  | <b>65,455</b>                                         |
| of which: stage 1                                            | 25,755         | 25,788         | 2,854          | 9,070          | 841           | 1                           | 64,309                      | (41)           |  | 64,268                                                |
| of which: stage 2                                            | 0              | 87             | 21             | 548            | 321           | 0                           | 978                         | (10)           |  | 968                                                   |
| of which: stage 3                                            | 0              | 0              | 0              | 0              | 0             | 253                         | 253                         | (94)           |  | 158                                                   |
| of which: PCI                                                | 0              | 0              | 0              | 0              | 1             | 64                          | 66                          | (5)            |  | 61                                                    |
| <b>Total financial assets measured at amortized cost</b>     | <b>338,572</b> | <b>451,871</b> | <b>199,331</b> | <b>151,060</b> | <b>44,844</b> | <b>5,683</b>                | <b>1,191,361</b>            | <b>(1,911)</b> |  | <b>1,189,451</b>                                      |
| <b>On-balance sheet financial instruments</b>                |                |                |                |                |               |                             |                             |                |  |                                                       |
| <b>Financial assets measured at FVOCI – debt instruments</b> | <b>1,222</b>   | <b>850</b>     | <b>0</b>       | <b>161</b>     | <b>0</b>      | <b>0</b>                    | <b>2,233</b>                | <b>0</b>       |  | <b>2,233</b>                                          |
| <b>Total on-balance sheet financial instruments</b>          | <b>339,794</b> | <b>452,721</b> | <b>199,331</b> | <b>151,221</b> | <b>44,844</b> | <b>5,683</b>                | <b>1,193,594</b>            | <b>(1,911)</b> |  | <b>1,191,684</b>                                      |

<sup>1</sup> Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information on rating categories. <sup>2</sup> Comparative-period information has been revised. Refer to Note 2 for more information.

### Off-balance sheet positions subject to expected credit loss by rating category

| USD m                                                                          | 31.12.23      |                |               |               |               |                             |                                                         |               |  |  |
|--------------------------------------------------------------------------------|---------------|----------------|---------------|---------------|---------------|-----------------------------|---------------------------------------------------------|---------------|--|--|
| Rating category <sup>1,2</sup>                                                 | 0–1           | 2–3            | 4–5           | 6–8           | 9–13          | Credit-impaired (defaulted) | Total carrying amount (maximum exposure to credit risk) | ECL provision |  |  |
| <b>Off-balance sheet financial instruments</b>                                 |               |                |               |               |               |                             |                                                         |               |  |  |
| <b>Guarantees</b>                                                              | <b>17,805</b> | <b>10,961</b>  | <b>9,421</b>  | <b>5,916</b>  | <b>1,882</b>  | <b>207</b>                  | <b>46,191</b>                                           | <b>(73)</b>   |  |  |
| of which: stage 1                                                              | 17,805        | 10,922         | 9,310         | 5,054         | 1,398         | 0                           | 44,487                                                  | (28)          |  |  |
| of which: stage 2                                                              | 0             | 39             | 111           | 861           | 484           | 0                           | 1,495                                                   | (22)          |  |  |
| of which: stage 3                                                              | 0             | 0              | 0             | 0             | 0             | 151                         | 151                                                     | (23)          |  |  |
| of which: PCI                                                                  | 0             | 0              | 0             | 1             | 1             | 56                          | 58                                                      | 0             |  |  |
| <b>Irrevocable loan commitments</b>                                            | <b>1,722</b>  | <b>31,936</b>  | <b>24,050</b> | <b>19,661</b> | <b>14,006</b> | <b>266</b>                  | <b>91,643</b>                                           | <b>(178)</b>  |  |  |
| of which: stage 1                                                              | 1,722         | 31,936         | 23,989        | 19,079        | 10,354        | 0                           | 87,080                                                  | (117)         |  |  |
| of which: stage 2                                                              | 0             | 0              | 62            | 583           | 3,652         | 0                           | 4,297                                                   | (51)          |  |  |
| of which: stage 3                                                              | 0             | 0              | 0             | 0             | 0             | 218                         | 218                                                     | (14)          |  |  |
| of which: PCI                                                                  | 0             | 0              | 0             | 0             | 0             | 48                          | 48                                                      | 4             |  |  |
| <b>Forward starting reverse repurchase and securities borrowing agreements</b> | <b>10,152</b> | <b>2</b>       | <b>84</b>     | <b>8,206</b>  | <b>0</b>      | <b>0</b>                    | <b>18,444</b>                                           | <b>0</b>      |  |  |
| <b>Total off-balance sheet financial instruments</b>                           | <b>29,679</b> | <b>42,899</b>  | <b>33,554</b> | <b>33,783</b> | <b>15,888</b> | <b>473</b>                  | <b>156,278</b>                                          | <b>(251)</b>  |  |  |
| <b>Credit lines</b>                                                            |               |                |               |               |               |                             |                                                         |               |  |  |
| <b>Committed unconditionally revocable credit lines</b>                        | <b>2,659</b>  | <b>108,395</b> | <b>28,669</b> | <b>17,739</b> | <b>5,648</b>  | <b>146</b>                  | <b>163,256</b>                                          | <b>(95)</b>   |  |  |
| of which: stage 1                                                              | 2,659         | 107,992        | 28,188        | 16,921        | 4,696         | 0                           | 160,456                                                 | (78)          |  |  |
| of which: stage 2                                                              | 0             | 403            | 481           | 818           | 952           | 0                           | 2,654                                                   | (17)          |  |  |
| of which: stage 3                                                              | 0             | 0              | 0             | 0             | 0             | 146                         | 146                                                     | 0             |  |  |
| <b>Irrevocable committed prolongation of existing loans</b>                    | <b>4</b>      | <b>1,803</b>   | <b>1,045</b>  | <b>1,251</b>  | <b>501</b>    | <b>4</b>                    | <b>4,608</b>                                            | <b>(4)</b>    |  |  |
| of which: stage 1                                                              | 4             | 1,803          | 1,045         | 1,249         | 493           | 0                           | 4,593                                                   | (4)           |  |  |
| of which: stage 2                                                              | 0             | 0              | 0             | 2             | 9             | 0                           | 11                                                      | 0             |  |  |
| of which: stage 3                                                              | 0             | 0              | 0             | 0             | 0             | 4                           | 4                                                       | 0             |  |  |
| <b>Total credit lines</b>                                                      | <b>2,663</b>  | <b>110,197</b> | <b>29,714</b> | <b>18,990</b> | <b>6,149</b>  | <b>150</b>                  | <b>167,864</b>                                          | <b>(99)</b>   |  |  |

<sup>1</sup> Refer to the "Internal UBS rating scale and mapping of external ratings" table in the "Risk management and control" section of this report for more information on rating categories. <sup>2</sup> Comparative-period information has been revised. Refer to Note 2 for more information.

### f) Sensitivity information

As outlined in Note 1a, ECL estimates involve significant uncertainties at the time they are made.

#### ECL models

The models applied to determine point-in-time PD and LGD rely on market and statistical data, which has been found to correlate well with historically observed defaults in sufficiently homogeneous segments. The risk sensitivities for each of the ECL reporting segments to such factors are summarized in Note 10.

#### Sustainability and climate risk

Sustainability and climate risk may negatively affect clients or portfolios due to direct or indirect transition costs, or exposure to chronic and acute physical risks in locations likely to be impacted by climate change. Such effects could lead to a deterioration in credit worthiness, which in turn would have an impact on ECLs.

While some macroeconomic indicators used in the current PD models could be influenced by climate change, UBS currently does not use a specific sustainability and climate risk scenario in addition to the typically four general economic scenarios applied to derive the weighted-average ECL. The rationale for the approach at this point in time is the significance of model risks and challenges in calibration and probability weight assessments given the paucity of data.

Instead, UBS focuses on the process of vetting clients and business transactions, where both physical and transition risks for selected sensitive portfolios use internally developed, counterparty level, climate assessment models. This review process may lead to a downward revision of the counterparty's credit rating, or the adoption of risk mitigating actions, impacting the individual contribution to ECLs.

At the portfolio level, UBS has started to use stress loss assumptions to assess the extent to which sustainability and climate risk may affect the quality of the loans extended to small and medium-sized entities (SMEs), large corporate clients and financial institutions.

The tests used were based on a set of assumptions and methodologies from a mainstream leading climate model vendor and complemented by the Network for Greening the Financial System (the NGFS) (2023) climate pathway scenarios. Such analysis undertaken during 2024 as part of a regulatory climate scenario analysis exercise mandated by FINMA concluded that the counterparties are not expected to be significantly impacted by physical or transition risks, mainly as there are no material risk concentrations in high-risk sectors. The analysis of the corporate loan book has also shown that any potential significant impacts from transition costs or physical risks would materialize over a time horizon that exceeds in most cases the contractual lifetime of the underlying assets. The analysis and its results are also subject to challenges in model assumptions, calibration and heightened model uncertainty, as are other climate models in the novel discipline of climate risk modeling. Based on current internal modeling exercises, this conclusion holds for the portfolio of private clients with mortgages and the portfolio of real estate financing.

As a result of the aforementioned factors, it was assessed that the magnitude of any impact of sustainability and climate risk on the weighted-average ECL would not be material as of 31 December 2024. Therefore, no specific post-model adjustment was made in this regard.

- › Refer to "Sustainability and climate risk" in the "Risk management and control" section of this report
- › Refer to "Our focus on sustainability" in the "Our strategy, business model and environment" section of this report
- › Refer to the "UBS Group AG consolidated supplemental disclosures required under SEC regulations" section of this report for more information about the maturity profile of UBS's core loan book

#### Forward-looking scenarios

Depending on the scenario selection and related macroeconomic assumptions for the risk factors, the components of the relevant weighted-average ECL change. This is particularly relevant for interest rates, which can move in both directions under a given growth assumption, e.g. low growth with high interest rates in a stagflation scenario, versus low growth and falling interest rates in a recession. Management generally looks for scenario narratives that reflect the key risk drivers of a given credit portfolio.

As forecasting models are complex, due to the combination of multiple factors, simple what-if analyses involving a change of individual parameters do not necessarily provide realistic information on the exposure of segments to changes in the macroeconomy. Portfolio-specific analyses based on their key risk factors would also not be meaningful, as potential compensatory effects in other segments would be ignored. The table below indicates some sensitivities to ECLs, if a key macroeconomic variable for the forecasting period is amended across all scenarios with all other factors remaining unchanged.



## Note 20 Expected credit loss measurement (continued)

### Potential effect on stage 1 and stage 2 positions from changing key parameters as of 31 December 2024

| <i>USD m</i>                                                 | 100% Baseline | 100% Mild debt crisis | 100% Stagflationary geopolitical crisis | Weighted average |
|--------------------------------------------------------------|---------------|-----------------------|-----------------------------------------|------------------|
| <b>Change in key parameters</b>                              |               |                       |                                         |                  |
| <b>Fixed income: Government bonds (absolute change)</b>      |               |                       |                                         |                  |
| –0.50%                                                       | (5)           | (6)                   | (124)                                   | (15)             |
| +0.50%                                                       | 6             | 11                    | 139                                     | 20               |
| +1.00%                                                       | 12            | 24                    | 302                                     | 43               |
| <b>Unemployment rate (absolute change)</b>                   |               |                       |                                         |                  |
| –1.00%                                                       | (6)           | (10)                  | (117)                                   | (18)             |
| –0.50%                                                       | (3)           | (5)                   | (63)                                    | (9)              |
| +0.50%                                                       | 3             | 6                     | 72                                      | 11               |
| +1.00%                                                       | 7             | 12                    | 154                                     | 22               |
| <b>Real GDP growth (relative change)</b>                     |               |                       |                                         |                  |
| –2.00%                                                       | 55            | 85                    | 86                                      | 67               |
| –1.00%                                                       | 25            | 40                    | 47                                      | 32               |
| +1.00%                                                       | (24)          | (44)                  | (49)                                    | (27)             |
| +2.00%                                                       | (48)          | (80)                  | (83)                                    | (55)             |
| <b>House Price Index (relative change)</b>                   |               |                       |                                         |                  |
| –5.00%                                                       | 9             | 26                    | 241                                     | 37               |
| –2.50%                                                       | 4             | 12                    | 111                                     | 18               |
| +2.50%                                                       | (6)           | (14)                  | (102)                                   | (20)             |
| +5.00%                                                       | (9)           | (23)                  | (188)                                   | (33)             |
| <b>Equity (S&amp;P500, EuroStoxx, SMI) (relative change)</b> |               |                       |                                         |                  |
| –10.00%                                                      | 9             | 13                    | 18                                      | 12               |
| –5.00%                                                       | 2             | 5                     | 7                                       | 4                |
| +5.00%                                                       | (7)           | (8)                   | (13)                                    | (8)              |
| +10.00%                                                      | (10)          | (13)                  | (22)                                    | (12)             |

Sensitivities can be more meaningfully assessed in the context of coherent scenarios with consistently developed macroeconomic factors. The table above outlines favorable and unfavorable effects, based on reasonably possible alternative changes to the economic conditions for stage 1 and stage 2 positions. The ECL impact is calculated for material portfolios and disclosed for each scenario.

Changes to these timelines may have an effect on ECLs: depending on the cycle, a longer or shorter forecasting horizon will lead to different annualized lifetime PD and average LGD estimations. This is currently not deemed to be material for UBS, as a large proportion of loans, including mortgages in Switzerland, have maturities that are within the forecasting horizon.

### Scenario weights and stage allocation

#### Potential effect on stage 1 and stage 2 positions from changing scenario weights or moving to an ECL lifetime calculation as of 31 December 2024

|                                      | Actual ECL allowances and provisions, including staging (as per Note 10) | Pro forma ECL allowances and provisions, including staging and assuming application of 100% scenario weighting |                                         |                       | Pro forma ECL allowances and provisions, assuming all positions being subject to lifetime ECL |
|--------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------|
|                                      | Weighted average                                                         | 100% Baseline                                                                                                  | 100% Stagflationary geopolitical crisis | 100% Mild debt crisis | Weighted average                                                                              |
| <i>USD m, except where indicated</i> |                                                                          |                                                                                                                |                                         |                       |                                                                                               |
| <b>Segmentation</b>                  |                                                                          |                                                                                                                |                                         |                       |                                                                                               |
| Private clients with mortgages       | (118)                                                                    | (43)                                                                                                           | (718)                                   | (68)                  | (408)                                                                                         |
| Real estate financing                | (57)                                                                     | (40)                                                                                                           | (164)                                   | (49)                  | (185)                                                                                         |
| Large corporate clients              | (377)                                                                    | (247)                                                                                                          | (757)                                   | (401)                 | (673)                                                                                         |
| SME clients                          | (180)                                                                    | (151)                                                                                                          | (259)                                   | (223)                 | (327)                                                                                         |
| Ship financing                       | (24)                                                                     | (27)                                                                                                           | (42)                                    | (28)                  | (78)                                                                                          |
| Consumer financing / credit cards    | (58)                                                                     | (63)                                                                                                           | (72)                                    | (65)                  | (168)                                                                                         |
| Other segments                       | (131)                                                                    | (82)                                                                                                           | (206)                                   | (119)                 | (231)                                                                                         |
| <b>Total</b>                         | <b>(946)</b>                                                             | <b>(654)</b>                                                                                                   | <b>(2,217)</b>                          | <b>(952)</b>          | <b>(2,071)</b>                                                                                |

## Note 20 Expected credit loss measurement (continued)

| Potential effect on stage 1 and stage 2 positions from changing scenario weights or moving to an ECL lifetime calculation as of 31 December 2023 |                                                                          |                                                                                                                |                                         |                       |                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------|
|                                                                                                                                                  | Actual ECL allowances and provisions, including staging (as per Note 10) | Pro forma ECL allowances and provisions, including staging and assuming application of 100% scenario weighting |                                         |                       | Pro forma ECL allowances and provisions, assuming all positions being subject to lifetime ECL |
| Scenarios                                                                                                                                        | Weighted average                                                         | 100% Baseline                                                                                                  | 100% Stagflationary geopolitical crisis | 100% Mild debt crisis | Weighted average                                                                              |
| <i>USD m, except where indicated</i>                                                                                                             |                                                                          |                                                                                                                |                                         |                       |                                                                                               |
| <b>Segmentation</b>                                                                                                                              |                                                                          |                                                                                                                |                                         |                       |                                                                                               |
| Private clients with mortgages                                                                                                                   | (161)                                                                    | (66)                                                                                                           | (816)                                   | (81)                  | (409)                                                                                         |
| Real estate financing                                                                                                                            | (88)                                                                     | (53)                                                                                                           | (293)                                   | (49)                  | (196)                                                                                         |
| Large corporate clients                                                                                                                          | (368)                                                                    | (282)                                                                                                          | (533)                                   | (419)                 | (645)                                                                                         |
| SME clients                                                                                                                                      | (188)                                                                    | (158)                                                                                                          | (274)                                   | (226)                 | (296)                                                                                         |
| Ship financing                                                                                                                                   | (48)                                                                     | (46)                                                                                                           | (50)                                    | (49)                  | (125)                                                                                         |
| Consumer financing / credit cards                                                                                                                | (74)                                                                     | (71)                                                                                                           | (81)                                    | (75)                  | (186)                                                                                         |
| Other segments                                                                                                                                   | (189)                                                                    | (157)                                                                                                          | (269)                                   | (197)                 | (368)                                                                                         |
| <b>Total</b>                                                                                                                                     | <b>(1,115)</b>                                                           | <b>(832)</b>                                                                                                   | <b>(2,317)</b>                          | <b>(1,095)</b>        | <b>(2,225)</b>                                                                                |

### Scenario weights

ECL is sensitive to changing scenario weights, in particular if narratives and parameters are selected that are not close to the baseline scenario, highlighting the non-linearity of credit losses.

As shown in the table above, the ECLs for stage 1 and stage 2 positions would have been USD 654m (31 December 2023: USD 832m) instead of USD 946m (31 December 2023: USD 1,115m) if ECLs had been determined solely on the *baseline scenario*. The weighted-average ECL therefore amounted to 143% (31 December 2023: 134%) of the baseline value. The effects of weighting each of the four scenarios at 100% are shown in the table above.

### Stage allocation and SICR

The determination of what constitutes an SICR is based on management judgment, as explained in Note 1a. Changing the SICR trigger will have a direct effect on ECLs, as more or fewer positions would be subject to lifetime ECLs under any scenario.

The relevance of the SICR trigger on overall ECL is demonstrated in the table above with the indication that the ECL allowances and provisions for stage 1 and stage 2 positions would have been USD 2,071m, if all non-impaired positions across the portfolio had been measured for lifetime ECLs irrespective of their actual SICR status. This amount compares with actual stage 1 and 2 allowances and provisions of USD 946m as of 31 December 2024.

### Maturity profile

The maturity profile is an important driver in ECLs, in particular for transactions in stage 2. A transfer of a transaction into stage 2 may therefore have a significant effect on ECLs. The current maturity profile of most lending books is relatively short.

Lending to large corporate clients is generally between one and two years, with related loan commitments up to four years. Real estate lending is generally between two and three years in Switzerland, with long-dated maturities in the US. Lombard-lending contracts typically have average contractual maturities of 12 months or less, and include callable features.

A significant portion of our lending to SME clients and real estate financing is documented under multi-purpose credit agreements, which allow for various forms of utilization but are unconditionally cancelable by UBS at any time: (i) for drawings under such agreements with a fixed maturity, the respective term is applied for ECL calculations, or a maximum of 12 months in stage 1; (ii) for unused credit lines and all drawings that have no fixed maturity (e.g. current accounts), UBS generally applies a 12-month maturity from the reporting date, given the credit review policies, which require either continuous monitoring of key indicators and behavioral patterns for smaller positions or an annual formal review for any other limit. The ECLs for these products are sensitive to shortening or extending the maturity assumption.

### a) Valuation principles

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All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels in accordance with IFRS Accounting Standards. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which an instrument is classified in its entirety is based on the lowest level input that is significant to the position's fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – valuation techniques for which all significant inputs are, or are based on, observable market data; or
- Level 3 – valuation techniques for which significant inputs are not based on observable market data.

Fair values are determined using quoted prices in active markets for identical assets or liabilities, where available. Where the market for a financial instrument or non-financial asset or liability is not active, fair value is established using a valuation technique, including pricing models. Valuation adjustments may be made to allow for additional factors, including model, liquidity, credit and funding risks, which are not explicitly captured within the valuation technique, but which would nevertheless be considered by market participants when establishing a price. The limitations inherent in a particular valuation technique are considered in the determination of the classification of an asset or liability within the fair value hierarchy. Generally, the unit of account for a financial instrument is the individual instrument, and UBS applies valuation adjustments at an individual instrument level, consistent with that unit of account. However, if certain conditions are met, UBS may estimate the fair value of a portfolio of financial assets and liabilities with substantially similar and offsetting risk exposures on the basis of the net open risks.

› Refer to Note 21d for more information

### b) Valuation governance

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UBS's fair value measurement and model governance framework includes numerous controls and other procedural safeguards that are intended to maximize the quality of fair value measurements reported in the financial statements. New products and valuation techniques must be reviewed and approved by key stakeholders from the risk and finance control functions. Responsibility for the ongoing measurement of financial and non-financial instruments at fair value is with the business divisions.

Fair value estimates are validated by the risk and finance control functions, which are independent of the business divisions. Independent price verification is performed by Finance through benchmarking the business divisions' fair value estimates with observable market prices and other independent sources. A governance framework and associated controls are in place in order to monitor the quality of third-party pricing sources where used. For instruments where valuation models are used to determine fair value, independent valuation and model control groups within Finance and Risk Control evaluate UBS's models on a regular basis, including valuation and model input parameters, as well as pricing. As a result of the valuation controls employed, valuation adjustments may be made to the business divisions' estimates of fair value to align with independent market data and the relevant accounting standard.

› Refer to Note 21d for more information

## Note 21 Fair value measurement (continued)

### c) Fair value hierarchy

The table below provides the fair value hierarchy classification of financial and non-financial assets and liabilities measured at fair value. The narrative that follows describes valuation techniques used in measuring their fair value of different product types (including significant valuation inputs and assumptions used), and the factors considered in determining their classification within the fair value hierarchy.

During 2024, assets and liabilities that were transferred from Level 2 to Level 1, or from Level 1 to Level 2 and were held for the entire reporting period, were not material.

#### Determination of fair values from quoted market prices or valuation techniques<sup>1</sup>

| USD m                                                                                                  | 31.12.24       |                |               |                | 31.12.23       |                |               |                |
|--------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|
|                                                                                                        | Level 1        | Level 2        | Level 3       | Total          | Level 1        | Level 2        | Level 3       | Total          |
| <b>Financial assets measured at fair value on a recurring basis</b>                                    |                |                |               |                |                |                |               |                |
| Financial assets at fair value held for trading                                                        | 128,393        | 27,564         | 3,108         | 159,065        | 118,975        | 28,045         | 22,613        | 169,633        |
| of which: Equity instruments                                                                           | 116,501        | 430            | 91            | 117,022        | 102,602        | 1,403          | 321           | 104,325        |
| of which: Government bills / bonds                                                                     | 4,443          | 3,261          | 41            | 7,746          | 6,995          | 8,763          | 73            | 15,830         |
| of which: Investment fund units                                                                        | 6,537          | 987            | 151           | 7,675          | 8,392          | 1,124          | 129           | 9,645          |
| of which: Corporate and municipal bonds                                                                | 911            | 17,462         | 838           | 19,211         | 984            | 12,801         | 1,284         | 15,069         |
| of which: Loans                                                                                        | 0              | 5,200          | 1,799         | 6,998          | 0              | 3,837          | 19,618        | 23,456         |
| of which: Asset-backed securities                                                                      | 1              | 219            | 153           | 373            | 3              | 112            | 133           | 248            |
| Derivative financial instruments                                                                       | 795            | 181,965        | 2,792         | 185,551        | 622            | 172,903        | 2,559         | 176,084        |
| of which: Foreign exchange                                                                             | 472            | 100,328        | 66            | 100,867        | 347            | 78,060         | 253           | 78,659         |
| of which: Interest rate                                                                                | 0              | 40,553         | 878           | 41,431         | 0              | 55,190         | 407           | 55,597         |
| of which: Equity / index                                                                               | 0              | 35,747         | 1,129         | 36,876         | 0              | 34,174         | 1,299         | 35,473         |
| of which: Credit                                                                                       | 0              | 2,555          | 581           | 3,136          | 0              | 3,456          | 513           | 3,969          |
| of which: Commodities                                                                                  | 1              | 2,599          | 17            | 2,617          | 1              | 1,869          | 13            | 1,883          |
| Brokerage receivables                                                                                  | 0              | 25,858         | 0             | 25,858         | 0              | 21,037         | 0             | 21,037         |
| Financial assets at fair value not held for trading                                                    | 35,911         | 50,813         | 8,748         | 95,472         | 30,717         | 64,865         | 8,435         | 104,018        |
| of which: Financial assets for unit-linked investment contracts                                        | 17,101         | 6              | 0             | 17,106         | 15,877         | 7              | 0             | 15,884         |
| of which: Corporate and municipal bonds                                                                | 31             | 14,695         | 133           | 14,859         | 62             | 16,722         | 215           | 17,000         |
| of which: Government bills / bonds                                                                     | 18,264         | 6,204          | 0             | 24,469         | 14,306         | 4,801          | 0             | 19,107         |
| of which: Loans                                                                                        | 0              | 4,427          | 3,192         | 7,619          | 0              | 4,252          | 2,258         | 6,510          |
| of which: Securities financing transactions                                                            | 0              | 24,026         | 611           | 24,638         | 0              | 36,857         | 52            | 36,909         |
| of which: Asset-backed securities                                                                      | 0              | 972            | 597           | 1,569          | 0              | 1,525          | 180           | 1,704          |
| of which: Auction rate securities                                                                      | 0              | 0              | 191           | 191            | 0              | 0              | 1,208         | 1,208          |
| of which: Investment fund units                                                                        | 423            | 401            | 681           | 1,505          | 367            | 548            | 678           | 1,592          |
| of which: Equity instruments                                                                           | 93             | 0              | 2,917         | 3,010          | 105            | 38             | 3,097         | 3,241          |
| <b>Financial assets measured at fair value through other comprehensive income on a recurring basis</b> |                |                |               |                |                |                |               |                |
| Financial assets measured at fair value through other comprehensive income                             | 59             | 2,137          | 0             | 2,195          | 68             | 2,165          | 0             | 2,233          |
| of which: Commercial paper and certificates of deposit                                                 | 0              | 1,959          | 0             | 1,959          | 0              | 1,948          | 0             | 1,948          |
| of which: Corporate and municipal bonds                                                                | 59             | 178            | 0             | 237            | 68             | 207            | 0             | 276            |
| <b>Non-financial assets measured at fair value on a recurring basis</b>                                |                |                |               |                |                |                |               |                |
| Precious metals and other physical commodities                                                         | 7,341          | 0              | 0             | 7,341          | 5,930          | 0              | 0             | 5,930          |
| <b>Non-financial assets measured at fair value on a non-recurring basis</b>                            |                |                |               |                |                |                |               |                |
| Other non-financial assets <sup>2</sup>                                                                | 0              | 0              | 84            | 84             | 0              | 0              | 31            | 31             |
| <b>Total assets measured at fair value</b>                                                             | <b>172,499</b> | <b>288,337</b> | <b>14,732</b> | <b>475,568</b> | <b>156,312</b> | <b>289,015</b> | <b>33,639</b> | <b>478,966</b> |

## Note 21 Fair value measurement (continued)

| Determination of fair values from quoted market prices or valuation techniques (continued) <sup>1</sup> |               |                |               |                |               |                |               |                |
|---------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|
| USD m                                                                                                   | 31.12.24      |                |               |                | 31.12.23      |                |               |                |
|                                                                                                         | Level 1       | Level 2        | Level 3       | Total          | Level 1       | Level 2        | Level 3       | Total          |
| <b>Financial liabilities measured at fair value on a recurring basis</b>                                |               |                |               |                |               |                |               |                |
| Financial liabilities at fair value held for trading                                                    | 24,577        | 10,429         | 240           | 35,247         | 27,684        | 6,315          | 161           | 34,159         |
| of which: Equity instruments                                                                            | 18,528        | 257            | 29            | 18,814         | 18,266        | 248            | 92            | 18,606         |
| of which: Corporate and municipal bonds                                                                 | 5             | 8,771          | 206           | 8,982          | 28            | 4,981          | 62            | 5,071          |
| of which: Government bills / bonds                                                                      | 4,336         | 1,174          | 0             | 5,510          | 8,559         | 905            | 0             | 9,464          |
| of which: Investment fund units                                                                         | 1,708         | 162            | 3             | 1,873          | 832           | 118            | 4             | 954            |
| Derivative financial instruments                                                                        | 829           | 175,747        | 4,060         | 180,636        | 771           | 185,815        | 5,595         | 192,181        |
| of which: Foreign exchange                                                                              | 506           | 94,035         | 46            | 94,587         | 457           | 89,394         | 36            | 89,887         |
| of which: Interest rate                                                                                 | 0             | 36,313         | 324           | 36,636         | 0             | 52,673         | 246           | 52,920         |
| of which: Equity / index                                                                                | 0             | 39,597         | 3,142         | 42,739         | 0             | 38,046         | 3,333         | 41,380         |
| of which: Credit                                                                                        | 0             | 3,280          | 414           | 3,694          | 0             | 4,081          | 619           | 4,700          |
| of which: Commodities                                                                                   | 1             | 2,200          | 15            | 2,216          | 0             | 1,437          | 21            | 1,458          |
| of which: Loan commitments measured at FVTPL                                                            | 0             | 75             | 62            | 137            | 0             | 135            | 1,037         | 1,172          |
| <b>Financial liabilities designated at fair value on a recurring basis</b>                              |               |                |               |                |               |                |               |                |
| Brokerage payables designated at fair value                                                             | 0             | 49,023         | 0             | 49,023         | 0             | 42,522         | 0             | 42,522         |
| Debt issued designated at fair value                                                                    | 0             | 94,573         | 13,336        | 107,909        | 0             | 113,012        | 15,276        | 128,289        |
| Other financial liabilities designated at fair value                                                    | 0             | 25,931         | 2,768         | 28,699         | 0             | 26,878         | 2,606         | 29,484         |
| of which: Financial liabilities related to unit-linked investment contracts                             | 0             | 17,203         | 0             | 17,203         | 0             | 15,992         | 0             | 15,992         |
| of which: Securities financing transactions                                                             | 0             | 5,798          | 0             | 5,798          | 0             | 7,416          | 0             | 7,416          |
| of which: Over-the-counter debt instruments and others                                                  | 0             | 2,930          | 2,768         | 5,698          | 0             | 3,471          | 2,606         | 6,076          |
| <b>Total liabilities measured at fair value</b>                                                         | <b>25,406</b> | <b>355,703</b> | <b>20,405</b> | <b>401,514</b> | <b>28,454</b> | <b>374,542</b> | <b>23,638</b> | <b>426,635</b> |

<sup>1</sup> 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.

<sup>2</sup> 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.

### Valuation techniques

UBS uses widely recognized valuation techniques for determining the fair value of financial and non-financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include discounted value of expected cash flows, relative value and option pricing methodologies.

Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and / or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry-standard cash flow projection models. The discount factors within the calculation are generated using industry-standard yield curve modeling techniques and models.

Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued.

Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry-standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed-form analytical formula or other mathematical techniques (e.g. binomial tree or Monte Carlo simulation).

Where available, valuation techniques use market-observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. In such cases, the inputs selected are based on historical experience and practice for similar or analogous instruments, derivation of input levels based on similar products with observable price levels, and knowledge of current market conditions and valuation approaches.

## Note 21 Fair value measurement (continued)

For more complex instruments, fair values may be estimated using a combination of observed transaction prices, consensus pricing services and relevant quotes. Consideration is given to the nature of the quotes (e.g. indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services. UBS also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation. Refer to Note 21e for more information. The discount curves used by the Group incorporate the funding and credit characteristics of the instruments to which they are applied.

### Financial instruments excluding derivatives: valuation and classification in the fair value hierarchy

| Product                                                      | Valuation and classification in the fair value hierarchy |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Government bills and bonds</b>                            | Valuation                                                | <ul style="list-style-type: none"> <li>– Generally valued using prices obtained directly from the market.</li> <li>– Instruments not priced directly using active-market data are valued using discounted cash flow valuation techniques that incorporate market data for similar government instruments.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Generally traded in active markets with prices that can be obtained directly from these markets, resulting in classification as Level 1, while the remaining positions are classified as Level 2 or Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Corporate and municipal bonds</b>                         | Valuation                                                | <ul style="list-style-type: none"> <li>– Generally valued using prices obtained directly from the market for the security, or similar securities, adjusted for seniority, maturity and liquidity.</li> <li>– When prices are not available, instruments are valued using discounted cash flow valuation techniques incorporating the credit spread of the issuer or similar issuers.</li> <li>– For convertible bonds without directly comparable prices, issuances may be priced using a convertible bond model.</li> </ul>                                                                                                                                                                                                                                                                                                                    |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Generally classified as Level 1 or Level 2, depending on the depth of trading activity behind price sources.</li> <li>– Level 3 instruments have no suitable pricing information available.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Traded loans and loans measured at fair value</b>         | Valuation                                                | <ul style="list-style-type: none"> <li>– Valued directly using market prices that reflect recent transactions or quoted dealer prices, where available.</li> <li>– Where no market price data is available, loans are valued by relative value benchmarking using pricing derived from debt instruments in comparable entities or different products in the same entity, or by using a credit default swap valuation technique, which requires inputs for credit spreads, credit recovery rates and interest rates.</li> <li>– Securitization lending facilities are valued using a discounted cashflow analysis that incorporates adjustments for any bespoke features of the loan and collateral. Recently originated commercial real estate loans are measured using a securitization approach based on rating agency guidelines.</li> </ul> |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Instruments with suitably deep and liquid pricing information are classified as Level 2.</li> <li>– Positions requiring the use of valuation techniques, or for which the price sources have insufficient trading depth, are classified as Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Investment fund units</b>                                 | Valuation                                                | <ul style="list-style-type: none"> <li>– Predominantly exchange-traded, with readily available quoted prices in liquid markets. Where market prices are not available, fair value may be measured using net asset values (NAVs).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Listed units are classified as Level 1, provided there is sufficient trading activity to justify active-market classification, while other positions are classified as Level 2.</li> <li>– Positions for which NAVs are not available, or where the unit or underlying investments are illiquid, are classified as Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Asset-backed securities (ABS)</b>                         | Valuation                                                | <ul style="list-style-type: none"> <li>– For liquid securities, the valuation process will use trade and price data, updated for movements in market levels between the time of trading and the time of valuation. Less liquid instruments are measured using discounted expected cash flows incorporating price data for instruments or indices with similar risk profiles.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Residential mortgage-backed securities, commercial mortgage-backed securities and other ABS are generally classified as Level 2 when reliable external price quotes are available. However, if significant inputs are unobservable, or if market or fundamental data is not available, they are classified as Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Auction rate securities (ARS)</b>                         | Valuation                                                | <ul style="list-style-type: none"> <li>– ARS are valued utilizing a discounted cash flow methodology. The model captures interest rate risk emanating from the note coupon, credit risk attributable to the underlying closed-end fund investments, liquidity risk as a function of the level of trading volume in these positions, and extension risk, as ARS are perpetual instruments that require an assumption regarding their maturity or issuer redemption date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                              |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Granular and liquid pricing information is generally not available for ARS. As a result, these securities are classified as Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Equity instruments</b>                                    | Valuation                                                | <ul style="list-style-type: none"> <li>– Listed equity instruments are generally valued using prices obtained directly from the market.</li> <li>– Unlisted equity holdings, including private equity positions, are initially marked at their transaction price and are revalued when reliable evidence of price movement becomes available or when the position is deemed to be impaired.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– The majority of equity securities are actively traded on public stock exchanges where quoted prices are readily and regularly available, resulting in Level 1 classification.</li> <li>– Equity securities less actively traded will be classified as Level 2 and illiquid positions as Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Financial assets for unit-linked investment contracts</b> | Valuation                                                | <ul style="list-style-type: none"> <li>– The majority of assets are listed on exchanges and fair values are determined using quoted prices.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                              | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Most assets are classified as Level 1 if actively traded or Level 2 if trading is not active.</li> <li>– Instruments for which prices are not readily available are classified as Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



## Note 21 Fair value measurement (continued)

| Product                                                                  | Valuation and classification in the fair value hierarchy |                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Securities financing transactions</b>                                 | Valuation                                                | – These instruments are valued using discounted expected cash flow techniques. The discount rate applied is based on funding curves that are relevant to the collateral eligibility terms.                                                                                                 |
|                                                                          | Fair value hierarchy                                     | – Collateral funding curves for these instruments are generally observable and, as a result, these positions are classified as Level 2.<br>– Where the collateral terms are non-standard, the funding curve may be considered unobservable, and these positions are classified as Level 3. |
| <b>Brokerage receivables and payables</b>                                | Valuation                                                | – Fair value is determined based on the value of the underlying balances.                                                                                                                                                                                                                  |
|                                                                          | Fair value hierarchy                                     | – Due to their on-demand nature, these receivables and payables are deemed as Level 2.                                                                                                                                                                                                     |
| <b>Financial liabilities related to unit-linked investment contracts</b> | Valuation                                                | – The fair values of investment contract liabilities are determined by reference to the fair value of the corresponding assets.                                                                                                                                                            |
|                                                                          | Fair value hierarchy                                     | – The liabilities themselves are not actively traded but are mainly referenced to instruments that are actively traded and are therefore classified as Level 2.                                                                                                                            |
| <b>Precious metals and other physical commodities</b>                    | Valuation                                                | – Physical assets are valued using the spot rate observed in the relevant market.                                                                                                                                                                                                          |
|                                                                          | Fair value hierarchy                                     | – Generally traded in active markets with prices that can be obtained directly from these markets, resulting in classification as Level 1.                                                                                                                                                 |
| <b>Debt issued designated at fair value</b>                              | Valuation                                                | – The risk management and the valuation approaches for these instruments are closely aligned with the equivalent derivatives business and the underlying risk, and the valuation techniques used for this component are the same as the relevant valuation techniques described below.     |
|                                                                          | Fair value hierarchy                                     | – The observability is closely aligned with the equivalent derivatives business and the underlying risk.                                                                                                                                                                                   |
| <b>Commercial paper and certificates of deposit</b>                      | Valuation                                                | – Generally valued using discounted cash flow valuation techniques incorporating the spread of the issuer or similar issuers over the underlying currency risk-free curve.                                                                                                                 |
|                                                                          | Fair value hierarchy                                     | – Due to the short-dated nature of the positions and liquid underlying pricing inputs they are generally classified as Level 2.                                                                                                                                                            |

### Derivative instruments: valuation and classification in the fair value hierarchy

The curves used for discounting expected cash flows in the valuation of collateralized derivatives reflect the funding terms associated with the relevant collateral arrangement for the instrument being valued. These collateral arrangements differ across counterparties with respect to the eligible currency and interest terms of the collateral. The majority of collateralized derivatives are measured using a discount curve based on funding rates derived from overnight interest in the cheapest eligible currency for the respective counterparty collateral agreement.

Uncollateralized and partially collateralized derivatives are discounted using the alternative reference rate (the ARR) (or equivalent) curve for the currency of the instrument. As described in Note 21d, the fair value of uncollateralized and partially collateralized derivatives is then adjusted by credit valuation adjustments (CVAs), debit valuation adjustments (DVAs) and funding valuation adjustments (FVAs), as applicable, to reflect an estimation of the effect of counterparty credit risk, UBS's own credit risk, and funding costs and benefits.

› Refer to Note 11 for more information about derivative instruments

| Derivative product             | Valuation and classification in the fair value hierarchy |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Interest rate contracts</b> | Valuation                                                | – Interest rate swap contracts are valued by estimating future interest cash flows and discounting those cash flows using a rate that reflects the appropriate funding rate for the position being measured. The yield curves used to estimate future index levels and discount rates are generated using market-standard yield curve models using interest rates associated with current market activity. The key inputs to the models are interest rate swap rates, forward rate agreement rates, short-term interest rate futures prices, basis swap spreads and inflation swap rates.<br>– Interest rate option contracts are valued using various market-standard option models, using inputs that include interest rate yield curves, inflation curves, volatilities and correlations.<br>– When the maturity of an interest rate swap or option contract exceeds the term for which standard market quotes are observable for a significant input parameter, the contracts are valued by extrapolation from the last observable point using standard assumptions or by reference to another observable comparable input parameter to represent a suitable proxy for that portion of the term. |
|                                | Fair value hierarchy                                     | – The majority of interest rate swaps are classified as Level 2, as the standard market contracts that form the inputs for yield curve models are generally traded in active and observable markets.<br>– Options are generally treated as Level 2, as the calibration process enables the model output to be validated to active-market levels. Models calibrated in this way are then used to revalue the portfolio of both standard options and more exotic products.<br>– Interest rate swap or option contracts are classified as Level 3 when the terms exceed standard market-observable quotes.<br>– Exotic options for which appropriate volatility or correlation input levels cannot be implied from observable market data are classified as Level 3.                                                                                                                                                                                                                                                                                                                                                                                                                                    |

## Note 21 Fair value measurement (continued)

| Derivative product                        | Valuation and classification in the fair value hierarchy |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Credit derivative contracts</b>        | Valuation                                                | <ul style="list-style-type: none"> <li>– Credit derivative contracts are valued using industry-standard models based primarily on market credit spreads, upfront pricing points and implied recovery rates. Where a derivative credit spread is not directly available, it may be derived from the price of the reference cash bond.</li> <li>– Asset-backed credit derivatives are valued using a valuation technique similar to that of the underlying security with an adjustment to reflect the funding differences between cash and synthetic form.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                           | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Single-entity and portfolio credit derivative contracts are classified as Level 2 when credit spreads and recovery rates are determined from actively traded observable market data. Where the underlying reference name(s) are not actively traded and the correlation cannot be directly mapped to actively traded tranche instruments, these contracts are classified as Level 3.</li> <li>– Asset-backed credit derivatives follow the characteristics of the underlying security and are therefore distributed across Level 2 and Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Foreign exchange contracts</b>         | Valuation                                                | <ul style="list-style-type: none"> <li>– Open spot foreign exchange (FX) contracts are valued using the FX spot rate observed in the market.</li> <li>– Forward FX contracts are valued using the FX spot rate adjusted for forward pricing points observed from standard market-based sources.</li> <li>– Over-the-counter (OTC) FX option contracts are valued using market-standard option valuation models. The models used for shorter-dated options (i.e. maturities of five years or less) tend to be different from those used for longer-dated options, because the models needed for longer-dated OTC FX contracts require additional consideration of interest rate and FX rate interdependency.</li> <li>– The valuation for multi-dimensional FX options uses a multi-local volatility model, which is calibrated to the observed FX volatilities for all relevant FX pairs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                           | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– The markets for FX spot and FX forward pricing points are both actively traded and observable and, therefore, such FX contracts are generally classified as Level 2.</li> <li>– A significant proportion of OTC FX option contracts are classified as Level 2 as inputs are derived mostly from standard market contracts traded in active and observable markets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Equity / index contracts</b>           | Valuation                                                | <ul style="list-style-type: none"> <li>– Equity forward contracts have a single stock or index underlying and are valued using market-standard models. The key inputs to the models are stock prices, estimated dividend rates and equity funding rates (which are implied from prices of forward contracts observed in the market). Estimated cash flows are then discounted using market-standard discounted cash flow models using a rate that reflects the appropriate funding rate for that portion of the portfolio. When no market data is available for the instrument maturity, they are valued by extrapolation of available data, use of historical dividend data, or use of data for a related equity.</li> <li>– Equity option contracts are valued using market-standard models that estimate the equity forward level as described for equity forward contracts and incorporate inputs for stock volatility and for correlation between stocks within a basket. The probability-weighted expected option payoff generated is then discounted using market-standard discounted cash flow models applying a rate that reflects the appropriate funding rate for that portion of the portfolio. When volatility, forward or correlation inputs are not available, they are valued using extrapolation of available data, historical dividend, correlation or volatility data, or the equivalent data for a related equity.</li> </ul> |
|                                           | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– As inputs are derived mostly from standard market contracts traded in active and observable markets, a significant proportion of equity forward contracts are classified as Level 2.</li> <li>– Equity option positions for which inputs are derived from standard market contracts traded in active and observable markets are also classified as Level 2. Level 3 positions are those for which volatility, forward or correlation inputs are not observable.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Commodity contracts</b>                | Valuation                                                | <ul style="list-style-type: none"> <li>– Commodity forward and swap contracts are measured using market-standard models that use market forward levels on standard instruments.</li> <li>– Commodity option contracts are measured using market-standard option models that estimate the commodity forward level as described for commodity forward and swap contracts, incorporating inputs for the volatility of the underlying index or commodity. For commodity options on baskets of commodities or bespoke commodity indices, the valuation technique also incorporates inputs for the correlation between different commodities or commodity indices.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                           | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Individual commodity contracts are typically classified as Level 2, because active forward and volatility market data is available.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Loan commitments measured at FVTPL</b> | Valuation                                                | <ul style="list-style-type: none"> <li>– Valued directly using market prices that reflect recent transactions or quoted dealer prices, where available.</li> <li>– Where no market price data is available, loan commitments are valued by relative value benchmarking using pricing derived from debt instruments in comparable entities or different products in the same entity, or by using a credit default swap valuation technique, which requires inputs for credit spreads, credit recovery rates and interest rates.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                           | Fair value hierarchy                                     | <ul style="list-style-type: none"> <li>– Instruments with suitably deep and liquid pricing information are classified as Level 2.</li> <li>– Positions requiring the use of valuation techniques, or for which the price sources have insufficient trading depth, are classified as Level 3.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## Note 21 Fair value measurement (continued)

### d) Valuation adjustments and other items

The output of a valuation technique is always an estimate of a fair value that cannot be measured with complete certainty. As a result, valuations are adjusted where appropriate and when such factors would be considered by market participants in estimating fair value, to reflect close-out costs, credit exposure, model-driven valuation uncertainty, funding costs and benefits, trading restrictions and other factors.

#### Deferred day-1 profit or loss reserves

For new transactions where the valuation technique used to measure fair value requires significant inputs that are not based on observable market data, the financial instrument is initially recognized at the transaction price. The transaction price may differ from the fair value obtained using a valuation technique, where any such difference is deferred and not initially recognized in the income statement.

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 pricing of equivalent products or the underlying parameters becomes observable or when the transaction is closed out.

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

| Deferred day-1 profit or loss reserves             |       |       |       |
|----------------------------------------------------|-------|-------|-------|
| USD m                                              | 2024  | 2023  | 2022  |
| Reserve balance at the beginning of the year       | 404   | 422   | 418   |
| Profit / (loss) deferred on new transactions       | 244   | 260   | 299   |
| (Profit) / loss recognized in the income statement | (221) | (278) | (295) |
| Foreign currency translation                       | (6)   | 0     | 0     |
| Reserve balance at the end of the year             | 421   | 404   | 422   |

#### Own credit

Own credit risk is reflected in the valuation of UBS's fair value option liabilities where this component is considered relevant for valuation purposes by UBS's counterparties and other market participants.

Changes in the fair value of financial liabilities designated at fair value through profit or loss related to own credit are recognized in *Other comprehensive income* directly within *Retained earnings, with no reclassification to the income statement in future periods*. This presentation does not create or increase an accounting mismatch in the income statement, as the Group does not hedge changes in own credit.

Own credit is estimated using own credit adjustment (OCA) curves, which incorporate observable market data, including market-observed secondary prices for UBS's debt and debt curves of peers. In the table below, the change in unrealized own credit consists of changes in fair value that are attributable to the change in UBS's credit spreads, as well as the effect of changes in fair values attributable to factors other than credit spreads, such as redemptions, effects from time decay and changes in interest and other market rates. Realized own credit is recognized when an instrument with an associated unrealized OCA is repurchased prior to the contractual maturity date. Life-to-date amounts reflect the cumulative unrealized change since initial recognition.

› Refer to Note 16 for more information about debt issued designated at fair value

#### Own credit adjustments on financial liabilities designated at fair value

| USD m                                                          | Included in Other comprehensive income |          |          |
|----------------------------------------------------------------|----------------------------------------|----------|----------|
|                                                                | For the year ended                     |          |          |
|                                                                | 31.12.24                               | 31.12.23 | 31.12.22 |
| Recognized during the period:                                  |                                        |          |          |
| Realized gain / (loss)                                         | (94)                                   | 8        | 1        |
| Unrealized gain / (loss)                                       | 84                                     | (1,858)  | 866      |
| Total gain / (loss), before tax                                | (10)                                   | (1,850)  | 867      |
| USD m                                                          | 31.12.24                               | 31.12.23 | 31.12.22 |
| Recognized on the balance sheet as of the end of the period:   |                                        |          |          |
| Unrealized life-to-date gain / (loss)                          | (1,165)                                | (1,287)  | 556      |
| of which: debt issued designated at fair value                 | (1,188)                                | (1,297)  | 453      |
| of which: other financial liabilities designated at fair value | 23                                     | 10       | 103      |

## Note 21 Fair value measurement (continued)

### Credit valuation adjustments

In order to measure the fair value of OTC derivative instruments, including funded derivative instruments that are classified as *Financial assets at fair value not held for trading*, CVAs are needed to reflect the credit risk of the counterparty inherent in these instruments. This amount represents the estimated fair value of protection required to hedge the counterparty credit risk of such instruments. A CVA is determined for each counterparty, considering all exposures with that counterparty, and is dependent on the expected future value of exposures, default probabilities and recovery rates, applicable collateral or netting arrangements, break clauses, funding spreads, and other contractual factors.

### Funding valuation adjustments

Uncollateralized FVAs reflect the costs and benefits of funding associated with uncollateralized and partially collateralized derivative receivables and payables and are calculated as the valuation effect from moving the discounting of the uncollateralized derivative cash flows from the ARR to OCA using the CVA framework, including the probability of counterparty default. An FVA is also applied to collateralized derivative assets in cases where the collateral cannot be sold or repledged and in cases where collateral agreements contain optionality regarding the type of collateral that can be pledged or received.

### Debit valuation adjustments

A DVA is estimated to incorporate own credit in the valuation of derivatives where an FVA is not already recognized. The DVA calculation is effectively consistent with the CVA framework, being determined for each counterparty, considering all exposures with that counterparty and taking into account collateral netting agreements, expected future mark-to-market movements and UBS's credit default spreads.

### Other valuation adjustments

Instruments that are measured as part of a portfolio of combined long and short positions are valued at mid-market levels to ensure consistent valuation of the long- and short-component risks. A liquidity valuation adjustment is then made to the overall net long or short exposure to move the fair value to bid or offer as appropriate, reflecting current levels of market liquidity. The bid-offer spreads used in the calculation of this valuation adjustment are obtained from market transactions and other relevant sources and are updated periodically.

Uncertainties associated with the use of model-based valuations are incorporated into the measurement of fair value through the use of model reserves. These reserves reflect the amounts that the Group estimates should be deducted from valuations produced directly by models to incorporate uncertainties in the relevant modeling assumptions, in the model and market inputs used, or in the calibration of the model output to adjust for known model deficiencies. In arriving at these estimates, the Group considers a range of market practices, including how it believes market participants would assess these uncertainties. Model reserves are reassessed periodically in light of data from market transactions, consensus pricing services and other relevant sources.

#### Other valuation adjustment reserves on the balance sheet

| USD m                                     | As of    |          |          |
|-------------------------------------------|----------|----------|----------|
|                                           | 31.12.24 | 31.12.23 | 31.12.22 |
| Credit valuation adjustments <sup>1</sup> | (125)    | (145)    | (33)     |
| Funding and debit valuation adjustments   | (96)     | (116)    | (46)     |
| Other valuation adjustments               | (1,207)  | (2,654)  | (839)    |
| of which: liquidity                       | (746)    | (2,051)  | (311)    |
| of which: model uncertainty               | (460)    | (603)    | (529)    |

<sup>1</sup> Amount does not include reserves against defaulted counterparties.

### e) 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, the inputs used in a given valuation technique that are considered significant as of 31 December 2024 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 ranges will therefore vary from period to period and parameter to parameter based on characteristics of the instruments held at each balance sheet date. Furthermore, the ranges of unobservable inputs may differ across other financial institutions, reflecting the diversity of the products in each firm's inventory.

## Note 21 Fair value measurement (continued)

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

|                                                                                                                         | Fair value |          |             |          | Valuation technique(s)                     | Significant unobservable input(s) <sup>1</sup>        | Range of inputs |       |                               |          |       |                               | unit <sup>1</sup> |
|-------------------------------------------------------------------------------------------------------------------------|------------|----------|-------------|----------|--------------------------------------------|-------------------------------------------------------|-----------------|-------|-------------------------------|----------|-------|-------------------------------|-------------------|
|                                                                                                                         | Assets     |          | Liabilities |          |                                            |                                                       | 31.12.24        |       |                               | 31.12.23 |       |                               |                   |
|                                                                                                                         | 31.12.24   | 31.12.23 | 31.12.24    | 31.12.23 |                                            |                                                       | low             | high  | weighted average <sup>2</sup> | low      | high  | weighted average <sup>2</sup> |                   |
| USD bn                                                                                                                  |            |          |             |          |                                            |                                                       |                 |       |                               |          |       |                               |                   |
| Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading |            |          |             |          |                                            |                                                       |                 |       |                               |          |       |                               |                   |
| Corporate and municipal bonds                                                                                           | 1.0        | 1.5      | 0.2         | 0.1      | Relative value to market comparable        | Bond price equivalent                                 | 23              | 114   | 98                            | 5        | 126   | 99                            | points            |
|                                                                                                                         |            |          |             |          | Discounted expected cash flows             | Discount margin                                       | 868             | 868   | 868                           | 135      | 491   | 463                           | basis points      |
| Traded loans, loans designated at fair value and guarantees                                                             | 5.2        | 22.0     | 0.0         | 0.0      | Relative value to market comparable        | Loan price equivalent                                 | 1               | 173   | 84                            | 1        | 120   | 88                            | points            |
|                                                                                                                         |            |          |             |          | Discounted expected cash flows             | Credit spread                                         | 16              | 545   | 195                           | 19       | 2,681 | 614                           | basis points      |
|                                                                                                                         |            |          |             |          | Market comparable and securitization model | Credit spread                                         | 75              | 1,899 | 208                           | 162      | 1,849 | 318                           | basis points      |
| Asset-backed securities                                                                                                 | 0.7        | 0.1      | 0.0         | 0.0      | Relative value to market comparable        | Bond price equivalent                                 | 0               | 112   | 79                            | 1        | 205   | 57                            | points            |
| Investment fund units <sup>3</sup>                                                                                      | 0.8        | 0.8      | 0.0         | 0.0      | Relative value to market comparable        | Net asset value                                       |                 |       |                               |          |       |                               |                   |
| Equity instruments <sup>3</sup>                                                                                         | 3.0        | 3.4      | 0.0         | 0.1      | Relative value to market comparable        | Price                                                 |                 |       |                               |          |       |                               |                   |
| Debt issued designated at fair value <sup>4</sup>                                                                       |            |          | 13.3        | 15.3     |                                            |                                                       |                 |       |                               |          |       |                               |                   |
| Other financial liabilities designated at fair value                                                                    |            |          | 2.8         | 2.6      | Discounted expected cash flows             | Funding spread                                        | 95              | 201   |                               | 51       | 201   |                               | basis points      |
| Derivative financial instruments                                                                                        |            |          |             |          |                                            |                                                       |                 |       |                               |          |       |                               |                   |
| Interest rate                                                                                                           | 0.9        | 0.4      | 0.3         | 0.2      | Option model                               | Volatility of interest rates                          | 50              | 156   |                               | 45       | 154   |                               | basis points      |
|                                                                                                                         |            |          |             |          |                                            | IR-to-IR correlation                                  | 60              | 99    |                               | 4        | 100   |                               | %                 |
|                                                                                                                         |            |          |             |          | Discounted expected cash flows             | Funding spread                                        | 5               | 20    |                               |          |       |                               | basis points      |
| Credit                                                                                                                  | 0.6        | 0.5      | 0.4         | 0.6      | Discounted expected cash flows             | Credit spreads                                        | 2               | 1,789 |                               | 1        | 2,421 |                               | basis points      |
|                                                                                                                         |            |          |             |          |                                            | Credit correlation                                    | 50              | 66    |                               | 50       | 66    |                               | %                 |
|                                                                                                                         |            |          |             |          |                                            | Recovery rates                                        | 0               | 100   |                               | 14       | 100   |                               | %                 |
|                                                                                                                         |            |          |             |          | Option model                               | Credit volatility                                     | 59              | 127   |                               | 60       | 60    |                               | %                 |
| Equity / index                                                                                                          | 1.1        | 1.3      | 3.1         | 3.3      | Option model                               | Equity dividend yields                                | 0               | 16    |                               | 0        | 17    |                               | %                 |
|                                                                                                                         |            |          |             |          |                                            | Volatility of equity stocks, equity and other indices | 4               | 126   |                               | 4        | 142   |                               | %                 |
|                                                                                                                         |            |          |             |          |                                            | Equity-to-FX correlation                              | (65)            | 80    |                               | (40)     | 77    |                               | %                 |
|                                                                                                                         |            |          |             |          |                                            | Equity-to-equity correlation                          | 0               | 100   |                               | (50)     | 100   |                               | %                 |
| Loan commitments measured at FVTPL                                                                                      |            |          | 0.1         | 1.0      | Relative value to market comparable        | Loan price equivalent                                 | 60              | 101   |                               | 35       | 102   |                               | points            |

<sup>1</sup> 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). <sup>2</sup> 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. <sup>3</sup> The range of inputs is not disclosed, as there is a dispersion of values given the diverse nature of the investments. <sup>4</sup> 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, as well as rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters for debt issued or embedded derivatives for over-the-counter debt instruments are presented in the respective derivative financial instruments lines in this table.

**Significant unobservable inputs in Level 3 positions**

This section discusses the significant unobservable inputs used in the valuation of Level 3 instruments and assesses the potential effect that a change in each unobservable input in isolation may have on a fair value measurement. Relationships between observable and unobservable inputs have not been included in the summary below.

| Input                        | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Bond price equivalent</b> | <ul style="list-style-type: none"> <li>Where market prices are not available for a bond, fair value is measured by comparison with observable pricing data from similar instruments. Factors considered when selecting comparable instruments include credit quality, maturity and industry of the issuer. Fair value may be measured either by a direct price comparison or by conversion of an instrument price into a yield (either as an outright yield or as a spread to the relevant benchmark rate).</li> <li>For corporate and municipal bonds, the range represents the range of prices from reference issuances used in determining fair value. Bonds priced at 0 are distressed to the point that no recovery is expected, while prices significantly in excess of 100 or par relate to inflation-linked or structured issuances that pay a coupon in excess of the market benchmark as of the measurement date.</li> <li>For credit derivatives, the bond price range represents the range of prices used for reference instruments, which are typically converted to an equivalent yield or credit spread as part of the valuation process.</li> </ul>                                                                                                                                           |
| <b>Loan price equivalent</b> | <ul style="list-style-type: none"> <li>Where market prices are not available for a traded loan or a loan commitment, fair value is measured by comparison with observable pricing data for similar instruments. Factors considered when selecting comparable instruments include industry segment, collateral quality, maturity and issuer-specific covenants. Fair value may be measured either by a direct price comparison or by conversion of an instrument price into a yield. The range represents the range of prices derived from reference issuances of a similar credit quality used to measure fair value for loans classified as Level 3. Loans priced at 0 are distressed to the point that no recovery is expected, while a current price of 100 represents a loan that is expected to be repaid in full.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Credit spread</b>         | <ul style="list-style-type: none"> <li>Valuation models for many credit derivatives and other credit-sensitive products require an input for the credit spread, which is a reflection of the credit quality of the associated referenced underlying. The credit spread of a particular security is quoted in relation to the yield on a benchmark security or reference rate, typically either US Treasury or ARR, and is generally expressed in terms of basis points. An increase / (decrease) in credit spread will increase / (decrease) the value of credit protection offered by credit default swaps and other credit derivative products. The income statement effect from such changes depends on the nature and direction of the positions held. Credit spreads may be negative where the asset is more creditworthy than the benchmark against which the spread is calculated. A wider credit spread represents decreasing creditworthiness. The range represents a diverse set of underlyings, with the lower end of the range representing credits of the highest quality and the upper end of the range representing greater levels of credit risk.</li> </ul>                                                                                                                                  |
| <b>Discount margin</b>       | <ul style="list-style-type: none"> <li>The discount margin (DM) spread represents the discount rates applied to present value cash flows of an asset to reflect the market return required for uncertainty in the estimated cash flows. DM spreads are a rate or rates applied on top of a floating index (e.g. Secured Overnight Financing Rate (SOFR)) to discount expected cash flows. Generally, a decrease / (increase) in the DM in isolation would result in a higher / (lower) fair value.</li> <li>The high end of the range relates to securities that are priced low within the market relative to the expected cash flow schedule. This indicates that the market is pricing an increased risk of credit loss into the security that is greater than what is being captured by the expected cash flow generation process. The low ends of the ranges are typical of funding rates on better-quality instruments.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Funding spread</b>        | <ul style="list-style-type: none"> <li>Structured financing transactions are valued using synthetic funding curves that best represent the assets that are pledged as collateral for the transactions. They are not representative of where UBS can fund itself on an unsecured basis but provide an estimate of where UBS can source and deploy secured funding with counterparties for a given type of collateral. The funding spreads are expressed in terms of basis points, and if funding spreads widen, this increases the effect of discounting.</li> <li>A small proportion of structured debt instruments and non-structured fixed-rate bonds within financial liabilities designated at fair value had an exposure to funding spreads that was longer in duration than the actively traded market.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Volatility</b>            | <ul style="list-style-type: none"> <li>Volatility measures the variability of future prices for a particular instrument and is generally expressed as a percentage, where a higher number reflects a more volatile instrument, for which future price movements are more likely to occur. Volatility is a key input into option models, where it is used to derive a probability-based distribution of future prices for the underlying instrument. The effect of volatility on individual positions within the portfolio is driven primarily by whether the option contract is a long or short position. In most cases, the fair value of an option increases as a result of an increase in volatility and is reduced by a decrease in volatility. Generally, volatility used in the measurement of fair value is derived from active-market option prices (referred to as implied volatility). A key feature of implied volatility is the volatility "smile" or "skew", which represents the effect of pricing options of different option strikes at different implied volatility levels.</li> <li>Volatilities of low interest rates tend to be much higher than volatilities of high interest rates. In addition, different currencies may have significantly different implied volatilities.</li> </ul> |
| <b>Recovery rate</b>         | <ul style="list-style-type: none"> <li>The projected recovery rate reflects the estimated recovery that will be realized given expected defaults; it is an analogous pricing input for corporate or sovereign credits. Reduction in recovery rates will result in lower expected cash flows into the structure upon the default of the instruments. In general, a significant increase / (decrease) in the recovery rate in isolation would result in significantly higher / (lower) fair value for the respective underlying cash security. The impact of a change in recovery rate on a credit derivative position will depend on whether credit protection has been bought or sold. The recovery rate is ultimately driven by the value recoverable from collateral held after default occurs relative to the outstanding exposure at that point.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                               |



## Note 21 Fair value measurement (continued)

| Input                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Correlation</b>            | – Correlation measures the interrelationship between the movements of two variables. It is expressed as a percentage between –100% and +100%, where +100% represents perfectly correlated variables (meaning a movement of one variable is associated with a movement of the other variable in the same direction), and –100% implies that the variables are inversely correlated (meaning a movement of one variable is associated with a movement of the other variable in the opposite direction). The effect of correlation on the measurement of fair value depends on the specific terms of the instruments being valued, reflecting the range of different payoff features within such instruments.                                                                                              |
| <b>Equity dividend yields</b> | – The derivation of a forward price for an individual stock or index is important for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings, and, to a lesser extent, the relevant funding rates applicable to the stock in question. Dividend yields are generally expressed as an annualized percentage of the share price, with the lowest limit of 0% representing a stock that is not expected to pay any dividend. The dividend yield and timing represent the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price. |

### f) 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 favorable and unfavorable alternative assumptions would change fair value significantly, and the estimated effect thereof. The table below does not represent the estimated effect of stress scenarios. Interdependencies between Level 1, 2 and 3 parameters have not been incorporated in the table. Furthermore, direct interrelationships between the Level 3 parameters discussed below are not a significant element of the valuation uncertainty.

Sensitivity data is estimated using a number of techniques, including the estimation of price dispersion among different market participants, variation in modeling approaches and reasonably possible changes to assumptions used within the fair value measurement process. The sensitivity ranges are not always symmetrical around the fair values, as the inputs used in valuations are not always precisely in the middle of the favorable and unfavorable range.

Sensitivity data is determined at a product or parameter level and then aggregated assuming no diversification benefit. Diversification would incorporate estimated correlations across different sensitivity results and, as such, would result in an overall sensitivity that would be less than the sum of the individual component sensitivities. However, the Group believes that the diversification benefit is not significant to this analysis.

#### Sensitivity of fair value measurements to changes in unobservable input assumptions<sup>1</sup>

|                                                           | 31.12.24          |                     | 31.12.23          |                     |
|-----------------------------------------------------------|-------------------|---------------------|-------------------|---------------------|
| USD m                                                     | Favorable changes | Unfavorable changes | Favorable changes | Unfavorable changes |
| Traded loans, loans measured at fair value and guarantees | 185               | (143)               | 635               | (600)               |
| Securities financing transactions                         | 30                | (24)                | 30                | (32)                |
| Auction rate securities                                   | 8                 | (6)                 | 67                | (21)                |
| Asset-backed securities                                   | 32                | (28)                | 39                | (36)                |
| Equity instruments                                        | 333               | (308)               | 430               | (413)               |
| Investment fund units                                     | 179               | (181)               | 135               | (137)               |
| Loan commitments measured at FVTPL                        | 38                | (42)                | 313               | (343)               |
| Interest rate derivatives, net                            | 115               | (70)                | 217               | (103)               |
| Credit derivatives, net                                   | 112               | (117)               | 140               | (131)               |
| Foreign exchange derivatives, net                         | 3                 | (2)                 | 5                 | (4)                 |
| Equity / index derivatives, net                           | 732               | (617)               | 521               | (443)               |
| Other                                                     | 289               | (161)               | 281               | (276)               |
| <b>Total</b>                                              | <b>2,056</b>      | <b>(1,700)</b>      | <b>2,815</b>      | <b>(2,538)</b>      |

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

### g) Level 3 instruments: movements during the period

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

## Note 21 Fair value measurement (continued)

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

| <i>USD bn</i>                                                   | Balance at the beginning of the period | Credit Suisse Level 3 assets and liabilities acquired | Net gains / losses included in comprehensive income <sup>1</sup> | 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 |
|-----------------------------------------------------------------|----------------------------------------|-------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|------------|---------------|------------|--------------|------------------------|--------------------------|------------------------------|----------------------------------|
| <b>For the twelve months ended 31 December 2024<sup>2</sup></b> |                                        |                                                       |                                                                  |                                                                |            |               |            |              |                        |                          |                              |                                  |
| <b>Financial assets at fair value held for trading</b>          | <b>22.6</b>                            |                                                       | <b>0.5</b>                                                       | <b>(0.3)</b>                                                   | <b>0.9</b> | <b>(14.5)</b> | <b>0.7</b> | <b>(7.7)</b> | <b>1.5</b>             | <b>(0.8)</b>             | <b>(0.2)</b>                 | <b>3.1</b>                       |
| of which: Equity instruments                                    | 0.3                                    |                                                       | (0.1)                                                            | (0.1)                                                          | 0.0        | (0.2)         | 0.0        | (0.0)        | 0.2                    | (0.1)                    | (0.0)                        | 0.1                              |
| of which: Corporate and municipal bonds                         | 1.3                                    |                                                       | (0.2)                                                            | (0.1)                                                          | 0.4        | (0.6)         | 0.0        | 0.0          | 0.1                    | (0.1)                    | (0.0)                        | 0.8                              |
| of which: Loans                                                 | 19.6                                   |                                                       | 0.9                                                              | (0.2)                                                          | 0.3        | (12.3)        | 0.7        | (7.7)        | 1.1                    | (0.6)                    | (0.1)                        | 1.8                              |
| <b>Derivative financial instruments – assets</b>                | <b>2.6</b>                             |                                                       | <b>0.2</b>                                                       | <b>0.3</b>                                                     | <b>0.0</b> | <b>(0.2)</b>  | <b>1.2</b> | <b>(1.0)</b> | <b>0.7</b>             | <b>(0.7)</b>             | <b>(0.0)</b>                 | <b>2.8</b>                       |
| of which: Interest rate                                         | 0.4                                    |                                                       | 0.1                                                              | 0.1                                                            | 0.0        | (0.2)         | 0.5        | (0.2)        | 0.2                    | 0.0                      | 0.0                          | 0.9                              |
| of which: Equity / index                                        | 1.3                                    |                                                       | 0.2                                                              | 0.2                                                            | 0.0        | (0.0)         | 0.5        | (0.4)        | 0.2                    | (0.6)                    | (0.0)                        | 1.1                              |
| of which: Credit                                                | 0.5                                    |                                                       | (0.1)                                                            | (0.0)                                                          | 0.0        | (0.0)         | 0.1        | (0.2)        | 0.3                    | (0.0)                    | (0.0)                        | 0.6                              |
| <b>Financial assets at fair value not held for trading</b>      | <b>8.4</b>                             |                                                       | <b>0.2</b>                                                       | <b>(0.0)</b>                                                   | <b>0.6</b> | <b>(0.7)</b>  | <b>2.1</b> | <b>(2.1)</b> | <b>0.8</b>             | <b>(0.4)</b>             | <b>(0.2)</b>                 | <b>8.7</b>                       |
| of which: Loans                                                 | 2.3                                    |                                                       | 0.2                                                              | 0.2                                                            | 0.2        | 0.0           | 1.5        | (0.6)        | 0.0                    | (0.3)                    | (0.1)                        | 3.2                              |
| of which: Auction rate securities                               | 1.2                                    |                                                       | 0.0                                                              | (0.0)                                                          | 0.0        | 0.0           | 0.0        | (1.1)        | 0.0                    | 0.0                      | 0.0                          | 0.2                              |
| of which: Equity instruments                                    | 3.1                                    |                                                       | (0.1)                                                            | (0.2)                                                          | 0.2        | (0.3)         | 0.0        | (0.0)        | 0.1                    | 0.0                      | (0.1)                        | 2.9                              |
| of which: Investment fund units                                 | 0.7                                    |                                                       | 0.0                                                              | 0.0                                                            | 0.1        | (0.2)         | 0.0        | (0.0)        | 0.0                    | (0.0)                    | (0.0)                        | 0.7                              |
| of which: Asset-backed securities                               | 0.2                                    |                                                       | (0.0)                                                            | (0.0)                                                          | 0.0        | (0.1)         | 0.0        | 0.0          | 0.5                    | (0.0)                    | (0.0)                        | 0.6                              |
| <b>Derivative financial instruments – liabilities</b>           | <b>5.6</b>                             |                                                       | <b>(0.7)</b>                                                     | <b>0.2</b>                                                     | <b>0.0</b> | <b>(0.2)</b>  | <b>1.8</b> | <b>(2.3)</b> | <b>0.6</b>             | <b>(0.8)</b>             | <b>(0.1)</b>                 | <b>4.1</b>                       |
| of which: Interest rate                                         | 0.2                                    |                                                       | 0.0                                                              | 0.1                                                            | 0.0        | (0.0)         | 0.0        | (0.1)        | 0.2                    | (0.0)                    | (0.0)                        | 0.3                              |
| of which: Equity / index                                        | 3.3                                    |                                                       | 0.3                                                              | 0.3                                                            | 0.0        | (0.0)         | 1.6        | (1.9)        | 0.5                    | (0.6)                    | (0.1)                        | 3.1                              |
| of which: Credit                                                | 0.6                                    |                                                       | (0.2)                                                            | (0.1)                                                          | 0.0        | (0.0)         | 0.2        | (0.1)        | 0.0                    | (0.1)                    | (0.0)                        | 0.4                              |
| of which: Loan commitments measured at FVTPL                    | 1.0                                    |                                                       | (0.7)                                                            | (0.0)                                                          | 0.0        | (0.1)         | 0.0        | (0.1)        | 0.0                    | (0.1)                    | (0.0)                        | 0.1                              |
| <b>Debt issued designated at fair value</b>                     | <b>15.3</b>                            |                                                       | <b>(0.3)</b>                                                     | <b>0.1</b>                                                     | <b>0.0</b> | <b>0.0</b>    | <b>4.2</b> | <b>(4.0)</b> | <b>1.8</b>             | <b>(3.4)</b>             | <b>(0.3)</b>                 | <b>13.3</b>                      |
| <b>Other financial liabilities designated at fair value</b>     | <b>2.6</b>                             |                                                       | <b>(0.1)</b>                                                     | <b>(0.0)</b>                                                   | <b>0.0</b> | <b>(0.0)</b>  | <b>1.3</b> | <b>(1.4)</b> | <b>0.4</b>             | <b>(0.1)</b>             | <b>(0.1)</b>                 | <b>2.8</b>                       |
| <b>For the twelve months ended 31 December 2023</b>             |                                        |                                                       |                                                                  |                                                                |            |               |            |              |                        |                          |                              |                                  |
| <b>Financial assets at fair value held for trading</b>          | <b>1.5</b>                             | <b>26.2</b>                                           | <b>(0.9)</b>                                                     | <b>(0.5)</b>                                                   | <b>1.1</b> | <b>(4.5)</b>  | <b>3.6</b> | <b>(5.6)</b> | <b>2.3</b>             | <b>(1.1)</b>             | <b>0.0</b>                   | <b>22.6</b>                      |
| of which: Equity instruments                                    | 0.1                                    | 0.4                                                   | (0.1)                                                            | (0.0)                                                          | 0.1        | (0.2)         | 0.0        | 0.0          | 0.2                    | (0.1)                    | 0.0                          | 0.3                              |
| of which: Corporate and municipal bonds                         | 0.5                                    | 1.1                                                   | (0.2)                                                            | (0.1)                                                          | 0.6        | (0.8)         | 0.0        | 0.0          | 0.1                    | (0.0)                    | 0.0                          | 1.3                              |
| of which: Loans                                                 | 0.6                                    | 23.1                                                  | (0.7)                                                            | (0.4)                                                          | 0.1        | (2.7)         | 3.6        | (5.6)        | 2.0                    | (0.8)                    | 0.0                          | 19.6                             |
| <b>Derivative financial instruments – assets</b>                | <b>1.5</b>                             | <b>1.4</b>                                            | <b>(0.2)</b>                                                     | <b>(0.1)</b>                                                   | <b>0.0</b> | <b>(0.0)</b>  | <b>1.0</b> | <b>(0.8)</b> | <b>0.3</b>             | <b>(0.7)</b>             | <b>0.0</b>                   | <b>2.6</b>                       |
| of which: Interest rate                                         | 0.5                                    | 0.2                                                   | (0.0)                                                            | (0.0)                                                          | 0.0        | 0.0           | 0.2        | (0.3)        | 0.1                    | (0.2)                    | (0.0)                        | 0.4                              |
| of which: Equity / index                                        | 0.7                                    | 0.5                                                   | (0.1)                                                            | 0.0                                                            | 0.0        | 0.0           | 0.6        | (0.2)        | 0.1                    | (0.3)                    | 0.0                          | 1.3                              |
| of which: Credit                                                | 0.3                                    | 0.2                                                   | (0.1)                                                            | (0.0)                                                          | 0.0        | 0.0           | 0.1        | (0.2)        | 0.1                    | (0.0)                    | 0.0                          | 0.5                              |
| <b>Financial assets at fair value not held for trading</b>      | <b>3.7</b>                             | <b>4.2</b>                                            | <b>0.2</b>                                                       | <b>0.1</b>                                                     | <b>2.1</b> | <b>(2.2)</b>  | <b>0.0</b> | <b>(0.0)</b> | <b>0.8</b>             | <b>(0.3)</b>             | <b>0.1</b>                   | <b>8.4</b>                       |
| of which: Loans                                                 | 0.7                                    | 0.8                                                   | 0.3                                                              | 0.3                                                            | 0.6        | (0.4)         | (0.0)      | (0.0)        | 0.4                    | (0.2)                    | 0.0                          | 2.3                              |
| of which: Auction rate securities                               | 1.3                                    | 0.0                                                   | 0.0                                                              | 0.0                                                            | 0.0        | (0.1)         | 0.0        | 0.0          | 0.0                    | 0.0                      | 0.0                          | 1.2                              |
| of which: Equity instruments                                    | 0.8                                    | 2.1                                                   | (0.0)                                                            | (0.1)                                                          | 0.5        | (0.4)         | 0.0        | (0.0)        | 0.1                    | 0.0                      | 0.1                          | 3.1                              |
| of which: Investment fund units                                 | 0.2                                    | 0.5                                                   | 0.0                                                              | (0.0)                                                          | 0.2        | (0.2)         | 0.0        | 0.0          | 0.1                    | (0.0)                    | (0.0)                        | 0.7                              |
| of which: Asset-backed securities                               | 0.0                                    | 0.0                                                   | 0.0                                                              | 0.0                                                            | 0.2        | 0.0           | 0.0        | 0.0          | 0.1                    | (0.1)                    | 0.0                          | 0.2                              |
| <b>Derivative financial instruments – liabilities</b>           | <b>1.7</b>                             | <b>4.5</b>                                            | <b>(0.4)</b>                                                     | <b>0.1</b>                                                     | <b>0.0</b> | <b>(0.0)</b>  | <b>2.0</b> | <b>(2.0)</b> | <b>0.4</b>             | <b>(0.7)</b>             | <b>0.0</b>                   | <b>5.6</b>                       |
| of which: Interest rate                                         | 0.1                                    | 0.2                                                   | (0.0)                                                            | (0.0)                                                          | 0.0        | 0.0           | 0.1        | (0.1)        | 0.1                    | (0.2)                    | 0.0                          | 0.2                              |
| of which: Equity / index                                        | 1.2                                    | 1.7                                                   | 0.2                                                              | 0.6                                                            | (0.0)      | (0.0)         | 1.2        | (0.9)        | 0.2                    | (0.3)                    | 0.0                          | 3.3                              |
| of which: Credit                                                | 0.3                                    | 0.3                                                   | 0.0                                                              | 0.0                                                            | 0.0        | 0.0           | 0.1        | (0.1)        | 0.1                    | (0.1)                    | 0.0                          | 0.6                              |
| of which: Loan commitments measured at FVTPL                    | 0.0                                    | 2.0                                                   | (0.6)                                                            | (0.5)                                                          | 0.0        | 0.0           | 0.1        | (0.5)        | 0.0                    | (0.0)                    | 0.0                          | 1.0                              |
| <b>Debt issued designated at fair value</b>                     | <b>10.5</b>                            | <b>8.5</b>                                            | <b>1.0</b>                                                       | <b>0.8</b>                                                     | <b>0.0</b> | <b>0.0</b>    | <b>3.7</b> | <b>(5.1)</b> | <b>1.0</b>             | <b>(4.5)</b>             | <b>0.0</b>                   | <b>15.3</b>                      |
| <b>Other financial liabilities designated at fair value</b>     | <b>0.7</b>                             | <b>2.1</b>                                            | <b>(0.0)</b>                                                     | <b>0.0</b>                                                     | <b>0.0</b> | <b>0.0</b>    | <b>0.2</b> | <b>(0.2)</b> | <b>0.0</b>             | <b>(0.1)</b>             | <b>0.0</b>                   | <b>2.6</b>                       |

<sup>1</sup> 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. <sup>2</sup> Total Level 3 assets as of 31 December 2024 were USD 14.7bn (31 December 2023: USD 33.6bn). Total Level 3 liabilities as of 31 December 2024 were USD 20.4bn (31 December 2023: USD 23.6bn).

## Note 21 Fair value measurement (continued)

### h) Maximum exposure to credit risk for financial instruments measured at fair value

The tables below provide the Group's maximum exposure to credit risk for financial instruments measured at fair value and the respective collateral and other credit enhancements mitigating credit risk for these classes of financial instruments.

The maximum exposure to credit risk includes the carrying amounts of financial instruments recognized on the balance sheet subject to credit risk and the notional amounts for off-balance sheet arrangements. Where information is available, collateral is presented at fair value. For other collateral, such as real estate, a reasonable alternative value is used. Credit enhancements, such as credit derivative contracts and guarantees, are included at their notional amounts. Both are capped at the maximum exposure to credit risk for which they serve as security. The "Risk management and control" section of this report describes management's view of credit risk and the related exposures, which can differ in certain respects from the requirements of IFRS Accounting Standards.

#### Maximum exposure to credit risk

|                                                                                     | 31.12.24                        |                          |                                               |                        |         |                  |                             |                                   |                                                                  |
|-------------------------------------------------------------------------------------|---------------------------------|--------------------------|-----------------------------------------------|------------------------|---------|------------------|-----------------------------|-----------------------------------|------------------------------------------------------------------|
|                                                                                     | Maximum exposure to credit risk | Cash collateral received | Collateral                                    |                        |         | Other collateral | Credit enhancements         |                                   | Exposure to credit risk after collateral and credit enhancements |
|                                                                                     |                                 |                          | Collateralized by equity and debt instruments | Secured by real estate | Netting |                  | Credit derivative contracts | Guarantees and sub-participations |                                                                  |
| USD bn                                                                              |                                 |                          |                                               |                        |         |                  |                             |                                   |                                                                  |
| Financial assets measured at fair value on the balance sheet <sup>1</sup>           |                                 |                          |                                               |                        |         |                  |                             |                                   |                                                                  |
| Financial assets at fair value held for trading – debt instruments <sup>2,3</sup>   | 34.3                            |                          |                                               |                        |         |                  |                             |                                   | 34.3                                                             |
| Derivative financial instruments <sup>4,5</sup>                                     | 185.6                           |                          | 6.7                                           |                        |         | 155.1            |                             |                                   | 23.8                                                             |
| Brokerage receivables                                                               | 25.9                            |                          | 25.7                                          |                        |         |                  |                             |                                   | 0.2                                                              |
| Financial assets at fair value not held for trading – debt instruments <sup>6</sup> | 73.8                            | 0.1                      | 31.5                                          |                        | 1.0     | 0.0              | 0.0                         |                                   | 41.3                                                             |
| Total financial assets measured at fair value                                       | 319.6                           | 0.1                      | 63.9                                          | 0.0                    | 1.0     | 155.1            | 0.0                         | 0.0                               | 99.6                                                             |
| Guarantees                                                                          | 0.4                             | 0.1                      |                                               |                        | 0.0     |                  |                             | 0.3                               | 0.0                                                              |
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<sup>1</sup> The maximum exposure to loss is generally equal to the carrying amount and subject to change over time with market movements. <sup>2</sup> For the purpose of this disclosure, collateral and credit enhancements were not considered as these positions are generally managed under the market risk framework. <sup>3</sup> Does not include investment fund units. <sup>4</sup> Includes USD 146m (31 December 2023: USD 1,291m) fair value loan commitments and USD 20m (31 December 2023: USD 32m) forward starting reverse repurchase agreements classified as derivatives. The full contractual committed amount of forward starting reverse repurchase agreements (generally highly collateralized) of USD 51.5bn (31 December 2023: USD 68.0bn) and derivative loan commitments (mostly secured) of USD 14.8bn, of which USD 4.0bn has been sub-participated (31 December 2023: USD 32.1bn, of which USD 5.1bn had been sub-participated), is presented in Note 11 under notional amounts. <sup>5</sup> The amount shown in the "Netting" column represents the netting potential not recognized on the balance sheet. Refer to Note 22 for more information. <sup>6</sup> Does not include unit-linked investment contracts and investment fund units. Financial assets at fair value not held for trading collateralized by equity and debt instruments consisted of structured loans and reverse repurchase and securities borrowing agreements.

## Note 21 Fair value measurement (continued)

### i) Financial instruments not measured at fair value

The table below provides the estimated fair values of financial instruments not measured at fair value.

#### Financial instruments not measured at fair value

|                                                                               | 31.12.24        |                                                      |         |         |         |       | 31.12.23        |                                                        |         |         |         |       |
|-------------------------------------------------------------------------------|-----------------|------------------------------------------------------|---------|---------|---------|-------|-----------------|--------------------------------------------------------|---------|---------|---------|-------|
|                                                                               | Carrying amount | Fair value                                           |         |         |         |       | Carrying amount | Fair value                                             |         |         |         |       |
| USD bn                                                                        | Total           | Carrying amount approximates fair value <sup>1</sup> | Level 1 | Level 2 | Level 3 | Total | Total           | Carrying amount approximates fair value <sup>1,2</sup> | Level 1 | Level 2 | Level 3 | Total |
| <b>Assets</b>                                                                 |                 |                                                      |         |         |         |       |                 |                                                        |         |         |         |       |
| Cash and balances at central banks                                            | 223.3           | 223.3                                                | 0.0     | 0.0     | 0.0     | 223.3 | 314.1           | 314.0                                                  | 0.0     | 0.1     | 0.0     | 314.1 |
| Amounts due from banks                                                        | 18.9            | 17.9                                                 | 0.0     | 0.8     | 0.2     | 18.9  | 21.1            | 19.7                                                   | 0.0     | 1.2     | 0.2     | 21.2  |
| Receivables from securities financing transactions measured at amortized cost | 118.3           | 115.1                                                | 0.0     | 2.8     | 0.4     | 118.3 | 99.0            | 93.6                                                   | 0.0     | 3.9     | 1.5     | 99.0  |
| Cash collateral receivables on derivative instruments                         | 44.0            | 44.0                                                 | 0.0     | 0.0     | 0.0     | 44.0  | 50.1            | 50.1                                                   | 0.0     | 0.0     | 0.0     | 50.1  |
| Loans and advances to customers                                               | 580.0           | 180.9                                                | 0.0     | 43.9    | 354.9   | 579.7 | 639.7           | 196.8                                                  | 0.0     | 54.5    | 382.2   | 633.5 |
| Other financial assets measured at amortized cost                             | 58.8            | 10.1                                                 | 13.2    | 31.0    | 2.8     | 57.0  | 65.5            | 13.2                                                   | 13.9    | 33.9    | 2.6     | 63.9  |
| <b>Liabilities</b>                                                            |                 |                                                      |         |         |         |       |                 |                                                        |         |         |         |       |
| Amounts due to banks                                                          | 23.3            | 16.2                                                 | 0.0     | 7.2     | 0.0     | 23.4  | 71.0            | 62.7                                                   | 0.0     | 8.3     | 0.0     | 71.0  |
| Payables from securities financing transactions measured at amortized cost    | 14.8            | 7.1                                                  | 0.0     | 7.5     | 0.2     | 14.8  | 14.4            | 8.1                                                    | 0.0     | 5.9     | 0.4     | 14.4  |
| Cash collateral payables on derivative instruments                            | 35.5            | 35.5                                                 | 0.0     | 0.0     | 0.0     | 35.5  | 41.6            | 41.5                                                   | 0.0     | 0.0     | 0.0     | 41.5  |
| Customer deposits                                                             | 745.8           | 673.9                                                | 0.0     | 72.6    | 0.0     | 746.6 | 792.0           | 694.1                                                  | 0.0     | 98.7    | 0.0     | 792.9 |
| Debt issued measured at amortized cost                                        | 214.2           | 19.6                                                 | 0.0     | 201.0   | 0.0     | 220.6 | 237.8           | 24.7                                                   | 0.0     | 216.3   | 0.1     | 241.3 |
| Other financial liabilities measured at amortized cost <sup>3</sup>           | 16.4            | 15.0                                                 | 0.0     | 0.1     | 1.3     | 16.4  | 15.3            | 13.4                                                   | 0.0     | 0.0     | 1.7     | 15.2  |

<sup>1</sup> Includes certain financial instruments where the carrying amount is a reasonable approximation of the fair value due to the instruments' short-term nature (instruments that are receivable or payable on demand or with a remaining maturity (excluding the effects of callable features) of three months or less). <sup>2</sup> Comparative-period information has been revised. Refer to Note 2 for more information. <sup>3</sup> Excludes lease liabilities.

The fair values included in the table above have been calculated for disclosure purposes only. The valuation techniques and assumptions described below relate only to the fair value of UBS's financial instruments not measured at fair value. Other institutions may use different methods and assumptions for their fair value estimations, and therefore such fair value disclosures cannot necessarily be compared from one financial institution to another. The following principles were applied when determining fair value estimates for financial instruments not measured at fair value.

- For financial instruments with remaining maturities greater than three months, the fair value was determined from quoted market prices, if available.
- Where quoted market prices were not available, the fair values were estimated by discounting contractual cash flows using current market interest rates or appropriate yield curves for instruments with similar credit risk and maturity. These estimates generally include adjustments for counterparty credit risk or UBS's own credit.
- For short-term financial instruments with remaining maturities of three months or less, the carrying amount, which is net of credit loss allowances, is generally considered a reasonable estimate of fair value.

## Note 22 Offsetting financial assets and financial liabilities

UBS enters into netting agreements with counterparties to manage the credit risks associated primarily with repurchase and reverse repurchase transactions, securities borrowing and lending, over-the-counter derivatives, and exchange-traded derivatives. These netting agreements and similar arrangements generally enable the counterparties to set off liabilities against available assets received in the ordinary course of business and / or in the event that the counterparties to the transaction are unable to fulfill their contractual obligations.

The tables below provide a summary of financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements, as well as financial collateral received or pledged to mitigate credit exposures for these financial instruments.

The Group engages in a variety of counterparty credit risk mitigation strategies in addition to netting and collateral arrangements. Therefore, the net amounts presented in the tables below do not purport to represent their actual credit risk exposure.

### Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

|                                                                                  | Assets subject to netting arrangements  |                                                |                                                        |                                                                       |                        |                                                             | Assets not<br>subject to netting<br>arrangements <sup>2</sup> | Total assets                                                      |                                                          |
|----------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------|------------------------|-------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|
|                                                                                  | Netting recognized on the balance sheet |                                                |                                                        | Netting potential not recognized on<br>the balance sheet <sup>1</sup> |                        |                                                             |                                                               |                                                                   |                                                          |
|                                                                                  | Gross assets<br>before netting          | Netting with<br>gross liabilities <sup>3</sup> | Net assets<br>recognized<br>on the<br>balance<br>sheet | Financial<br>liabilities                                              | Collateral<br>received | Assets after<br>consideration<br>of<br>netting<br>potential |                                                               | Total assets<br>after<br>consideration<br>of netting<br>potential | Total assets<br>recognized<br>on the<br>balance<br>sheet |
| As of 31.12.24, USD bn                                                           |                                         |                                                |                                                        |                                                                       |                        |                                                             |                                                               |                                                                   |                                                          |
| Receivables from securities financing<br>transactions measured at amortized cost | 111.4                                   | (13.3)                                         | 98.2                                                   | (3.1)                                                                 | (95.0)                 | 0.1                                                         | 20.1                                                          | 20.3                                                              | 118.3                                                    |
| Derivative financial instruments                                                 | 177.9                                   | (2.6)                                          | 175.2                                                  | (135.5)                                                               | (26.2)                 | 13.5                                                        | 10.3                                                          | 23.8                                                              | 185.6                                                    |
| Cash collateral receivables on<br>derivative instruments <sup>4</sup>            | 42.0                                    | 0.0                                            | 42.0                                                   | (25.9)                                                                | (2.4)                  | 13.7                                                        | 1.9                                                           | 15.7                                                              | 44.0                                                     |
| Financial assets at fair value<br>not held for trading                           | 112.3                                   | (87.1)                                         | 25.2                                                   | (1.8)                                                                 | (23.3)                 | 0.1                                                         | 70.3                                                          | 70.4                                                              | 95.5                                                     |
| of which: reverse<br>repurchase agreements                                       | 109.6                                   | (87.1)                                         | 22.5                                                   | (1.8)                                                                 | (20.6)                 | 0.1                                                         | 1.0                                                           | 1.0                                                               | 23.4                                                     |
| Total assets                                                                     | 443.6                                   | (103.0)                                        | 340.6                                                  | (166.4)                                                               | (146.9)                | 27.4                                                        | 102.7                                                         | 130.1                                                             | 443.3                                                    |
| As of 31.12.23, USD bn                                                           |                                         |                                                |                                                        |                                                                       |                        |                                                             |                                                               |                                                                   |                                                          |
| Receivables from securities financing<br>transactions measured at amortized cost | 93.7                                    | (12.7)                                         | 80.9                                                   | (1.5)                                                                 | (79.2)                 | 0.3                                                         | 18.1                                                          | 18.4                                                              | 99.0                                                     |
| Derivative financial instruments                                                 | 172.4                                   | (3.3)                                          | 169.1                                                  | (133.0)                                                               | (29.8)                 | 6.3                                                         | 7.0                                                           | 13.3                                                              | 176.1                                                    |
| Cash collateral receivables on<br>derivative instruments <sup>4</sup>            | 47.3                                    | 0.0                                            | 47.3                                                   | (29.7)                                                                | (3.2)                  | 14.5                                                        | 2.7                                                           | 17.2                                                              | 50.1                                                     |
| Financial assets at fair value<br>not held for trading                           | 129.8                                   | (92.6)                                         | 37.2                                                   | (2.0)                                                                 | (35.3)                 | 0.0                                                         | 66.7                                                          | 66.7                                                              | 104.0                                                    |
| of which: reverse<br>repurchase agreements                                       | 128.7                                   | (92.6)                                         | 36.1                                                   | (2.0)                                                                 | (34.1)                 | 0.0                                                         | 0.8                                                           | 0.8                                                               | 36.9                                                     |
| Total assets                                                                     | 443.2                                   | (108.6)                                        | 334.6                                                  | (166.2)                                                               | (147.4)                | 21.0                                                        | 94.6                                                          | 115.6                                                             | 429.2                                                    |

1 For the purpose of this disclosure, the amounts of financial instruments and cash collateral presented have been capped so as not to exceed the net amount of financial assets presented on the balance sheet; i.e. over-collateralization, where it exists, is not reflected in the table. 2 Includes assets not subject to enforceable netting arrangements and other out-of-scope items. 3 The logic of the table results in amounts presented in the "Netting with gross liabilities" column corresponding directly to the amounts presented in the "Netting with gross assets" column in the liabilities table presented below. Netting in this column for reverse repurchase agreements presented within the lines "Receivables from securities financing transactions measured at amortized cost" and "Financial assets at fair value not held for trading" taken together corresponds to the amounts presented for repurchase agreements in the "Payables from securities financing transactions measured at amortized cost" and "Other financial liabilities designated at fair value" lines in the liabilities table presented below. 4 The net amount of Cash collateral receivables on derivative instruments recognized on the balance sheet includes certain OTC derivatives that are net settled on a daily basis either legally or in substance under IAS 32 principles and exchange-traded derivatives that are economically settled on a daily basis.

## Note 22 Offsetting financial assets and financial liabilities (continued)

### Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

|                                                                            | Liabilities subject to netting arrangements |                                        |                                                 |                                                                    |                     |                                                      | Liabilities not subject to netting arrangements <sup>2</sup> | Total liabilities                                          |                                                   |
|----------------------------------------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|---------------------|------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------|
|                                                                            | Netting recognized on the balance sheet     |                                        |                                                 | Netting potential not recognized on the balance sheet <sup>1</sup> |                     |                                                      |                                                              | Total liabilities after consideration of netting potential | Total liabilities recognized on the balance sheet |
|                                                                            | Gross liabilities before netting            | Netting with gross assets <sup>3</sup> | Net liabilities recognized on the balance sheet | Financial assets                                                   | Collateral pledged  | Liabilities after consideration of netting potential |                                                              |                                                            |                                                   |
| <i>As of 31.12.24, USD bn</i>                                              |                                             |                                        |                                                 |                                                                    |                     |                                                      |                                                              |                                                            |                                                   |
| Payables from securities financing transactions measured at amortized cost | 25.0                                        | (11.5)                                 | 13.5                                            | (1.1)                                                              | (12.4) <sup>4</sup> | 0.0                                                  | 1.4                                                          | 1.4                                                        | 14.8                                              |
| Derivative financial instruments                                           | 176.2                                       | (2.6)                                  | 173.5                                           | (135.5)                                                            | (30.8)              | 7.2                                                  | 7.1                                                          | 14.3                                                       | 180.6                                             |
| Cash collateral payables on derivative instruments <sup>5</sup>            | 33.9                                        | 0.0                                    | 33.9                                            | (19.3)                                                             | (2.4)               | 12.2                                                 | 1.6                                                          | 13.8                                                       | 35.5                                              |
| Other financial liabilities designated at fair value                       | 96.8                                        | (88.9)                                 | 7.8                                             | (3.8)                                                              | (4.0)               | 0.0                                                  | 20.9                                                         | 20.9                                                       | 28.7                                              |
| <i>of which: repurchase agreements</i>                                     | 94.7                                        | (88.9)                                 | 5.8                                             | (3.8)                                                              | (2.0)               | 0.0                                                  | 0.0                                                          | 0.0                                                        | 5.8                                               |
| <b>Total liabilities</b>                                                   | <b>331.8</b>                                | <b>(103.0)</b>                         | <b>228.8</b>                                    | <b>(159.8)</b>                                                     | <b>(49.5)</b>       | <b>19.4</b>                                          | <b>30.9</b>                                                  | <b>50.3</b>                                                | <b>259.7</b>                                      |
| <i>As of 31.12.23, USD bn</i>                                              |                                             |                                        |                                                 |                                                                    |                     |                                                      |                                                              |                                                            |                                                   |
| Payables from securities financing transactions measured at amortized cost | 25.2                                        | (12.5)                                 | 12.6                                            | (0.8)                                                              | (11.8) <sup>4</sup> | 0.0                                                  | 1.8                                                          | 1.8                                                        | 14.4                                              |
| Derivative financial instruments                                           | 185.1                                       | (3.3)                                  | 181.8                                           | (133.0)                                                            | (35.0)              | 13.9                                                 | 10.4                                                         | 24.3                                                       | 192.2                                             |
| Cash collateral payables on derivative instruments <sup>5</sup>            | 39.8                                        | 0.0                                    | 39.7                                            | (23.2)                                                             | (3.2)               | 13.3                                                 | 1.8                                                          | 15.2                                                       | 41.6                                              |
| Other financial liabilities designated at fair value                       | 102.1                                       | (92.8)                                 | 9.3                                             | (2.7)                                                              | (4.8)               | 1.8                                                  | 20.2                                                         | 22.0                                                       | 29.5                                              |
| <i>of which: repurchase agreements</i>                                     | 100.0                                       | (92.8)                                 | 7.2                                             | (2.7)                                                              | (4.5)               | 0.0                                                  | 0.2                                                          | 0.2                                                        | 7.4                                               |
| <b>Total liabilities</b>                                                   | <b>352.1</b>                                | <b>(108.6)</b>                         | <b>243.5</b>                                    | <b>(159.7)</b>                                                     | <b>(54.8)</b>       | <b>29.1</b>                                          | <b>34.2</b>                                                  | <b>63.2</b>                                                | <b>277.7</b>                                      |

<sup>1</sup> For the purpose of this disclosure, the amounts of financial instruments and cash collateral presented have been capped so as not to exceed the net amount of financial liabilities presented on the balance sheet; i.e. over-collateralization, where it exists, is not reflected in the table. <sup>2</sup> Includes liabilities not subject to enforceable netting arrangements and other out-of-scope items. <sup>3</sup> The logic of the table results in amounts presented in the "Netting with gross assets" column corresponding to the amounts presented in the "Netting with gross liabilities" column in the assets table presented above. Netting in this column for repurchase agreements presented within the lines "Payables from securities financing transactions measured at amortized cost" and "Other financial liabilities designated at fair value" taken together corresponds to the amounts presented for reverse repurchase agreements in the "Receivables from securities financing transactions measured at amortized cost" and "Financial assets at fair value not held for trading" lines in the assets table presented above. <sup>4</sup> Includes collateral of USD 8.8bn (2023: USD 7.7bn) for securities financing transactions measured at amortized cost that use UBS debt instruments as the underlying. <sup>5</sup> The net amount of Cash collateral payables on derivative instruments recognized on the balance sheet includes certain OTC derivatives that are net settled on a daily basis either legally or in substance under IAS 32 principles and exchange-traded derivatives that are economically settled on a daily basis.

## Note 23 Restricted and transferred financial assets

This Note provides information about restricted financial assets (Note 23a), transfers of financial assets (Note 23b and 23c) and financial assets that are received as collateral with the right to resell or repledge these assets (Note 23d).

### a) Restricted financial assets

Restricted financial assets consist of assets pledged as collateral against an existing liability or contingent liability and other assets that are otherwise explicitly restricted such that they cannot be used to secure funding.

Financial assets pledged as collateral mainly include pledged mortgage loans, which serve as collateral for existing liabilities against loans from Swiss mortgage institutions and US Federal Home Loan Banks, and in connection with the issuance of covered bonds. Of these pledged mortgage loans, approximately USD 7.2bn as of 31 December 2024 could be withdrawn or used as collateral for future liabilities, covered bond issuances or used for securities financing transactions backed by available retained covered bonds without breaching existing collateral requirements (31 December 2023: approximately USD 7.5bn). Liabilities in relation to the Emergency Liquidity Assistance facility against the Swiss National Bank were fully repaid during the year (31 December 2023: USD 44.9bn). Existing liabilities against Swiss central mortgage institutions and US Federal Home Loan Banks and for existing covered bond issuances were USD 48.4bn as of 31 December 2024 (31 December 2023: USD 45.5bn).

Other financial assets are pledged as collateral in relation to securities lending transactions and in repurchase transactions, which are generally entered into under standard market agreements. For securities lending, the cash received as collateral may be more or less than the fair value of the securities loaned, depending on the nature of the transaction. For repurchase agreements, the fair value of the collateral sold under an agreement to repurchase is generally in excess of the cash borrowed.



## Note 23 Restricted and transferred financial assets (continued)

Other restricted financial assets include assets protected under client asset segregation rules, assets held under unit-linked investment contracts to back related liabilities to the policy holders and assets held in certain jurisdictions to comply with explicit minimum local asset maintenance requirements. The carrying amount of the liabilities associated with these other restricted financial assets is generally equal to the carrying amount of the assets, with the exception of assets held to comply with local asset maintenance requirements, for which the associated liabilities are greater.

| Restricted financial assets                                                             |  | 31.12.24                    |                                                                                        | 31.12.23                    |                                                                                        |
|-----------------------------------------------------------------------------------------|--|-----------------------------|----------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------|
| USD m                                                                                   |  |                             |                                                                                        |                             |                                                                                        |
|                                                                                         |  | Restricted financial assets | of which: assets pledged as collateral that may be sold or repledged by counterparties | Restricted financial assets | of which: assets pledged as collateral that may be sold or repledged by counterparties |
| <b>Financial assets pledged as collateral</b>                                           |  |                             |                                                                                        |                             |                                                                                        |
| Cash and balances at central banks <sup>1</sup>                                         |  | 876                         |                                                                                        | 1,041                       |                                                                                        |
| Financial assets at fair value held for trading                                         |  | 71,050                      | 38,532                                                                                 | 83,689                      | 51,263                                                                                 |
| Loans and advances to customers                                                         |  | 70,342                      |                                                                                        | 127,362                     |                                                                                        |
| Financial assets at fair value not held for trading                                     |  | 3,645                       | 2,566                                                                                  | 3,099                       | 2,110                                                                                  |
| Debt securities classified as Other financial assets measured at amortized cost         |  | 8,703                       | 7,891                                                                                  | 7,561                       | 6,299                                                                                  |
| <b>Total financial assets pledged as collateral</b>                                     |  | <b>154,616</b>              |                                                                                        | <b>222,752</b>              |                                                                                        |
| <b>Other restricted financial assets</b>                                                |  |                             |                                                                                        |                             |                                                                                        |
| Amounts due from banks                                                                  |  | 2,570                       |                                                                                        | 2,874                       |                                                                                        |
| Financial assets at fair value held for trading                                         |  | 264                         |                                                                                        | 184                         |                                                                                        |
| Cash collateral receivables on derivative instruments                                   |  | 8,006                       |                                                                                        | 9,539                       |                                                                                        |
| Loans and advances to customers                                                         |  | 175                         |                                                                                        | 275                         |                                                                                        |
| Other financial assets measured at amortized cost <sup>2</sup>                          |  | 4,186                       |                                                                                        | 4,724                       |                                                                                        |
| Financial assets at fair value not held for trading                                     |  | 20,645                      |                                                                                        | 18,229                      |                                                                                        |
| Financial assets measured at fair value through other comprehensive income              |  | 1,863                       |                                                                                        | 1,846                       |                                                                                        |
| Other                                                                                   |  | 128                         |                                                                                        | 354                         |                                                                                        |
| <b>Total other restricted financial assets</b>                                          |  | <b>37,837</b>               |                                                                                        | <b>38,025</b>               |                                                                                        |
| <b>Total financial assets pledged and other restricted financial assets<sup>3</sup></b> |  | <b>192,453</b>              |                                                                                        | <b>260,777</b>              |                                                                                        |

<sup>1</sup> Assets pledged to the depositor protection system in Switzerland. <sup>2</sup> Predominantly includes cash collateral provided to exchanges and clearing houses to secure securities trading activity through those counterparties.

<sup>3</sup> Does not include assets placed with central banks related to undrawn credit lines and for payment, clearing and settlement purposes, as well as undrawn contingency funding facilities (31 December 2024: USD 30.5bn; 31 December 2023: USD 26.5bn).

In addition to restrictions on financial assets, UBS Group AG and its subsidiaries are, in certain cases, subject to regulatory requirements that affect the transfer of dividends and capital within the Group, as well as intercompany lending. Supervisory authorities also may require entities to measure capital and leverage ratios on a stressed basis, such as the Federal Reserve Board's Comprehensive Capital Analysis and Review (CCAR) process, which may limit the relevant subsidiaries' ability to make distributions of capital based on the results of those tests.

Supervisory authorities generally have discretion to impose higher requirements or to otherwise limit the activities of subsidiaries.

Non-regulated subsidiaries are generally not subject to such requirements and transfer restrictions. However, restrictions can also be the result of different legal, regulatory, contractual, entity- or country-specific arrangements and / or requirements.

- › Refer to the "Financial and regulatory key figures for our significant regulated subsidiaries and sub-groups" section of this report for financial information about significant regulated subsidiaries of the Group

## Note 23 Restricted and transferred financial assets (continued)

### b) Transferred financial assets that are not derecognized in their entirety

The table below presents information for financial assets that have been transferred but are subject to continued recognition in full, as well as recognized liabilities associated with those transferred assets.

#### Transferred financial assets subject to continued recognition in full

| USD m                                                                                                                           | 31.12.24                              |                                                                       | 31.12.23                              |                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------|
|                                                                                                                                 | Carrying amount of transferred assets | Carrying amount of associated liabilities recognized on balance sheet | Carrying amount of transferred assets | Carrying amount of associated liabilities recognized on balance sheet |
| Financial assets at fair value held for trading that may be sold or repledged by counterparties                                 | 38,532                                | 19,690                                                                | 51,263                                | 23,765                                                                |
| Financial assets at fair value not held for trading that may be sold or repledged by counterparties                             | 2,566                                 | 2,012                                                                 | 2,110                                 | 1,976                                                                 |
| Debt securities classified as Other financial assets measured at amortized cost that may be sold or repledged by counterparties | 7,891                                 | 7,442                                                                 | 6,299                                 | 5,928                                                                 |
| <b>Total financial assets transferred</b>                                                                                       | <b>48,989</b>                         | <b>29,144</b>                                                         | <b>59,672</b>                         | <b>31,669</b>                                                         |

Transactions in which financial assets are transferred but continue to be recognized in their entirety on UBS's balance sheet include securities lending and repurchase agreements, as well as other financial asset transfers. Repurchase and securities lending arrangements are, for the most part, conducted under standard market agreements and are undertaken with counterparties subject to UBS's normal credit risk control processes.

#### › Refer to Note 1a item 2e for more information about repurchase and securities lending agreements

Financial assets at fair value held for trading that may be sold or repledged by counterparties include securities lending and repurchase agreements in exchange for cash received, securities lending agreements in exchange for securities received and other financial asset transfers.

For securities lending and repurchase agreements, a haircut of between 0% and 15% is generally applied to the transferred assets, which results in associated liabilities having a carrying amount below the carrying amount of the transferred assets. The counterparties to the associated liabilities included in the table above have full recourse to UBS.

In securities lending arrangements entered into in exchange for the receipt of other securities as collateral, neither the securities received nor the obligation to return them are recognized on UBS's balance sheet, as the risks and rewards of ownership are not transferred to UBS. In cases where such financial assets received are subsequently sold or repledged in another transaction, this is not considered to be a transfer of financial assets.

Other financial asset transfers primarily include securities transferred to collateralize derivative transactions, for which the carrying amount of associated liabilities is not included in the table above, because those replacement values are managed on a portfolio basis across counterparties and product types, and therefore there is no direct relationship between the specific collateral pledged and the associated liability.

Transferred financial assets that are not subject to derecognition in full but remain on the balance sheet to the extent of the Group's continuing involvement were not material as of 31 December 2024 and as of 31 December 2023.

## Note 23 Restricted and transferred financial assets (continued)

### c) Transferred financial assets that are derecognized in their entirety with continuing involvement

Continuing involvement in a transferred and fully derecognized financial asset may result from contractual provisions in the particular transfer agreement or from a separate agreement, with the counterparty or a third party, entered into in connection with the transfer.

The fair value and carrying amount of UBS's continuing involvement from transferred positions as of 31 December 2024 and 31 December 2023 was not material. Life-to-date losses reported in prior periods primarily relate to legacy positions in securitization vehicles that have been fully marked down, with no remaining exposure to loss.

### d) Off-balance sheet assets received

The table below presents assets received from third parties that can be sold or repledged and that are not recognized on the balance sheet but that are held as collateral, including amounts that have been sold or repledged.

#### Off-balance sheet assets received

| USD m                                                                    | 31.12.24 | 31.12.23 |
|--------------------------------------------------------------------------|----------|----------|
| Fair value of assets received that can be sold or repledged <sup>1</sup> | 581,769  | 576,596  |
| of which: sold or repledged <sup>2</sup>                                 | 383,227  | 382,313  |

<sup>1</sup> Includes securities received as initial margin from its clients that UBS is required to remit to central counterparties, brokers and deposit banks through its exchange-traded derivative clearing and execution services.

<sup>2</sup> Does not include off-balance sheet securities (31 December 2024: USD 21.4bn; 31 December 2023: USD 29.1bn) placed with central banks related to undrawn credit lines and for payment, clearing and settlement purposes for which there are no associated liabilities or contingent liabilities.

## Note 24 Maturity analysis of assets and liabilities

### a) Maturity analysis of carrying amounts of assets and liabilities

The table below provides an analysis of carrying amounts of balance sheet assets and liabilities, as well as off-balance sheet exposures by residual contractual maturity as of the reporting date. The residual contractual maturity of assets includes the effect of callable features. The residual contractual maturity of liabilities and off-balance sheet exposures is based on the earliest date on which a third party could require UBS to pay.

Derivative financial instruments and financial assets and liabilities at fair value held for trading are presented in the *Due within 1 month* column; however, the respective contractual maturities may extend over significantly longer periods.

Assets held to hedge unit-linked investment contracts (presented within *Financial assets at fair value not held for trading*) are presented in the *Due within 1 month* column, consistent with the maturity assigned to the related amounts due under unit-linked investment contracts (presented within *Other financial liabilities designated at fair value*).

Other financial assets and liabilities with no contractual maturity, such as equity securities, are presented in the *Perpetual / Not applicable* column. Undated or perpetual instruments are classified based on the contractual notice period that the counterparty of the instrument is entitled to give. Where there is no contractual notice period, undated or perpetual contracts are presented in the *Perpetual / Not applicable* column.

Non-financial assets and liabilities with no contractual maturity are generally included in the *Perpetual / Not applicable* column.

## Note 24 Maturity analysis of assets and liabilities (continued)

|                                                                                        | 31.12.24              |                                  |                                   |                              |                              |                     | Perpetual /<br>Not<br>applicable | Total          |
|----------------------------------------------------------------------------------------|-----------------------|----------------------------------|-----------------------------------|------------------------------|------------------------------|---------------------|----------------------------------|----------------|
| USD bn                                                                                 | Due within<br>1 month | Due between<br>1 and 3<br>months | Due between<br>3 and 12<br>months | Due between<br>1 and 2 years | Due between<br>2 and 5 years | Due over<br>5 years |                                  |                |
| <b>Assets</b>                                                                          |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Total financial assets measured at amortized cost                                      | 556.1                 | 50.6                             | 69.9                              | 115.7                        | 128.9                        | 122.2               |                                  | 1,043.3        |
| <i>Amounts due from banks</i>                                                          | 17.1                  | 0.8                              | 0.6                               | 0.0                          | 0.2                          | 0.1                 |                                  | 18.9           |
| <i>Loans and advances to customers</i>                                                 | 162.6                 | 33.4                             | 61.5                              | 108.5                        | 110.9                        | 103.1               |                                  | 580.0          |
| <i>Other financial assets measured at amortized cost</i>                               | 9.5                   | 0.9                              | 5.2                               | 6.6                          | 17.6                         | 18.9                |                                  | 58.8           |
| Total financial assets measured at fair value through profit or loss                   | 412.2                 | 6.5                              | 14.2                              | 13.5                         | 12.7                         | 2.3                 | 4.5                              | 465.9          |
| <i>Financial assets at fair value not held for trading</i>                             | 41.7                  | 6.5                              | 14.2                              | 13.5                         | 12.7                         | 2.3                 | 4.5                              | 95.5           |
| Financial assets measured at fair value through other comprehensive income             | 0.5                   | 0.8                              | 0.9                               | 0.0                          | 0.0                          | 0.0                 |                                  | 2.2            |
| Total non-financial assets                                                             | 13.4                  | 0.3                              | 0.6                               | 0.0                          | 2.5                          | 1.1                 | 35.8                             | 53.6           |
| <b>Total assets</b>                                                                    | <b>982.1</b>          | <b>58.1</b>                      | <b>85.6</b>                       | <b>129.2</b>                 | <b>144.1</b>                 | <b>125.6</b>        | <b>40.3</b>                      | <b>1,565.0</b> |
| <b>Liabilities</b>                                                                     |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Total financial liabilities measured at amortized cost                                 | 687.1                 | 79.9                             | 88.1                              | 45.9                         | 75.1                         | 64.3                | 14.3                             | 1,054.7        |
| <i>Customer deposits</i>                                                               | 608.1                 | 65.4                             | 51.2                              | 8.9                          | 11.8                         | 0.3                 |                                  | 745.8          |
| <i>Debt issued measured at amortized cost</i>                                          | 9.8                   | 9.8                              | 32.7                              | 32.4                         | 54.0                         | 61.2                | 14.3                             | 214.2          |
| <i>of which: non-subordinated</i>                                                      | 9.8                   | 9.8                              | 32.4                              | 32.1                         | 53.9                         | 61.2                |                                  | 199.2          |
| <i>of which: subordinated</i>                                                          |                       |                                  | 0.3                               | 0.3                          | 0.1                          |                     | 14.3                             | 15.0           |
| Total financial liabilities measured at fair value through profit or loss <sup>1</sup> | 299.7                 | 11.9                             | 27.7                              | 26.7                         | 13.1                         | 22.4                |                                  | 401.5          |
| <i>Debt issued designated at fair value</i>                                            | 12.0                  | 11.4                             | 26.3                              | 25.1                         | 11.6                         | 21.6                |                                  | 107.9          |
| Total non-financial liabilities                                                        | 15.0                  | 4.4                              | 0.1                               | 0.2                          | 0.4                          | 0.4                 | 2.6                              | 23.2           |
| <b>Total liabilities</b>                                                               | <b>1,001.8</b>        | <b>96.3</b>                      | <b>115.9</b>                      | <b>72.9</b>                  | <b>88.6</b>                  | <b>87.1</b>         | <b>16.9</b>                      | <b>1,479.5</b> |
| <b>Guarantees, loan commitments and forward starting transactions<sup>2</sup></b>      |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Irrevocable loan commitments                                                           | 78.7                  | 0.5                              | 0.4                               | 0.0                          |                              |                     |                                  | 79.6           |
| Guarantees                                                                             | 40.7                  |                                  |                                   |                              |                              |                     |                                  | 40.7           |
| Forward starting reverse repurchase and securities borrowing agreements                | 24.9                  |                                  |                                   |                              |                              |                     |                                  | 24.9           |
| Irrevocable committed prolongation of existing loans                                   | 2.5                   | 0.7                              | 1.4                               | 0.0                          |                              |                     |                                  | 4.6            |
| <b>Total</b>                                                                           | <b>146.7</b>          | <b>1.2</b>                       | <b>1.7</b>                        | <b>0.0</b>                   |                              |                     |                                  | <b>149.8</b>   |

|                                                                                        | 31.12.23 <sup>3</sup> |                                  |                                   |                              |                              |                     | Perpetual /<br>Not<br>applicable | Total          |
|----------------------------------------------------------------------------------------|-----------------------|----------------------------------|-----------------------------------|------------------------------|------------------------------|---------------------|----------------------------------|----------------|
| USD bn                                                                                 | Due within<br>1 month | Due between<br>1 and 3<br>months | Due between<br>3 and 12<br>months | Due between<br>1 and 2 years | Due between<br>2 and 5 years | Due over<br>5 years |                                  |                |
| <b>Assets</b>                                                                          |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Total financial assets measured at amortized cost                                      | 645.6                 | 57.7                             | 88.3                              | 125.6                        | 136.8                        | 135.5               |                                  | 1,189.5        |
| <i>Amounts due from banks</i>                                                          | 18.7                  | 1.1                              | 0.8                               | 0.0                          | 0.3                          | 0.2                 |                                  | 21.1           |
| <i>Loans and advances to customers</i>                                                 | 177.8                 | 34.0                             | 77.5                              | 118.5                        | 116.6                        | 115.3               |                                  | 639.7          |
| <i>Other financial assets measured at amortized cost</i>                               | 12.2                  | 1.8                              | 5.2                               | 6.3                          | 19.8                         | 20.0                |                                  | 65.5           |
| Total financial assets measured at fair value through profit or loss                   | 417.6                 | 12.2                             | 9.9                               | 8.4                          | 12.6                         | 5.3                 | 4.8                              | 470.8          |
| <i>Financial assets at fair value not held for trading</i>                             | 50.8                  | 12.2                             | 9.9                               | 8.4                          | 12.6                         | 5.3                 | 4.8                              | 104.0          |
| Financial assets measured at fair value through other comprehensive income             | 0.1                   | 1.1                              | 1.0                               | 0.1                          | 0.0                          | 0.0                 |                                  | 2.2            |
| Total non-financial assets                                                             | 12.3                  |                                  | 0.2                               | 1.3                          | 1.2                          | 1.1                 | 38.4                             | 54.5           |
| <b>Total assets</b>                                                                    | <b>1,075.6</b>        | <b>71.0</b>                      | <b>99.3</b>                       | <b>135.3</b>                 | <b>150.6</b>                 | <b>142.0</b>        | <b>43.2</b>                      | <b>1,716.9</b> |
| <b>Liabilities</b>                                                                     |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Total financial liabilities measured at amortized cost                                 | 748.7                 | 97.0                             | 115.1                             | 49.8                         | 88.7                         | 66.4                | 12.0                             | 1,177.6        |
| <i>Customer deposits</i>                                                               | 618.2                 | 76.5                             | 72.7                              | 15.9                         | 8.4                          | 0.3                 |                                  | 792.0          |
| <i>Debt issued measured at amortized cost</i>                                          | 10.1                  | 14.7                             | 34.3                              | 31.1                         | 73.2                         | 62.5                | 12.0                             | 237.8          |
| <i>of which: non-subordinated</i>                                                      | 7.6                   | 14.7                             | 31.8                              | 30.8                         | 72.8                         | 62.5                |                                  | 220.2          |
| <i>of which: subordinated</i>                                                          | 2.5                   |                                  | 2.5                               | 0.3                          | 0.3                          | 0.0                 | 12.0                             | 17.6           |
| Total financial liabilities measured at fair value through profit or loss <sup>1</sup> | 308.3                 | 14.0                             | 30.0                              | 31.2                         | 18.0                         | 25.2                |                                  | 426.6          |
| <i>Debt issued designated at fair value</i>                                            | 17.0                  | 13.8                             | 28.8                              | 28.8                         | 15.9                         | 24.0                |                                  | 128.3          |
| Total non-financial liabilities                                                        | 17.9                  | 4.5                              | 0.2                               | 0.3                          | 0.7                          | 0.4                 | 2.5                              | 26.5           |
| <b>Total liabilities</b>                                                               | <b>1,074.9</b>        | <b>115.6</b>                     | <b>145.3</b>                      | <b>81.3</b>                  | <b>107.4</b>                 | <b>91.9</b>         | <b>14.5</b>                      | <b>1,630.8</b> |
| <b>Guarantees, loan commitments and forward starting transactions<sup>2</sup></b>      |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Irrevocable loan commitments                                                           | 90.7                  | 0.5                              | 0.4                               | 0.0                          | 0.0                          |                     |                                  | 91.6           |
| Guarantees                                                                             | 46.3                  |                                  |                                   |                              |                              |                     |                                  | 46.3           |
| Forward starting reverse repurchase and securities borrowing agreements                | 18.4                  |                                  |                                   |                              |                              |                     |                                  | 18.4           |
| Irrevocable committed prolongation of existing loans                                   | 2.5                   | 0.8                              | 1.3                               | 0.0                          | 0.0                          |                     |                                  | 4.6            |
| <b>Total</b>                                                                           | <b>157.9</b>          | <b>1.4</b>                       | <b>1.8</b>                        | <b>0.0</b>                   | <b>0.0</b>                   |                     |                                  | <b>161.0</b>   |

<sup>1</sup> As of 31 December 2024 and 31 December 2023, the contractual redemption amount at maturity of debt issued designated at fair value through profit or loss and other financial liabilities designated at fair value through profit or loss was not materially different from the carrying amount. <sup>2</sup> The notional amounts associated with derivative loan commitments, as well as forward starting repurchase and reverse repurchase agreements, measured at fair value through profit or loss are presented together with notional amounts related to derivative instruments and have been excluded from the table above. Refer to Note 11 for more information. <sup>3</sup> Comparative-period information has been revised. Refer to Note 2 for more information.

## Note 24 Maturity analysis of assets and liabilities (continued)

### b) Maturity analysis of financial liabilities on an undiscounted basis

The table below provides an analysis of financial liabilities on an undiscounted basis, including all cash flows relating to principal and future interest payments. The residual contractual maturities for non-derivative and non-trading financial liabilities are based on the earliest date on which UBS could be contractually required to pay. Derivative positions and trading liabilities, predominantly made up of short sale transactions, are presented in the *Due within 1 month* column, as this provides a conservative reflection of the nature of these trading activities. The residual contractual maturities may extend over significantly longer periods.

|                                                                                         | 31.12.24              |                                  |                                   |                              |                              |                     | Perpetual /<br>Not<br>applicable | Total   |
|-----------------------------------------------------------------------------------------|-----------------------|----------------------------------|-----------------------------------|------------------------------|------------------------------|---------------------|----------------------------------|---------|
| USD bn                                                                                  | Due within<br>1 month | Due between<br>1 and 3<br>months | Due between<br>3 and 12<br>months | Due between<br>1 and 2 years | Due between<br>2 and 5 years | Due over<br>5 years |                                  |         |
| Financial liabilities recognized on balance sheet <sup>1</sup>                          |                       |                                  |                                   |                              |                              |                     |                                  |         |
| Amounts due to banks                                                                    | 13.5                  | 3.1                              | 3.1                               | 1.5                          | 2.8                          |                     |                                  | 24.1    |
| Payables from securities financing transactions                                         | 5.4                   | 1.5                              | 0.7                               | 2.8                          | 5.0                          |                     |                                  | 15.5    |
| Cash collateral payables on derivative instruments                                      | 35.5                  |                                  |                                   |                              |                              |                     |                                  | 35.5    |
| Customer deposits                                                                       | 608.7                 | 66.4                             | 53.7                              | 9.9                          | 13.9                         | 0.3                 |                                  | 753.0   |
| Debt issued measured at amortized cost <sup>2</sup>                                     | 10.4                  | 11.6                             | 36.9                              | 38.3                         | 67.6                         | 74.9                | 14.8                             | 254.5   |
| Other financial liabilities measured at amortized cost                                  | 10.0                  | 0.1                              | 0.8                               | 1.0                          | 2.7                          | 3.1                 |                                  | 17.7    |
| of which: lease liabilities                                                             | 0.1                   | 0.1                              | 0.6                               | 0.8                          | 1.8                          | 2.0                 |                                  | 5.3     |
| Total financial liabilities measured at amortized cost                                  | 683.5                 | 82.8                             | 95.3                              | 53.4                         | 92.1                         | 78.3                | 14.8                             | 1,100.3 |
| Financial liabilities at fair value held for trading <sup>3,4</sup>                     | 35.2                  |                                  |                                   |                              |                              |                     |                                  | 35.2    |
| Derivative financial instruments <sup>3,5</sup>                                         | 180.6                 |                                  |                                   |                              |                              |                     |                                  | 180.6   |
| Brokerage payables designated at fair value                                             | 49.0                  |                                  |                                   |                              |                              |                     |                                  | 49.0    |
| Debt issued designated at fair value <sup>6</sup>                                       | 12.1                  | 11.7                             | 28.1                              | 27.8                         | 12.7                         | 38.4                |                                  | 130.8   |
| Other financial liabilities designated at fair value                                    | 22.6                  | 0.5                              | 1.4                               | 1.7                          | 1.6                          | 1.2                 |                                  | 28.9    |
| Total financial liabilities measured at fair value through<br>profit or loss            | 299.5                 | 12.2                             | 29.6                              | 29.5                         | 14.3                         | 39.6                |                                  | 424.7   |
| Total                                                                                   | 983.0                 | 95.0                             | 124.9                             | 82.9                         | 106.4                        | 117.9               | 14.8                             | 1,524.9 |
| Guarantees, loan commitments and forward starting transactions                          |                       |                                  |                                   |                              |                              |                     |                                  |         |
| Irrevocable loan commitments <sup>7</sup>                                               | 78.7                  | 0.5                              | 0.4                               | 0.0                          |                              |                     |                                  | 79.6    |
| Guarantees                                                                              | 40.7                  |                                  |                                   |                              |                              |                     |                                  | 40.7    |
| Forward starting reverse repurchase and securities<br>borrowing agreements <sup>7</sup> | 24.9                  |                                  |                                   |                              |                              |                     |                                  | 24.9    |
| Irrevocable committed prolongation of existing loans                                    | 2.5                   | 0.7                              | 1.4                               | 0.0                          |                              |                     |                                  | 4.6     |
| Total                                                                                   | 146.7                 | 1.2                              | 1.7                               | 0.0                          |                              |                     |                                  | 149.8   |

|                                                                                         | 31.12.23              |                                  |                                   |                              |                              |                     | Perpetual /<br>Not<br>applicable | Total          |
|-----------------------------------------------------------------------------------------|-----------------------|----------------------------------|-----------------------------------|------------------------------|------------------------------|---------------------|----------------------------------|----------------|
| <i>USD bn</i>                                                                           | Due within<br>1 month | Due between<br>1 and 3<br>months | Due between<br>3 and 12<br>months | Due between<br>1 and 2 years | Due between<br>2 and 5 years | Due over<br>5 years |                                  |                |
| <b>Financial liabilities recognized on balance sheet<sup>1</sup></b>                    |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Amounts due to banks                                                                    | 60.2                  | 2.7                              | 4.2                               | 0.3                          | 4.4                          | 0.0                 |                                  | 71.7           |
| Payables from securities financing transactions                                         | 5.0                   | 3.2                              | 3.7                               | 2.0                          | 0.9                          | 0.0                 |                                  | 14.8           |
| Cash collateral payables on derivative instruments                                      | 41.6                  |                                  |                                   |                              |                              |                     |                                  | 41.6           |
| Customer deposits                                                                       | 619.5                 | 77.6                             | 75.4                              | 17.6                         | 9.9                          | 0.3                 |                                  | 800.4          |
| Debt issued measured at amortized cost <sup>2</sup>                                     | 10.7                  | 16.4                             | 38.8                              | 37.4                         | 87.8                         | 75.6                | 12.4                             | 279.3          |
| Other financial liabilities measured at amortized cost                                  | 7.7                   | 0.2                              | 0.9                               | 1.2                          | 3.3                          | 4.2                 |                                  | 17.4           |
| <i>of which: lease liabilities</i>                                                      | <i>0.1</i>            | <i>0.1</i>                       | <i>0.8</i>                        | <i>0.9</i>                   | <i>2.1</i>                   | <i>2.5</i>          |                                  | <i>6.5</i>     |
| <b>Total financial liabilities measured at amortized cost</b>                           | <b>744.7</b>          | <b>100.2</b>                     | <b>123.1</b>                      | <b>58.5</b>                  | <b>106.3</b>                 | <b>80.0</b>         | <b>12.4</b>                      | <b>1,225.2</b> |
| Financial liabilities at fair value held for trading <sup>3,4</sup>                     | 34.2                  |                                  |                                   |                              |                              |                     |                                  | 34.2           |
| Derivative financial instruments <sup>3,5</sup>                                         | 192.2                 |                                  |                                   |                              |                              |                     |                                  | 192.2          |
| Brokerage payables designated at fair value                                             | 42.5                  |                                  |                                   |                              |                              |                     |                                  | 42.5           |
| Debt issued designated at fair value <sup>6</sup>                                       | 17.1                  | 14.3                             | 30.1                              | 32.1                         | 17.4                         | 38.7                |                                  | 149.8          |
| Other financial liabilities designated at fair value                                    | 22.2                  | 0.2                              | 1.2                               | 2.3                          | 2.1                          | 1.6                 |                                  | 29.7           |
| <b>Total financial liabilities measured at fair value through<br/>profit or loss</b>    | <b>308.2</b>          | <b>14.6</b>                      | <b>31.3</b>                       | <b>34.5</b>                  | <b>19.5</b>                  | <b>40.3</b>         |                                  | <b>448.3</b>   |
| <b>Total</b>                                                                            | <b>1,052.9</b>        | <b>114.8</b>                     | <b>154.3</b>                      | <b>93.0</b>                  | <b>125.7</b>                 | <b>120.4</b>        | <b>12.4</b>                      | <b>1,673.5</b> |
| <b>Guarantees, loan commitments and forward starting transactions</b>                   |                       |                                  |                                   |                              |                              |                     |                                  |                |
| Irrevocable loan commitments <sup>7</sup>                                               | 90.7                  | 0.5                              | 0.4                               | 0.0                          | 0.0                          |                     |                                  | 91.6           |
| Guarantees                                                                              | 46.3                  |                                  |                                   |                              |                              |                     |                                  | 46.3           |
| Forward starting reverse repurchase and securities<br>borrowing agreements <sup>7</sup> | 18.4                  |                                  |                                   |                              |                              |                     |                                  | 18.4           |
| Irrevocable committed prolongation of existing loans                                    | 2.5                   | 0.8                              | 1.3                               | 0.0                          | 0.0                          |                     |                                  | 4.6            |
| <b>Total</b>                                                                            | <b>157.9</b>          | <b>1.4</b>                       | <b>1.8</b>                        | <b>0.0</b>                   | <b>0.0</b>                   |                     |                                  | <b>161.0</b>   |

<sup>1</sup> Except for financial liabilities at fair value held for trading and derivative financial instruments (see footnote 3), the amounts presented generally represent undiscounted cash flows of future interest and principal payments. <sup>2</sup> The time-bucket Perpetual / Not applicable includes perpetual loss-absorbing additional tier 1 capital instruments. <sup>3</sup> Carrying amount is fair value. Management believes that this best represents the cash flows that would have to be paid if these positions had to be settled or closed out. <sup>4</sup> Contractual maturities of financial liabilities at fair value held for trading are: USD 33.0bn due within 1 month (31 December 2023: USD 32.3bn), USD 2.2bn due between 1 month and 1 year (31 December 2023: USD 1.8bn) and USD 0bn due between 1 and 5 years (31 December 2023: USD 0bn). <sup>5</sup> Includes USD 166m (31 December 2023: USD 1,195m) related to fair values of derivative loan commitments and forward starting reverse repurchase agreements classified as derivatives, presented within "Due within 1 month". The full contractual committed amount of USD 66.3bn (31 December 2023: USD 100.1bn) is presented in Note 11 under notional amounts. <sup>6</sup> Future interest payments on variable-rate liabilities are determined by reference to the applicable interest rate prevailing as of the reporting date. Future principal payments that are variable are determined by reference to the conditions existing at the relevant reporting date. <sup>7</sup> Excludes derivative loan commitments and forward starting reverse repurchase agreements measured at fair value (see footnote 5).

### Derivatives designated in hedge accounting relationships

The Group applies hedge accounting to interest rate risk and foreign exchange risk, including structural foreign exchange risk related to net investments in foreign operations.

- › Refer to “Market risk” in the “Risk management and control” section of this report for more information about how risks arise and how they are managed by the Group

#### Hedging instruments and hedged risk

Interest rate swaps are designated in fair value hedges or cash flow hedges of interest rate risk arising solely from changes in benchmark interest rates. Fair value changes arising from such risk are usually the largest component of the overall change in the fair value of the hedged position in the transaction currency.

Cross-currency swaps are designated as fair value hedges of foreign exchange risk. Foreign exchange forwards and foreign exchange swaps are mainly designated as hedges of structural foreign exchange risk related to net investments in foreign operations. In both cases the hedged risk arises solely from changes in the spot foreign exchange rate.

The notional of the designated hedging instruments matches the notional of the hedged items, except when the interest rate swaps are designated in cash flow hedges after the trade date, in which case the hedge ratio designated is determined based on the swap sensitivity.

#### Hedged items and hedge designation

##### *Fair value hedges of interest rate risk related to debt instruments and loan assets*

Fair value hedges of interest rate risk related to debt instruments and loan assets involve swapping fixed cash flows associated with loans to customers (including long-term fixed-rate mortgage loans in Swiss francs), debt securities held, customer deposits, or debt issued to floating cash flows by entering into interest rate swaps that either pay fixed and receive floating cash flows or that receive fixed and pay floating cash flows. The floating future cash flows are based on the following benchmark rates: Secured Overnight Financing Rate (SOFR), Effective Federal Funds Rate (EFFR), Swiss Average Rate Overnight (SARON), Euro Interbank Offered Rate (EURIBOR), Euro Short-Term Rate (ESTR), Sterling Overnight Index Average (SONIA), AUD London Interbank Offered Rate (AUD LIBOR), Tokyo Overnight Average Rate (TONA), Singapore Overnight Rate Average (SORA) and Norwegian Krona Overnight Index Swap (NOK OIS).

##### *Cash flow hedges of forecast transactions*

The Group hedges forecast cash flows on non-trading financial assets and liabilities that bear interest at variable rates or are expected to be refinanced or reinvested in the future, due to movements in future market rates. The amounts and timing of future cash flows, representing both principal and interest flows, are projected on the basis of contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate principal balances and interest cash flows across all portfolios over time form the basis for identifying the non-trading interest rate risk of the Group, which is hedged with interest rate swaps, the maximum maturity of which is 15 years. Cash flow forecasts and risk exposures are monitored and adjusted on an ongoing basis, and consequently additional hedging instruments are traded and designated, or are terminated, resulting in a hedge discontinuance.

##### *Fair value hedges of foreign exchange risk related to debt instruments*

Debt instruments denominated in currencies other than the US dollar are designated in fair value hedges of spot foreign exchange risk, in addition to and separate from the fair value hedges of interest rate risk. Cross-currency swaps economically convert debt instruments denominated in currencies other than the US dollar to US dollars. The hedge designations also involve intragroup debt instruments that are eliminated upon consolidation, but FX gains and losses impact consolidated profit or loss.

##### *Hedges of net investments in foreign operations*

The Group applies hedge accounting for certain net investments in foreign operations, which include subsidiaries, branches and associates. Upon maturity of hedging instruments, typically one to three months, the hedge relationship is terminated and new designations are made to reflect any changes in the net investments in foreign operations.

##### *Economic relationship between hedged item and hedging instrument*

The economic relationship between the hedged item and the hedging instrument is determined based on a qualitative analysis of their critical terms. In cases where hedge designation takes place after the trade date of the hedging instrument, a quantitative analysis of the possible behavior of the hedging derivative and the hedged item during their respective terms is also performed.

##### *Sources of hedge ineffectiveness*

In hedges of interest rate risk, hedge ineffectiveness can arise from mismatches of critical terms and / or the use of different curves to discount the hedged item and instrument, or from entering into a hedge relationship after the trade date of the hedging derivative.



## Note 25 Hedge accounting (continued)

In hedges of foreign exchange risk related to debt instruments, hedge ineffectiveness can arise due to the discounting of the hedging instruments and undesigned risk components and lack of such discounting and risk components in the hedged items.

In hedges of net investments in foreign operations, ineffectiveness is unlikely unless the hedged net assets fall below the designated hedged amount. The exceptions are hedges where the hedging currency is not the same as the currency of the foreign operation, where the currency basis may cause ineffectiveness.

Hedge ineffectiveness from financial instruments measured at fair value through profit or loss is recognized in *Other net income from financial instruments measured at fair value through profit or loss*.

### Derivatives not designated in hedge accounting relationships

Non-hedge-accounted derivatives are mandatorily held for trading with all fair value movements taken to *Other net income from financial instruments measured at fair value through profit or loss*, even when held as an economic hedge or to facilitate client clearing. The one exception relates to forward points on certain short- and long-duration foreign exchange and interest rate contracts acting as economic hedges, which are reported in *Net interest income*.

#### All hedges: designated hedging instruments and hedge ineffectiveness

|                                                 |                 |                             |                                  | As of or for the year ended                               |                                                    |                                                          |
|-------------------------------------------------|-----------------|-----------------------------|----------------------------------|-----------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|
|                                                 |                 |                             |                                  | 31.12.24                                                  |                                                    |                                                          |
|                                                 |                 |                             |                                  | Carrying amount                                           |                                                    |                                                          |
|                                                 | Notional amount | Derivative financial assets | Derivative financial liabilities | Changes in fair value of hedging instruments <sup>1</sup> | Changes in fair value of hedged items <sup>1</sup> | Hedge ineffectiveness recognized in the income statement |
| <i>USD m</i>                                    |                 |                             |                                  |                                                           |                                                    |                                                          |
| <b>Interest rate risk</b>                       |                 |                             |                                  |                                                           |                                                    |                                                          |
| Fair value hedges                               | 233,636         | 25                          | 10                               | (1,678)                                                   | 1,692                                              | 14                                                       |
| Cash flow hedges                                | 88,256          | 1                           | 0                                | (1,715)                                                   | 1,710                                              | (5)                                                      |
| <b>Foreign exchange risk</b>                    |                 |                             |                                  |                                                           |                                                    |                                                          |
| Fair value hedges <sup>2</sup>                  | 68,423          | 566                         | 1,515                            | (1,383)                                                   | 1,376                                              | (7)                                                      |
| Hedges of net investments in foreign operations | 21,777          | 689                         | 1                                | 2,963                                                     | (2,957)                                            | 6                                                        |

| As of or for the year ended                     |                 |                             |                                  |                                                           |                                                    |                                                          |
|-------------------------------------------------|-----------------|-----------------------------|----------------------------------|-----------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|
| 31.12.23                                        |                 |                             |                                  |                                                           |                                                    |                                                          |
|                                                 | Carrying amount |                             |                                  | Changes in fair value of hedging instruments <sup>1</sup> | Changes in fair value of hedged items <sup>1</sup> | Hedge ineffectiveness recognized in the income statement |
|                                                 | Notional amount | Derivative financial assets | Derivative financial liabilities |                                                           |                                                    |                                                          |
| <i>USD m</i>                                    |                 |                             |                                  |                                                           |                                                    |                                                          |
| <b>Interest rate risk</b>                       |                 |                             |                                  |                                                           |                                                    |                                                          |
| Fair value hedges                               | 246,909         | 3                           | 51                               | 2,275                                                     | (2,311)                                            | (36)                                                     |
| Cash flow hedges                                | 97,834          | 3                           | 0                                | (337)                                                     | 358                                                | 21                                                       |
| <b>Foreign exchange risk</b>                    |                 |                             |                                  |                                                           |                                                    |                                                          |
| Fair value hedges <sup>2</sup>                  | 33,877          | 468                         | 291                              | 132                                                       | (151)                                              | (19)                                                     |
| Hedges of net investments in foreign operations | 38,668          | 17                          | 1,270                            | (2,317)                                                   | 2,320                                              | 3                                                        |

1 Amounts used as the basis for recognizing hedge ineffectiveness for the period. 2 The foreign currency basis spread of cross-currency swaps designated as hedging derivatives is excluded from the hedge accounting designation and accounted for as a cost of hedging with amounts deferred in Other comprehensive income within Equity.

## Note 25 Hedge accounting (continued)

| Fair value hedges: designated hedged items recognized on balance sheet <sup>1</sup>                                                                                         |                    |         |                    |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------|--------------------|---------|
| USD m                                                                                                                                                                       | 31.12.24           |         | 31.12.23           |         |
|                                                                                                                                                                             | Interest rate risk | FX risk | Interest rate risk | FX risk |
| <b>Loans and advances to customers</b>                                                                                                                                      |                    |         |                    |         |
| Carrying amount of designated loans                                                                                                                                         | 56,309             |         | 61,107             |         |
| of which: accumulated amount of fair value hedge adjustment                                                                                                                 | 1,774              |         | 457                |         |
| of which: accumulated amount of fair value hedge adjustment subject to amortization attributable to the portion of the portfolio that ceased to be part of hedge accounting | (176)              |         | (179)              |         |
| <b>Other financial assets measured at amortized cost – debt securities</b>                                                                                                  |                    |         |                    |         |
| Carrying amount of designated debt securities                                                                                                                               | 9,125              |         | 6,333              |         |
| of which: accumulated amount of fair value hedge adjustment                                                                                                                 | (348)              |         | (109)              |         |
| <b>Customer deposits</b>                                                                                                                                                    |                    |         |                    |         |
| Carrying amount of customer deposits                                                                                                                                        | 13,031             |         | 8,972              |         |
| of which: accumulated amount of fair value hedge adjustment                                                                                                                 | (18)               |         | 50                 |         |
| <b>Debt issued measured at amortized cost</b>                                                                                                                               |                    |         |                    |         |
| Carrying amount of designated debt issued                                                                                                                                   | 151,481            | 53,328  | 156,507            | 22,329  |
| of which: accumulated amount of fair value hedge adjustment                                                                                                                 | (3,061)            |         | (2,976)            |         |

<sup>1</sup> In addition, as of 31 December 2024 UBS designated in fair value hedges of FX risk USD 15bn (31 December 2023 USD 12bn) of intragroup debt instruments that are not recognized on consolidated balance sheet but FX gains and losses on these instruments impact consolidated profit or loss.

### Fair value hedges: profile of the timing of the nominal amount of the hedging instrument

| 31.12.24             |                    |                            |                             |                           |                   |       |
|----------------------|--------------------|----------------------------|-----------------------------|---------------------------|-------------------|-------|
| USD bn               | Due within 1 month | Due between 1 and 3 months | Due between 3 and 12 months | Due between 1 and 5 years | Due after 5 years | Total |
| Interest rate swaps  | 3                  | 9                          | 38                          | 118                       | 66                | 234   |
| Cross-currency swaps | 2                  | 1                          | 8                           | 45                        | 12                | 68    |

| 31.12.23             |                    |                            |                             |                           |                   |       |
|----------------------|--------------------|----------------------------|-----------------------------|---------------------------|-------------------|-------|
| USD bn               | Due within 1 month | Due between 1 and 3 months | Due between 3 and 12 months | Due between 1 and 5 years | Due after 5 years | Total |
| Interest rate swaps  | 1                  | 7                          | 29                          | 142                       | 68                | 247   |
| Cross-currency swaps | 1                  | 2                          | 2                           | 22                        | 7                 | 34    |

### Cash flow hedge reserve on a pre-tax basis

| USD m                                                                                                                 | 31.12.24       | 31.12.23       |
|-----------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Amounts related to hedge relationships for which hedge accounting continues to be applied                             | (2,514)        | (2,319)        |
| Amounts related to hedge relationships for which hedge accounting is no longer applied                                | (714)          | (1,487)        |
| <b>Total other comprehensive income recognized directly in equity related to cash flow hedges, on a pre-tax basis</b> | <b>(3,228)</b> | <b>(3,806)</b> |

### Foreign currency translation reserve on a pre-tax basis

| USD m                                                                                                                                                        | 31.12.24     | 31.12.23       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|
| Amounts related to hedge relationships for which hedge accounting continues to be applied                                                                    | 861          | (2,063)        |
| Amounts related to hedge relationships for which hedge accounting is no longer applied                                                                       | 266          | 266            |
| <b>Total other comprehensive income recognized directly in equity related to hedging instruments designated as net investment hedges, on a pre-tax basis</b> | <b>1,126</b> | <b>(1,798)</b> |

## Note 26 Post-employment benefit plans

### a) Defined benefit plans

UBS has established defined benefit plans for its employees in various jurisdictions in accordance with local regulations and practices. The major plans are located in Switzerland, with smaller plans mainly in UK, US and Germany. The level of benefits depends on the specific plan rules.

#### Major Swiss pension plans

The major Swiss pension plans consist of the UBS Swiss plan and the Credit Suisse Swiss plan, covering employees of UBS Group AG in Switzerland and employees of companies in Switzerland that have close economic or financial ties with UBS Group AG, and exceed the minimum benefit requirements under Swiss pension law. The Swiss plans offer retirement, disability and survivor benefits and are governed by Pension Foundation Boards. The responsibilities of these boards are defined by Swiss pension law and the plan rules. The UBS Swiss plan covers contributions for all salary levels. The Credit Suisse Swiss plan covers contributions up to a salary of CHF 144,060 (USD 158,639), and contributions above that salary go into the Credit Suisse Swiss 1e plan, which is accounted for under IFRS Accounting Standards as a defined contribution plan.

## Note 26 Post-employment benefit plans (continued)

Savings contributions to the Swiss plans are paid by both the employer and the employee. For the UBS Swiss plan, depending on the age of the employee, UBS pays a savings contribution that ranges between 6.5% and 27.5% of the contributory base salary and between 2.8% and 9% of the contributory variable compensation. Employees can choose the level of savings contributions paid by them, which vary between 2.5% and 13.5% of the contributory base salary and between 0% and 9% of the contributory variable compensation, depending on age and choice of savings contribution category. For the Credit Suisse Swiss plan, depending on the age of the employee, UBS pays a savings contribution that ranges between 7.5% and 25.0% of the contributory base salary and 6% of the contributory variable compensation. Employees can choose the level of savings contributions paid by them, which vary between 5.0% and 14.0% of the contributory base salary and between 3% and 9% of the contributory variable compensation, depending on age and choice of savings contribution category. UBS also pays risk contributions that are used to fund disability and survivor benefits.

The plans offer to members at the normal retirement age of 65 a choice between a lifetime pension and a partial or full lump sum payment. Participants can choose to draw early retirement benefits starting from the age of 58, but they can also continue employment and remain active members of the plan until the age of 70. Employees can make additional purchases of benefits to fund early retirement benefits.

The pension amount payable to a participant is calculated by applying a conversion rate to the accumulated balance of the participant's retirement savings account at the retirement date. The balance is based on credited vested benefits transferred from previous employers, purchases of benefits, employee and employer contributions made to the participant's retirement savings account, and interest accrued. The annual interest rate credited to participants is determined by the Pension Foundation Boards at the end of each year.

Although the Swiss plans are based on a defined contribution promise under Swiss pension law, they are accounted for as defined benefit plans under IFRS Accounting Standards, primarily because of the obligation to accrue interest on the participants' retirement savings accounts and the payment of lifetime pension benefits.

Actuarial valuations in accordance with Swiss pension law are performed regularly. Should an underfunded situation on this basis occur, the Pension Foundation Board of the respective plan is required to take the necessary measures to ensure that full funding can be expected to be restored within a maximum period of 10 years. If a Swiss plan were to become significantly underfunded on a Swiss pension law basis, additional employer and employee contributions could be required. In this situation, the risk is shared between employer and employees, and the employer is not legally obliged to cover more than 50% of the additional contributions required. As of 31 December 2024, the technical funding ratio in accordance with Swiss pension law was 120.6% at a 0.5% technical interest rate for the UBS Swiss plan and 125.7% at a 1.31% technical interest rate for the Credit Suisse Swiss plan (UBS Swiss plan 31 December 2023: 119.2% at a 0.5% technical interest rate, Credit Suisse Swiss plan 31 December 2023: 124.0% at a 1.62% technical interest rate).

The investment strategies of the Swiss plans comply with Swiss pension law, including the rules and regulations relating to diversification of plan assets, and are derived from the risk budget defined by the Pension Foundation Boards based on regularly performed asset and liability management analyses. The Pension Foundation Boards strive for a medium- and long-term balance between assets and liabilities.

As of 31 December 2024, the Swiss plans were in surplus situations on an IFRS Accounting Standards measurement basis, as the fair value of the plan assets exceeded the defined benefit obligation (DBO) by USD 4,724m for the UBS Swiss plan and USD 2,900m for the Credit Suisse Swiss plan (UBS Swiss plan 31 December 2023: USD 6,332m, Credit Suisse Swiss plan 31 December 2023: USD 3,150m). However, a surplus is only recognized on the balance sheet to the extent that it does not exceed the estimated future economic benefit, which equals the difference between the present value of the estimated future net service cost and the present value of the estimated future employer contributions. As of both 31 December 2024 and 31 December 2023, the estimated future economic benefit of the UBS Swiss plan was zero and hence no net defined benefit asset was recognized on the balance sheet; as of 31 December 2024 a net defined benefit asset of USD 28m was recognized by UBS for prepaid contributions held at the Credit Suisse Swiss plan (31 December 2023: USD 88m).

The regular employer contributions in 2025 are estimated at USD 519m for the UBS Swiss plan and USD 239m for the Credit Suisse Swiss plan.

### *Changes to the Credit Suisse Swiss pension plan*

In December 2023, the Pension Foundation Board of the Credit Suisse Swiss plan decided to align the Swiss pension scheme to that of the UBS Swiss plan, effective as of 1 January 2027. On that date, the Credit Suisse Swiss plan will adopt the plan rules of the UBS Swiss plan. The Credit Suisse Swiss 1e plan will remain in place as of this date, but will be closed for further contributions. In accordance with IFRS Accounting Standards, these decisions and related mitigating measures led to an increase in UBS's pension obligations in Switzerland resulting in a one-time pre-tax loss of USD 245m (CHF 207m) and an offsetting gain in other comprehensive income in the fourth quarter of 2023 with no impact on equity and CET1 capital.

### *Financial information*

The tables below provide an analysis of the movement in the net asset / liability recognized on the balance sheet for defined benefit plans, as well as an analysis of amounts recognized in net profit and in *Other comprehensive income*.

## Note 26 Post-employment benefit plans (continued)

| Net asset / liability of defined benefit plans                                                           |               |                       |
|----------------------------------------------------------------------------------------------------------|---------------|-----------------------|
| USD m                                                                                                    |               |                       |
| Major Swiss plans                                                                                        | 31.12.24      | 31.12.23 <sup>1</sup> |
| Defined benefit obligation at the beginning of the year                                                  | 44,922        | 22,272                |
| Defined benefit obligation recognized upon the acquisition of the Credit Suisse Group                    |               | 15,142                |
| Current service cost                                                                                     | 763           | 567                   |
| Interest expense                                                                                         | 564           | 680                   |
| Plan participant contributions                                                                           | 446           | 370                   |
| Remeasurements                                                                                           | 4,017         | 4,446                 |
| <i>of which: actuarial (gains) / losses due to changes in demographic assumptions</i>                    | 25            | 76                    |
| <i>of which: actuarial (gains) / losses due to changes in financial assumptions</i>                      | 2,723         | 2,886                 |
| <i>of which: experience (gains) / losses<sup>2</sup></i>                                                 | 1,269         | 1,484                 |
| Past service cost related to plan amendments                                                             | 0             | 245                   |
| Curtailements                                                                                            | (104)         | (29)                  |
| Benefit payments                                                                                         | (2,665)       | (2,309)               |
| Termination benefits                                                                                     | 6             | 21                    |
| Foreign currency translation                                                                             | (3,332)       | 3,516                 |
| <b>Defined benefit obligation at the end of the year</b>                                                 | <b>44,617</b> | <b>44,922</b>         |
| <i>of which: amounts owed to active members</i>                                                          | 24,576        | 24,007                |
| <i>of which: amounts owed to deferred members</i>                                                        | 0             | 0                     |
| <i>of which: amounts owed to retirees</i>                                                                | 20,041        | 20,915                |
| <i>of which: funded plans</i>                                                                            | 44,617        | 44,922                |
| <i>of which: unfunded plans</i>                                                                          | 0             | 0                     |
| Fair value of plan assets at the beginning of the year                                                   | 54,404        | 30,119                |
| Fair value of plan assets recognized upon the acquisition of the Credit Suisse Group                     |               | 18,914                |
| Return on plan assets excluding interest income                                                          | 2,596         | 1,234                 |
| Interest income                                                                                          | 700           | 916                   |
| Employer contributions                                                                                   | 811           | 690                   |
| Plan participant contributions                                                                           | 446           | 370                   |
| Benefit payments                                                                                         | (2,665)       | (2,309)               |
| Administration expenses, taxes and premiums paid                                                         | (27)          | (19)                  |
| Other movements                                                                                          | 0             | 2                     |
| Foreign currency translation                                                                             | (4,024)       | 4,485                 |
| <b>Fair value of plan assets at the end of the year</b>                                                  | <b>52,241</b> | <b>54,404</b>         |
| <b>Surplus / (deficit)</b>                                                                               | <b>7,624</b>  | <b>9,482</b>          |
| Asset ceiling effect at the beginning of the year                                                        | 9,394         | 7,848                 |
| Asset ceiling effect recognized upon the acquisition of the Credit Suisse Group                          |               | 3,695                 |
| Interest expense on asset ceiling effect                                                                 | 128           | 225                   |
| Asset ceiling effect excluding interest expense and foreign currency translation on asset ceiling effect | (1,237)       | (3,336)               |
| Foreign currency translation                                                                             | (688)         | 963                   |
| <b>Asset ceiling effect at the end of the year</b>                                                       | <b>7,596</b>  | <b>9,394</b>          |
| <b>Net defined benefit asset / (liability) of major Swiss plans</b>                                      | <b>28</b>     | <b>88</b>             |
| <b>Other plans</b>                                                                                       |               |                       |
| <b>Net defined benefit asset / (liability) of other plans<sup>3</sup></b>                                | <b>131</b>    | <b>205</b>            |
| <b>Total net defined benefit asset / (liability)</b>                                                     | <b>159</b>    | <b>293</b>            |
| <i>of which: Net defined benefit asset</i>                                                               | 922           | 1,088                 |
| <i>of which: Net defined benefit liability<sup>4</sup></i>                                               | (763)         | (795)                 |

1 Including Credit Suisse from 31 May 2023. 2 Experience (gains) / losses are a component of actuarial remeasurements of the defined benefit obligation and reflect the effects of differences between the previous actuarial assumptions and what has actually occurred. 3 Mainly relates to UK, US and German plans. 4 Refer to Note 19c.

### Income statement – expenses related to defined benefit plans<sup>1</sup>

| USD m                                                                       |            |                       |
|-----------------------------------------------------------------------------|------------|-----------------------|
| For the year ended                                                          |            |                       |
| Major Swiss plans                                                           | 31.12.24   | 31.12.23 <sup>2</sup> |
| Current service cost                                                        | 763        | 567                   |
| Interest expense related to defined benefit obligation                      | 564        | 680                   |
| Interest income related to plan assets                                      | (700)      | (916)                 |
| Interest expense on asset ceiling effect                                    | 128        | 225                   |
| Administration expenses, taxes and premiums paid                            | 27         | 19                    |
| Past service cost related to plan amendments                                | 0          | 245                   |
| Curtailements                                                               | (104)      | (29)                  |
| Termination benefits                                                        | 6          | 21                    |
| Other movements <sup>3</sup>                                                | 3          | (2)                   |
| <b>Net periodic expenses recognized in net profit for major Swiss plans</b> | <b>687</b> | <b>811</b>            |
| <b>Other plans</b>                                                          |            |                       |
| <b>Net periodic expenses recognized in net profit for other plans</b>       | <b>44</b>  | <b>36</b>             |
| <b>Total net periodic expenses recognized in net profit</b>                 | <b>731</b> | <b>847</b>            |

1 Refer to Note 7. 2 Including Credit Suisse from 31 May 2023. 3 Includes differences between actual and estimated performance award accruals.

## Note 26 Post-employment benefit plans (continued)

| Other comprehensive income – gains / (losses) on defined benefit plans                             |                    |                       |
|----------------------------------------------------------------------------------------------------|--------------------|-----------------------|
| USD m                                                                                              | For the year ended |                       |
| Major Swiss plans                                                                                  | 31.12.24           | 31.12.23 <sup>1</sup> |
| Remeasurement of defined benefit obligation                                                        | (4,017)            | (4,446)               |
| of which: change in discount rate assumption                                                       | (2,846)            | (3,278)               |
| of which: change in rate of salary increase assumption                                             | (227)              | (74)                  |
| of which: change in rate of pension increase assumption                                            | 0                  | 0                     |
| of which: change in rate of interest credit on retirement savings assumption                       | 349                | 479                   |
| of which: change in life expectancy                                                                | 0                  | 0                     |
| of which: change in other actuarial assumptions                                                    | (24)               | (88)                  |
| of which: experience gains / (losses) <sup>2</sup>                                                 | (1,269)            | (1,484)               |
| Return on plan assets excluding interest income                                                    | 2,596              | 1,234                 |
| Asset ceiling effect excluding interest expense and foreign currency translation                   | 1,237              | 3,336                 |
| <b>Total gains / (losses) recognized in other comprehensive income for major Swiss plans</b>       | <b>(184)</b>       | <b>124</b>            |
| Other plans                                                                                        |                    |                       |
| <b>Total gains / (losses) recognized in other comprehensive income for other plans<sup>3</sup></b> | <b>(123)</b>       | <b>(15)</b>           |
| <b>Total gains / (losses) recognized in other comprehensive income<sup>4</sup></b>                 | <b>(307)</b>       | <b>110</b>            |

1 Including Credit Suisse from 31 May 2023. 2 Experience (gains) / losses are a component of actuarial remeasurements of the defined benefit obligation and reflect the effects of differences between the previous actuarial assumptions and what has actually occurred. 3 Mainly relates to UK, US and German plans. 4 Refer to the "Statement of comprehensive income".

The table below provides information about the duration of the DBO and the timing for expected benefit payments.

| Major Swiss defined benefit plans                                        | 31.12.24    | 31.12.23    |
|--------------------------------------------------------------------------|-------------|-------------|
| <b>Duration of the defined benefit obligation (in years)<sup>1</sup></b> | <b>13.3</b> | <b>13.1</b> |
| <b>Maturity analysis of benefits expected to be paid</b>                 |             |             |
| USD m                                                                    |             |             |
| Benefits expected to be paid within 12 months                            | 2,911       | 3,056       |
| Benefits expected to be paid between 1 and 3 years                       | 4,812       | 5,149       |
| Benefits expected to be paid between 3 and 6 years                       | 7,231       | 7,671       |
| Benefits expected to be paid between 6 and 11 years                      | 11,203      | 12,080      |
| Benefits expected to be paid between 11 and 16 years                     | 9,621       | 10,513      |
| Benefits expected to be paid in more than 16 years                       | 30,398      | 34,221      |

<sup>1</sup> The duration of the defined benefit obligation represents a weighted average across the UBS and Credit Suisse plans.

### Actuarial assumptions

The actuarial assumptions used for the defined benefit plans are based on the economic conditions prevailing in the jurisdiction in which they are offered. Changes in the defined benefit obligation are most sensitive to changes in the discount rate. The discount rate is based on the yield of high-quality corporate bonds quoted in an active market in the currency of the respective plan. A decrease in the discount curve increases the DBO. UBS regularly reviews the actuarial assumptions used in calculating the DBO to determine their continuing relevance.

› Refer to Note 1a item 5 for a description of the accounting policy for defined benefit plans

## Note 26 Post-employment benefit plans (continued)

The tables below show the significant actuarial assumptions used in calculating the DBO at the end of the year.

### Significant actuarial assumptions of major Swiss defined benefit plans<sup>1</sup>

| In %                                          | 31.12.24 | 31.12.23 |
|-----------------------------------------------|----------|----------|
| Discount rate                                 | 0.92     | 1.48     |
| Rate of salary increase                       | 2.80     | 2.36     |
| Rate of pension increase                      | 0.00     | 0.00     |
| Rate of interest credit on retirement savings | 2.02     | 2.54     |

<sup>1</sup> Represents weighted average across the UBS and Credit Suisse plans.

|                                                                          | aged 65  |          | aged 45  |          |
|--------------------------------------------------------------------------|----------|----------|----------|----------|
| Swiss mortality table: BVG 2020 G with CMI 2023 projections <sup>1</sup> | 31.12.24 | 31.12.23 | 31.12.24 | 31.12.23 |
| Life expectancy at age 65 for a male member currently                    | 21.9     | 21.8     | 23.5     | 23.5     |
| Life expectancy at age 65 for a female member currently                  | 23.6     | 23.5     | 25.2     | 25.1     |

<sup>1</sup> In 2023, BVG 2020 G with CMI 2022 projections was used.

### Sensitivity analysis of significant actuarial assumptions

The table below presents a sensitivity analysis for each significant actuarial assumption, showing how the DBO would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. Unforeseen circumstances may arise, which could result in variations that are outside the range of alternatives deemed reasonably possible. Caution should be used in extrapolating the sensitivities below on the DBO, as the sensitivities may not be linear.

### Sensitivity analysis of significant actuarial assumptions of major Swiss defined benefit plans<sup>1</sup>

| Increase / (decrease) in defined benefit obligation  | 31.12.24       | 31.12.23       |
|------------------------------------------------------|----------------|----------------|
| USD m                                                |                |                |
| <b>Discount rate</b>                                 |                |                |
| Increase by 50 basis points                          | (2,462)        | (2,365)        |
| Decrease by 50 basis points                          | 2,790          | 2,668          |
| <b>Rate of salary increase</b>                       |                |                |
| Increase by 50 basis points                          | 255            | 248            |
| Decrease by 50 basis points                          | (256)          | (246)          |
| <b>Rate of pension increase</b>                      |                |                |
| Increase by 50 basis points                          | 1,947          | 1,894          |
| Decrease by 50 basis points                          | — <sup>2</sup> | — <sup>2</sup> |
| <b>Rate of interest credit on retirement savings</b> |                |                |
| Increase by 50 basis points                          | 374            | 334            |
| Decrease by 50 basis points                          | (374)          | (334)          |
| <b>Life expectancy</b>                               |                |                |
| Increase in longevity by one additional year         | 1,381          | 1,315          |

<sup>1</sup> The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant, so that interdependencies between the assumptions are excluded. <sup>2</sup> As the assumed rate of pension increase was 0% as of 31 December 2024 and as of 31 December 2023, a downward change in assumption is not applicable.



## Note 26 Post-employment benefit plans (continued)

### Composition and fair value of Swiss defined benefit plan assets

|                                 | 31.12.24                   |        |        |                         | 31.12.23                   |        |        |                         |
|---------------------------------|----------------------------|--------|--------|-------------------------|----------------------------|--------|--------|-------------------------|
|                                 | Fair value                 |        |        | Plan asset allocation % | Fair value                 |        |        | Plan asset allocation % |
| USD m                           | Quoted in an active market | Other  | Total  |                         | Quoted in an active market | Other  | Total  |                         |
| Cash and cash equivalents       | 911                        | 0      | 911    | 2                       | 1,205                      | 0      | 1,205  | 2                       |
| Equity securities               |                            |        |        |                         |                            |        |        |                         |
| Domestic                        | 0                          | 0      | 0      | 0                       | 0                          | 24     | 24     | 0                       |
| Foreign                         | 0                          | 1,425  | 1,425  | 3                       | 0                          | 2,132  | 2,132  | 4                       |
| Bonds                           |                            |        |        |                         |                            |        |        |                         |
| Domestic, AAA to BBB–           | 156                        | 0      | 156    | 0                       | 100                        | 0      | 100    | 0                       |
| Foreign, AAA to BBB–            | 0                          | 0      | 0      | 0                       | 51                         | 0      | 51     | 0                       |
| Real estate / property          |                            |        |        |                         |                            |        |        |                         |
| Domestic                        | 0                          | 5,967  | 5,967  | 11                      | 0                          | 6,195  | 6,195  | 11                      |
| Foreign                         | 0                          | 1,086  | 1,086  | 2                       | 0                          | 1,017  | 1,017  | 2                       |
| Investment funds                |                            |        |        |                         |                            |        |        |                         |
| Equity                          |                            |        |        |                         |                            |        |        |                         |
| Domestic                        | 1,300                      | 0      | 1,300  | 2                       | 1,376                      | 0      | 1,376  | 3                       |
| Foreign                         | 8,520                      | 2,072  | 10,592 | 20                      | 8,317                      | 2,196  | 10,513 | 19                      |
| Bonds <sup>1</sup>              |                            |        |        |                         |                            |        |        |                         |
| Domestic, AAA to BBB–           | 6,921                      | 0      | 6,921  | 13                      | 7,952                      | 0      | 7,952  | 15                      |
| Domestic, below BBB–            | 9                          | 0      | 9      | 0                       | 1                          | 0      | 1      | 0                       |
| Foreign, AAA to BBB–            | 12,886                     | 0      | 12,886 | 25                      | 13,497                     | 0      | 13,497 | 25                      |
| Foreign, below BBB–             | 1,393                      | 0      | 1,393  | 3                       | 1,249                      | 0      | 1,249  | 2                       |
| Real estate                     |                            |        |        |                         |                            |        |        |                         |
| Domestic                        | 1,938                      | 0      | 1,938  | 4                       | 1,906                      | 0      | 1,906  | 4                       |
| Foreign                         | 451                        | 117    | 568    | 1                       | 537                        | 79     | 616    | 1                       |
| Other                           | 1,396                      | 3,383  | 4,780  | 9                       | 1,960                      | 3,373  | 5,333  | 10                      |
| Other investments               | 475                        | 1,833  | 2,308  | 4                       | 667                        | 569    | 1,236  | 2                       |
| Total fair value of plan assets | 36,357                     | 15,884 | 52,241 | 100                     | 38,817                     | 15,586 | 54,404 | 100                     |

|                                                                 | 31.12.24 | 31.12.23 |
|-----------------------------------------------------------------|----------|----------|
| Total fair value of plan assets                                 | 52,241   | 54,404   |
| of which: Investments in UBS instruments <sup>2</sup>           |          |          |
| Bank accounts at UBS                                            | 926      | 666      |
| UBS debt instruments                                            | 238      | 211      |
| UBS shares                                                      | 64       | 72       |
| Securities lent to UBS <sup>3</sup>                             | 956      | 827      |
| Property occupied by UBS                                        | 73       | 108      |
| Derivative financial instruments, counterparty UBS <sup>3</sup> | (126)    | 534      |

<sup>1</sup> The bond credit ratings are primarily based on S&P's credit ratings. Ratings AAA to BBB– and below BBB– represent investment grade and non-investment grade ratings, respectively. In cases where credit ratings from other rating agencies were used, these were converted to the equivalent rating in S&P's rating classification. <sup>2</sup> Bank accounts at UBS encompass accounts in the name of the Swiss pension funds. The other positions disclosed in the table encompass both direct investments in UBS instruments and indirect investments, i.e. those made through funds that the pension fund invests in. <sup>3</sup> Securities lent to UBS and derivative financial instruments are presented gross of any collateral. Securities lent to UBS were fully covered by collateral as of 31 December 2024 and 31 December 2023. Net of collateral, derivative financial instruments amounted to negative USD 70m as of 31 December 2024 (31 December 2023: negative USD 33m).

### b) Defined contribution plans

UBS sponsors several defined contribution plans, with the most significant plans in the US and the UK. UBS's obligation is limited to its contributions made in accordance with each plan, which may include direct contributions and matching contributions. Employer contributions to defined contribution plans are recognized as an expense and were USD 578m for the UBS plans in 2024 (2023: USD 514m).

➤ Refer to Note 7 for more information

### c) Related-party disclosure

UBS is the principal provider of banking services for the pension funds of UBS and Credit Suisse in Switzerland. In this capacity, UBS is engaged to execute most of the pension funds' banking activities. These activities can include, but are not limited to, investment management fees, trading, securities lending and borrowing and derivative transactions. The non-Swiss pension funds do not have a similar banking relationship with UBS. During 2024, UBS received USD 46m in fees for banking services from the major UBS plans (2023: USD 46m). As of 31 December 2024, the Swiss, UK and US post-employment benefit plans held USD 399m in UBS shares (31 December 2023: USD 443m).

➤ Refer to the "Composition and fair value of Swiss defined benefit plan assets" table in Note 26a for more information about fair value of investments in UBS instruments held by the major Swiss pension funds

## Note 27 Employee benefits: variable compensation

### a) Plans offered

The Group has several share-based and other deferred compensation plans that align the interests of Group Executive Board (GEB) members and other employees with the interests of investors.

Share-based awards are granted in the form of notional shares and, where permitted, carry a dividend equivalent that may be paid in notional shares or cash. Awards are settled by delivering UBS shares at vesting, except in jurisdictions where this is not permitted for legal or tax reasons.

Deferred compensation awards are generally forfeitable upon, among other circumstances, voluntary termination of employment with UBS. These compensation plans are also designed to meet regulatory requirements and include special provisions for regulated employees.

The most significant deferred compensation plans are described below.

› Refer to Note 1a item 4 for a description of the accounting policy related to share-based and other deferred compensation plans

#### Mandatory deferred compensation plans

##### Long-Term Incentive Plan

The Long-Term Incentive Plan (the LTIP) is a mandatory deferral plan for GEB members and Managing Directors (MDs) reporting to the GEB and their direct reports at MD level.

The number of notional shares delivered at vesting depends on two equally weighted performance metrics over a three-year performance period: return on common equity tier 1 (CET1) capital and relative total shareholder return (TSR), which compares the TSR of UBS with the TSR of an index consisting of listed Global Systemically Important Banks as determined by the Financial Stability Board (excluding UBS). The final number of shares vest over three years following the performance period for GEB members and cliff vest in the year following the performance period for selected senior management.

##### Equity Ownership Plan / Fund Ownership Plan

The Equity Ownership Plan (the EOP) is the deferred share-based compensation plan for employees that are subject to deferral requirements but do not receive LTIP awards. EOP awards generally vest over three years.

Certain Asset Management employees receive some or all of their EOP in the form of notional funds (Fund Ownership Plan or FOP). This plan is generally delivered in cash and vests over three years. The amount delivered depends on the value of the underlying investment funds at the time of vesting.

##### Deferred Contingent Capital Plan

The Deferred Contingent Capital Plan (the DCCP) is a deferred compensation plan for all employees who are subject to deferral requirements. Such employees are awarded notional additional tier 1 (AT1) capital instruments, which, at the discretion of UBS, can be settled in cash or a perpetual, marketable AT1 capital instrument. DCCP awards generally bear notional interest paid annually (except for certain regulated employees) and vest in full after five years. Awards are forfeited if a viability event occurs (i.e. if the Swiss Financial Market Supervisory Authority (FINMA) notifies the firm that the DCCP awards must be written down to mitigate the risk of insolvency, bankruptcy or failure of UBS) or if the firm receives a commitment of extraordinary support from the public sector that is necessary to prevent such an event. DCCP awards are also written down if the Group's CET1 capital ratio falls below a defined threshold. In addition, GEB members forfeit 20% of DCCP awards for each loss-making year during the vesting period.

#### Deferred compensation plans awarded to employees of Credit Suisse

##### Existing compensation plans offered to employees of Credit Suisse prior to the acquisition

Credit Suisse offered a range of compensation plans to its employees. Generally, outstanding deferred awards continue to vest according to their original terms. Awards referenced to shares of the Credit Suisse Group were converted into units over UBS Group shares according to the exchange ratio applied to the merger transaction (1 share in UBS for 22.48 shares in Credit Suisse).

Unvested awards include upfront cash awards, share awards and other deferred awards settled in cash and continue to be expensed over the future service period.

Upfront cash awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or other specified events within three years from the grant date. The expense is recognized over the three-year service period according to the clawback provisions.

## Note 27 Employee benefits: variable compensation (continued)

Share awards that were granted as part of the annual performance incentive typically vest over three years with one-third of the award vesting on each of the three anniversaries of the grant date.

Retention awards were offered to selected employees of the Credit Suisse Group in 2023 prior to the acquisition date. These awards were contingent on the completion of the acquisition and were delivered 50% in cash (in general vesting 60 days from the completion of the acquisition) and 50% in shares (in general vesting on the first anniversary of the completion of the acquisition). Vesting periods are longer for certain regulated employees.

### Financial advisor variable compensation

In line with market practice for US wealth management businesses, the compensation for US financial advisors in Global Wealth Management consists of cash compensation, determined using a formulaic approach based on production, and deferred awards.

Cash compensation reflects a percentage of the compensable production that each financial advisor generates. Compensable production is generally based on transaction revenue and investment advisory fees and may reflect further adjustments. The percentage rate generally varies based on the level of the production and firm tenure.

Financial advisors may also be granted deferred awards. These amounts generally vest over a six-year period. The deferred award takes into account the overall percentage rate and production.

Cash compensation and deferred awards may be reduced for, among other things, errors, negligence or carelessness, or failure to comply with the firm's rules, standards, practices and / or policies, and / or applicable laws and regulations.

Financial advisors may also participate in additional programs to support promoting and developing their business or supporting the transition of client relationships where appropriate. Financial advisor compensation also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

### Share delivery obligations

Share delivery obligations related to employee share-based compensation awards were 183m shares as of 31 December 2024 (31 December 2023: 196m shares). Share delivery obligations are calculated on the basis of undistributed notional share awards, taking applicable performance conditions into account.

As of 31 December 2024, UBS held 133m treasury shares (31 December 2023: 131m) that were available to satisfy share delivery obligations.

## b) Effect on the income statement

### Effect on the income statement for the financial year and future periods

The table below provides information about compensation expenses related to total variable compensation that were recognized in the financial year ended 31 December 2024, as well as expenses that were deferred and will be recognized in the income statement for 2025 and later. Deferred expenses related to compensation plans granted to employees of Credit Suisse in 2023 and earlier years are presented under Variable compensation – other. The expense recognized in 2024 associated with these awards was USD 85m (2023: USD 335m) for retention awards granted in connection with the acquisition and USD 288m (2023: USD 412m) for outstanding deferred compensation plans that existed on the date of the acquisition.

The majority of expenses deferred to 2025 and later that are related to the 2024 performance year pertain to awards granted in February 2025. The total unamortized compensation expense for unvested share-based awards granted up to 31 December 2024 will be recognized in future periods over a weighted average period of 2.4 years.

## Note 27 Employee benefits: variable compensation (continued)

### Variable compensation

|                                                                             | Expenses recognized in 2024          |                                    |                           | Expenses deferred to 2025 and later <sup>1</sup> |                                    |              |
|-----------------------------------------------------------------------------|--------------------------------------|------------------------------------|---------------------------|--------------------------------------------------|------------------------------------|--------------|
|                                                                             | Related to the 2024 performance year | Related to prior performance years | Total                     | Related to the 2024 performance year             | Related to prior performance years | Total        |
| <i>USD m</i>                                                                |                                      |                                    |                           |                                                  |                                    |              |
| Non-deferred cash                                                           | 3,290                                | (83)                               | 3,206                     | 0                                                | 0                                  | 0            |
| Deferred compensation awards                                                | 563                                  | 687                                | 1,250                     | 813                                              | 853                                | 1,666        |
| <i>of which: Equity Ownership Plan</i>                                      | 180                                  | 279                                | 458                       | 280                                              | 214                                | 493          |
| <i>of which: Deferred Contingent Capital Plan</i>                           | 197                                  | 290                                | 487                       | 336                                              | 515                                | 851          |
| <i>of which: Long-Term Incentive Plan</i>                                   | 161                                  | 76                                 | 237                       | 166                                              | 100                                | 266          |
| <i>of which: Fund Ownership Plan</i>                                        | 26                                   | 42                                 | 68                        | 32                                               | 25                                 | 56           |
| <b>Variable compensation – performance awards</b>                           | <b>3,853</b>                         | <b>603</b>                         | <b>4,456</b>              | <b>813</b>                                       | <b>853</b>                         | <b>1,666</b> |
| <b>Variable compensation – financial advisors<sup>2</sup></b>               | <b>4,485</b>                         | <b>808</b>                         | <b>5,293</b>              | <b>1,028</b>                                     | <b>3,639</b>                       | <b>4,667</b> |
| <i>of which: non-deferred cash</i>                                          | 4,125                                | (1)                                | 4,124                     | 0                                                | 0                                  | 0            |
| <i>of which: deferred share-based awards</i>                                | 123                                  | 96                                 | 219                       | 130                                              | 232                                | 362          |
| <i>of which: deferred cash-based awards</i>                                 | 203                                  | 239                                | 443                       | 476                                              | 1,176                              | 1,652        |
| <i>of which: compensation commitments with recruited financial advisors</i> | 33                                   | 474                                | 507                       | 422                                              | 2,231                              | 2,653        |
| <b>Variable compensation – other<sup>3</sup></b>                            | <b>539</b>                           | <b>583</b>                         | <b>1,121</b>              | <b>229</b>                                       | <b>465</b>                         | <b>694</b>   |
| <b>Total variable compensation</b>                                          | <b>8,876</b>                         | <b>1,994</b>                       | <b>10,870<sup>4</sup></b> | <b>2,070</b>                                     | <b>4,957</b>                       | <b>7,027</b> |

<sup>1</sup> Estimate as of 31 December 2024. Actual amounts to be expensed in future periods may vary; e.g. due to forfeiture of awards. <sup>2</sup> Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. <sup>3</sup> Consists of existing deferred awards and retention awards granted to Credit Suisse employees as well as replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. <sup>4</sup> Includes USD 1,128m in expenses related to share-based compensation (performance awards: USD 695m; other variable compensation: USD 213m; financial advisor compensation: USD 219m). A further USD 134m in expenses related to share-based compensation was recognized within other expense categories included in Note 7 (salaries: USD 2m related to role-based allowances; social security: USD 100m; other personnel expenses: USD 32m related to the Equity Plus Plan). Total personnel expense related to share-based equity-settled compensation excluding social security was USD 1,118m.

### Variable compensation (continued)

|                                                                             | Expenses recognized in 2023          |                                    |                          | Expenses deferred to 2024 and later <sup>1</sup> |                                    |              |
|-----------------------------------------------------------------------------|--------------------------------------|------------------------------------|--------------------------|--------------------------------------------------|------------------------------------|--------------|
|                                                                             | Related to the 2023 performance year | Related to prior performance years | Total                    | Related to the 2023 performance year             | Related to prior performance years | Total        |
| <i>USD m</i>                                                                |                                      |                                    |                          |                                                  |                                    |              |
| Non-deferred cash                                                           | 2,859                                | (52)                               | 2,807                    | 0                                                | 0                                  | 0            |
| Deferred compensation awards                                                | 523                                  | 656                                | 1,179                    | 777                                              | 757                                | 1,534        |
| <i>of which: Equity Ownership Plan</i>                                      | 155                                  | 330                                | 485                      | 263                                              | 245                                | 509          |
| <i>of which: Deferred Contingent Capital Plan</i>                           | 180                                  | 241                                | 421                      | 312                                              | 451                                | 763          |
| <i>of which: Long-Term Incentive Plan</i>                                   | 164                                  | 40                                 | 204                      | 160                                              | 34                                 | 193          |
| <i>of which: Fund Ownership Plan</i>                                        | 24                                   | 46                                 | 69                       | 41                                               | 27                                 | 68           |
| <b>Variable compensation – performance awards</b>                           | <b>3,382</b>                         | <b>604</b>                         | <b>3,986</b>             | <b>777</b>                                       | <b>757</b>                         | <b>1,534</b> |
| <b>Variable compensation – financial advisors<sup>2</sup></b>               | <b>3,761</b>                         | <b>788</b>                         | <b>4,549</b>             | <b>1,236</b>                                     | <b>3,300</b>                       | <b>4,536</b> |
| <i>of which: non-deferred cash</i>                                          | 3,440                                | (4)                                | 3,436                    | 0                                                | 0                                  | 0            |
| <i>of which: deferred share-based awards</i>                                | 110                                  | 87                                 | 197                      | 113                                              | 209                                | 321          |
| <i>of which: deferred cash-based awards</i>                                 | 169                                  | 245                                | 414                      | 301                                              | 1,029                              | 1,331        |
| <i>of which: compensation commitments with recruited financial advisors</i> | 42                                   | 459                                | 502                      | 822                                              | 2,062                              | 2,884        |
| <b>Variable compensation – other<sup>3</sup></b>                            | <b>784</b>                           | <b>526</b>                         | <b>1,310</b>             | <b>384</b>                                       | <b>583</b>                         | <b>968</b>   |
| <b>Total variable compensation</b>                                          | <b>7,927</b>                         | <b>1,918</b>                       | <b>9,845<sup>4</sup></b> | <b>2,398</b>                                     | <b>4,640</b>                       | <b>7,037</b> |

<sup>1</sup> Estimate as of 31 December 2023. Actual amounts expensed may vary; e.g. due to forfeiture of awards. <sup>2</sup> Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. <sup>3</sup> Consists of existing deferred awards and retention awards granted to Credit Suisse employees, as well as replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. <sup>4</sup> Includes USD 1,094m in expenses related to share-based compensation (performance awards: USD 689m; other variable compensation: USD 208m; financial advisor compensation: USD 197m). A further USD 169m in expenses related to share-based compensation was recognized within other expense categories included in Note 7 (salaries: USD 4m related to role-based allowances; social security: USD 137m; other personnel expenses: USD 27m related to the Equity Plus Plan). Total personnel expense related to share-based equity-settled compensation excluding social security was USD 1,087m.

## Note 27 Employee benefits: variable compensation (continued)

### Variable compensation (continued)

| USD m                                                                       | Expenses recognized in 2022          |                                    |                          | Expenses deferred to 2023 and later <sup>1</sup> |                                    |              |
|-----------------------------------------------------------------------------|--------------------------------------|------------------------------------|--------------------------|--------------------------------------------------|------------------------------------|--------------|
|                                                                             | Related to the 2022 performance year | Related to prior performance years | Total                    | Related to the 2022 performance year             | Related to prior performance years | Total        |
| Non-deferred cash                                                           | 2,276                                | (16)                               | 2,260                    | 0                                                | 0                                  | 0            |
| Deferred compensation awards                                                | 364                                  | 581                                | 945                      | 605                                              | 754                                | 1,359        |
| <i>of which: Equity Ownership Plan</i>                                      | 202                                  | 235                                | 437                      | 310                                              | 250                                | 560          |
| <i>of which: Deferred Contingent Capital Plan</i>                           | 129                                  | 219                                | 349                      | 245                                              | 408                                | 654          |
| <i>of which: Long-Term Incentive Plan</i>                                   | 11                                   | 32                                 | 43                       | 30                                               | 42                                 | 71           |
| <i>of which: Fund Ownership Plan</i>                                        | 21                                   | 95                                 | 116                      | 20                                               | 54                                 | 74           |
| <b>Variable compensation – performance awards</b>                           | <b>2,640</b>                         | <b>566</b>                         | <b>3,205</b>             | <b>605</b>                                       | <b>754</b>                         | <b>1,359</b> |
| <b>Variable compensation – financial advisors<sup>2</sup></b>               | <b>3,799</b>                         | <b>709</b>                         | <b>4,508</b>             | <b>1,290</b>                                     | <b>2,652</b>                       | <b>3,942</b> |
| <i>of which: non-deferred cash</i>                                          | 3,481                                | 0                                  | 3,481                    | 0                                                | 0                                  | 0            |
| <i>of which: deferred share-based awards</i>                                | 104                                  | 62                                 | 166                      | 122                                              | 180                                | 302          |
| <i>of which: deferred cash-based awards</i>                                 | 185                                  | 215                                | 400                      | 588                                              | 636                                | 1,224        |
| <i>of which: compensation commitments with recruited financial advisors</i> | 29                                   | 432                                | 461                      | 580                                              | 1,836                              | 2,416        |
| <b>Variable compensation – other<sup>3</sup></b>                            | <b>169</b>                           | <b>71</b>                          | <b>241</b>               | <b>237</b>                                       | <b>193</b>                         | <b>430</b>   |
| <b>Total variable compensation</b>                                          | <b>6,608</b>                         | <b>1,346</b>                       | <b>7,954<sup>4</sup></b> | <b>2,131</b>                                     | <b>3,599</b>                       | <b>5,731</b> |

<sup>1</sup> Estimate as of 31 December 2022. Actual amounts expensed may vary; e.g. due to forfeiture of awards. <sup>2</sup> Financial advisor compensation consists of cash compensation, determined using a formulaic approach based on production, and deferred awards. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. <sup>3</sup> Consists of replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. <sup>4</sup> Includes USD 703m in expenses related to share-based compensation (performance awards: USD 480m; other variable compensation: USD 56m; financial advisor compensation: USD 166m). A further USD 88m in expenses related to share-based compensation was recognized within other expense categories included in Note 7 (salaries: USD 4m related to role-based allowances; social security: USD 61m; other personnel expenses: USD 23m related to the Equity Plus Plan). Total personnel expense related to share-based equity-settled compensation excluding social security was USD 716m.

### c) Outstanding share-based compensation awards

#### Share and performance share awards

Movements in outstanding share-based awards to employees during 2024 and 2023 are provided in the table below.

#### Movements in outstanding share-based compensation awards

|                                                        | Number of shares<br>2024 | Weighted average<br>grant date fair value<br>(USD) | Number of shares<br>2023 | Weighted average<br>grant date fair value<br>(USD) |
|--------------------------------------------------------|--------------------------|----------------------------------------------------|--------------------------|----------------------------------------------------|
| Outstanding, at the beginning of the year              | 198,908,588              | 17                                                 | 181,907,200              | 15                                                 |
| Share obligations assumed at merger date               | 0                        | 0                                                  | 14,535,612               | 20                                                 |
| Awarded during the year                                | 65,433,201               | 26                                                 | 63,907,823               | 20                                                 |
| Distributed during the year                            | (64,234,191)             | 17                                                 | (54,365,846)             | 14                                                 |
| Forfeited during the year                              | (6,385,261)              | 20                                                 | (7,076,202)              | 18                                                 |
| Outstanding, at the end of the year                    | 193,722,338              | 20                                                 | 198,908,588              | 17                                                 |
| <i>of which: shares vested for accounting purposes</i> | 109,644,250              |                                                    | 102,697,819              |                                                    |

The total carrying amount of the liability related to cash-settled share-based awards as of 31 December 2024 and 31 December 2023 was USD 54m and USD 64m, respectively.

### d) Valuation

#### UBS share awards

UBS measures compensation expense based on the average market price of UBS shares on the grant date as quoted on the SIX Swiss Exchange, taking into consideration post-vesting sale and hedge restrictions, non-vesting conditions and market conditions, where applicable. The fair value of the share awards subject to post-vesting sale and hedge restrictions is discounted on the basis of the duration of the post-vesting restriction and is referenced to the cost of purchasing an at-the-money European put option for the term of the transfer restriction. The grant date fair value of notional shares without dividend entitlements also includes a deduction for the present value of future expected dividends to be paid between the grant date and distribution.

## Note 28 Interests in subsidiaries and other entities

### a) Interests in subsidiaries

UBS defines its significant subsidiaries as those entities that, either individually or in aggregate, contribute significantly to the Group's financial position or results of operations, based on a number of criteria, including the subsidiaries' equity and contribution to the Group's total assets and profit or loss before tax, in accordance with the requirements set by IFRS 12, Swiss regulations and the rules of the US Securities and Exchange Commission (the SEC).

#### Individually significant subsidiaries

The two tables below list the Group's individually significant subsidiaries as of 31 December 2024. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares held entirely by the Group, and the proportion of ownership interest held is equal to the voting rights held by the Group.

The country where the respective registered office is located is also the principal place of business. UBS AG operates through a global branch network, and a significant proportion of its business activity is conducted outside Switzerland, including in the UK, the US, Singapore, the Hong Kong SAR and other countries. UBS Europe SE has branches and offices in a number of EU Member States, including Germany, France, Italy, Luxembourg and Spain. Share capital is provided in the currency of the legally registered office.

#### Individually significant subsidiaries of UBS Group AG as of 31 December 2024

| Company                                | Registered office             | Share capital in million | Equity interest accumulated in % |
|----------------------------------------|-------------------------------|--------------------------|----------------------------------|
| UBS AG                                 | Zurich and Basel, Switzerland | USD 385.8                | 100.0                            |
| UBS Business Solutions AG <sup>1</sup> | Zurich, Switzerland           | CHF 1.0                  | 100.0                            |

<sup>1</sup> UBS Business Solutions AG holds subsidiaries in China, India, Israel, Poland and Switzerland.

#### Individually significant subsidiaries of UBS AG as of 31 December 2024<sup>1</sup>

| Company                     | Registered office        | Primary business             | Share capital in million | Equity interest accumulated in % |
|-----------------------------|--------------------------|------------------------------|--------------------------|----------------------------------|
| Credit Suisse International | London, UK               | Non-core and Legacy          | USD 7,267.5              | 97.6 <sup>2</sup>                |
| UBS Americas Holding LLC    | Wilmington, Delaware, US | Group Items                  | USD 2,900.0 <sup>3</sup> | 100.0                            |
| UBS Americas Inc.           | Wilmington, Delaware, US | Group Items                  | USD 0.0                  | 100.0                            |
| UBS Asset Management AG     | Zurich, Switzerland      | Asset Management             | CHF 43.2                 | 100.0                            |
| UBS Bank USA                | Salt Lake City, Utah, US | Global Wealth Management     | USD 0.0                  | 100.0                            |
| UBS Europe SE               | Frankfurt, Germany       | Global Wealth Management     | EUR 446.0                | 100.0                            |
| UBS Financial Services Inc. | Wilmington, Delaware, US | Global Wealth Management     | USD 0.0                  | 100.0                            |
| UBS Securities LLC          | Wilmington, Delaware, US | Investment Bank              | USD 1,283.1 <sup>4</sup> | 100.0                            |
| UBS Switzerland AG          | Zurich, Switzerland      | Personal & Corporate Banking | CHF 10.0                 | 100.0                            |

<sup>1</sup> Includes direct and indirect subsidiaries of UBS AG. <sup>2</sup> UBS Group AG owns the remaining 2.4%. <sup>3</sup> Consists of common share capital of USD 1,000 and non-voting preferred share capital of USD 2.9bn. <sup>4</sup> Consists of common share capital of USD 100,000 and non-voting preferred share capital of USD 1.3bn.

#### Other subsidiaries

The table below lists other direct and indirect subsidiaries of UBS AG that are not individually significant but contribute to the Group's total assets and aggregated profit before tax thresholds and are thus disclosed in accordance with requirements set by the SEC.

#### Other subsidiaries of UBS AG as of 31 December 2024

| Company                                            | Registered office        | Primary business         | Share capital in million | Equity interest accumulated in % |
|----------------------------------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|
| Banco de Investimentos Credit Suisse (Brasil) S.A. | São Paulo, Brazil        | Investment Banking       | BRL 164.8                | 100.0                            |
| Credit Suisse (UK) Limited                         | London, UK               | Global Wealth Management | GBP 245.2                | 100.0                            |
| Credit Suisse (USA) LLC                            | Wilmington, Delaware, US | Non-core and Legacy      | USD 0.0                  | 100.0                            |
| Credit Suisse Securities (Europe) Limited          | London, UK               | Non-core and Legacy      | USD 9.6                  | 100.0                            |
| Credit Suisse Securities (USA) LLC                 | Wilmington, Delaware, US | Non-core and Legacy      | USD 0.0                  | 100.0                            |
| Credit Suisse Securities (Japan) Limited           | Tokyo, Japan             | Non-core and Legacy      | JPY 78,100.0             | 100.0                            |
| UBS Asset Management (Americas) LLC                | Wilmington, Delaware, US | Asset Management         | USD 0.0                  | 100.0                            |
| UBS Asset Management Life Ltd                      | London, UK               | Asset Management         | GBP 15.0                 | 100.0                            |
| UBS Business Solutions US LLC                      | Wilmington, Delaware, US | Group Items              | USD 0.0                  | 100.0                            |
| UBS Credit Corp.                                   | Wilmington, Delaware, US | Global Wealth Management | USD 0.0                  | 100.0                            |
| UBS Fund Management (Switzerland) AG               | Basel, Switzerland       | Asset Management         | CHF 1.0                  | 100.0                            |
| UBS (Monaco) S.A.                                  | Monte Carlo, Monaco      | Global Wealth Management | EUR 49.2                 | 100.0                            |
| UBS Securities Australia Ltd                       | Sydney, Australia        | Investment Bank          | AUD 0.3 <sup>1</sup>     | 100.0                            |
| UBS Securities Hong Kong Limited                   | Hong Kong SAR, China     | Investment Bank          | HKD 3,254.2              | 100.0                            |
| UBS Securities Japan Co., Ltd.                     | Tokyo, Japan             | Investment Bank          | JPY 44,908.7             | 100.0                            |
| UBS SuMi TRUST Wealth Management Co., Ltd.         | Tokyo, Japan             | Global Wealth Management | JPY 5,165.0              | 51.0                             |

<sup>1</sup> Includes a nominal amount relating to redeemable preference shares.



## Note 28 Interests in subsidiaries and other entities (continued)

### Consolidated structured entities

Consolidated structured entities (SEs) include certain investment funds, securitization vehicles and client investment vehicles. UBS has no individually significant subsidiaries that are SEs.

In 2024 and 2023, the Group did not enter into any contractual obligation that could require the Group to provide financial support to consolidated SEs. In addition, the Group did not provide support, financial or otherwise, to a consolidated SE when the Group was not contractually obligated to do so, nor does the Group currently have any intention to do so in the future. Furthermore, the Group did not provide support, financial or otherwise, to a previously unconsolidated SE that resulted in the Group controlling the SE during the reporting period.

### b) Interests in associates and joint ventures

As of 31 December 2024 and 31 December 2023, no associate or joint venture was individually material to the Group. Also, there were no significant restrictions on the ability of associates or joint ventures to transfer funds to UBS Group AG or its subsidiaries as cash dividends or to repay loans or advances made. There were no quoted market prices for any associates or joint ventures of the Group.

#### Investments in associates and joint ventures

| USD m                                                            | 2024         | 2023         |
|------------------------------------------------------------------|--------------|--------------|
| Carrying amount at the beginning of the year                     | 2,373        | 1,101        |
| Additions                                                        | 0            | 1            |
| Acquisition of the Credit Suisse Group <sup>1</sup>              | 0            | 1,569        |
| Disposals                                                        | (8)          | 0            |
| Reclassifications                                                | 0            | (33)         |
| Share of comprehensive income                                    | 145          | (365)        |
| <i>of which: share of net profit / (loss)<sup>2</sup></i>        | 144          | (348)        |
| <i>of which: share of other comprehensive income<sup>3</sup></i> | 0            | (17)         |
| Share of changes in retained earnings                            | (3)          | (1)          |
| Dividends received                                               | (51)         | (90)         |
| Foreign currency translation                                     | (149)        | 192          |
| <b>Carrying amount at the end of the year</b>                    | <b>2,306</b> | <b>2,373</b> |
| <i>of which: associates</i>                                      | <i>2,057</i> | <i>2,164</i> |
| <i>of which: SIX Group AG, Zurich</i>                            | <i>1,484</i> | <i>1,646</i> |
| <i>of which: other associates</i>                                | <i>573</i>   | <i>519</i>   |
| <i>of which: joint ventures<sup>4</sup></i>                      | <i>249</i>   | <i>209</i>   |

<sup>1</sup> Refer to Note 2 for more information about the acquisition of the Credit Suisse Group. <sup>2</sup> For 2024, consists of USD 91m from associates and USD 54m from joint ventures (for 2023, consists of negative USD 383m from associates, partly offset by USD 34m from joint ventures). <sup>3</sup> For 2023, consists of negative USD 17m from associates. <sup>4</sup> In October 2024, UBS entered into an agreement to sell its 50% interest in Swisscard AECS GmbH. Refer to Note 29 for more information.

### c) Unconsolidated structured entities

UBS is considered to sponsor another entity if, in addition to ongoing involvement with that entity, it had a key role in establishing that entity or in bringing together relevant counterparties for a transaction facilitated by that entity. During 2024, the Group sponsored the creation of various SEs and interacted with a number of non-sponsored SEs, including securitization vehicles, client vehicles and certain investment funds, that UBS did not consolidate as of 31 December 2024 because it did not control them.

#### Interests in unconsolidated structured entities

The table below presents the Group's interests in and maximum exposure to loss from unconsolidated SEs, as well as the total assets held by the SEs in which UBS had an interest as of year-end, except for investment funds and other vehicles sponsored by third parties, for which the carrying amount of UBS's interest as of year-end has been disclosed.

#### Sponsored unconsolidated structured entities in which UBS did not have an interest at year-end

During 2024 and 2023, the Group did not earn material income from sponsored unconsolidated SEs in which UBS did not have an interest at year-end.

During 2024 and 2023, UBS and third parties did not transfer any assets into sponsored securitization vehicles created in those years. UBS and third parties transferred assets, alongside deposits and debt issuances (which are assets from the perspective of the vehicle), of USD 2.5bn and USD 3.0bn, respectively, into sponsored client vehicles created in 2024 (2023: USD 0.5bn and USD 0.5bn, respectively). For sponsored investment funds, several new open ended and close ended funds were created during the year with further transfers arising from management of the strategy and investor activity, which, when combined with market movements, resulted in a net asset value movement of USD 1bn in 2024 (2023: USD 3bn).

## Note 28 Interests in subsidiaries and other entities (continued)

### Interests in unconsolidated structured entities

|                                                                                                    | 31.12.24                             |                                               |                        |                                                        |               |                                       |
|----------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------|------------------------|--------------------------------------------------------|---------------|---------------------------------------|
| <i>USD m, except where indicated</i>                                                               | Securitization vehicles <sup>1</sup> | Client vehicles sponsored by UBS <sup>2</sup> | Investment funds       | Other vehicles sponsored by third parties <sup>3</sup> | Total         | Maximum exposure to loss <sup>4</sup> |
| Financial assets at fair value held for trading                                                    | 94                                   | 143                                           | 6,482                  | 235                                                    | 6,953         | 6,953                                 |
| Derivative financial instruments                                                                   | 2                                    | 110                                           | 83                     | 0                                                      | 195           | 195                                   |
| Loans and advances to customers                                                                    | 0                                    | 138                                           | 286                    | 23                                                     | 446           | 446                                   |
| Financial assets at fair value not held for trading                                                | 1,275                                | 0                                             | 721                    | 236                                                    | 2,232         | 2,232                                 |
| Financial assets measured at fair value through other comprehensive income                         | 0                                    | 0                                             | 0                      | 0                                                      | 0             | 0                                     |
| Other financial assets measured at amortized cost                                                  | 1,023                                | 0                                             | 0                      | 0                                                      | 1,024         | 1,024                                 |
| <b>Total assets</b>                                                                                | <b>2,394</b>                         | <b>392</b>                                    | <b>7,571</b>           | <b>494</b>                                             | <b>10,851</b> | <b>10,851</b>                         |
| Derivative financial instruments                                                                   | 1                                    | 50                                            | 716                    | 0                                                      | 767           | 2                                     |
| <b>Total liabilities</b>                                                                           | <b>1</b>                             | <b>50</b>                                     | <b>716</b>             | <b>0</b>                                               | <b>767</b>    | <b>2</b>                              |
| <b>Assets held by the unconsolidated structured entities in which UBS had an interest (USD bn)</b> | <b>63<sup>5</sup></b>                | <b>3<sup>6</sup></b>                          | <b>195<sup>7</sup></b> | <b>0<sup>8</sup></b>                                   |               |                                       |

|                                                                                                    | 31.12.23                             |                                               |                        |                                                        |               |                                       |
|----------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------|------------------------|--------------------------------------------------------|---------------|---------------------------------------|
| <i>USD m, except where indicated</i>                                                               | Securitization vehicles <sup>1</sup> | Client vehicles sponsored by UBS <sup>2</sup> | Investment funds       | Other vehicles sponsored by third parties <sup>3</sup> | Total         | Maximum exposure to loss <sup>4</sup> |
| Financial assets at fair value held for trading                                                    | 2,086                                | 58                                            | 9,653                  | 325                                                    | 12,122        | 12,122                                |
| Derivative financial instruments                                                                   | 2                                    | 174                                           | 68                     | 0                                                      | 244           | 244                                   |
| Loans and advances to customers                                                                    | 0                                    | 0                                             | 312                    | 246                                                    | 558           | 558                                   |
| Financial assets at fair value not held for trading                                                | 1,645                                | 0                                             | 497                    | 579                                                    | 2,720         | 2,720                                 |
| Financial assets measured at fair value through other comprehensive income                         | 0                                    | 0                                             | 0                      | 0                                                      | 0             | 0                                     |
| Other financial assets measured at amortized cost                                                  | 202                                  | 0                                             | 1                      | 0                                                      | 203           | 453                                   |
| <b>Total assets</b>                                                                                | <b>3,935</b>                         | <b>232</b>                                    | <b>10,531</b>          | <b>1,151</b>                                           | <b>15,848</b> | <b>16,098</b>                         |
| Derivative financial instruments                                                                   | 7                                    | 27                                            | 590                    | 0                                                      | 623           | 98                                    |
| <b>Total liabilities</b>                                                                           | <b>7</b>                             | <b>27</b>                                     | <b>590</b>             | <b>0</b>                                               | <b>623</b>    | <b>98</b>                             |
| <b>Assets held by the unconsolidated structured entities in which UBS had an interest (USD bn)</b> | <b>70<sup>5</sup></b>                | <b>3<sup>6</sup></b>                          | <b>276<sup>7</sup></b> | <b>1<sup>8</sup></b>                                   |               |                                       |

1 Includes loans with a high LTV and credit-impaired loans to pre-securitization warehouse structured entities managed by third parties, as well as securities issued by securitization structured entities sponsored by both UBS and third parties. 2 Client vehicles sponsored by UBS are structured entities that do not qualify as a securitization in line with regulatory requirements and are not considered an investment fund. 3 Other vehicles sponsored by third parties are structured entities that do not qualify as a securitization in line with regulatory requirements and are not considered an investment fund. Interests in other vehicles sponsored by third parties included loans with a high LTV and credit-impaired loans provided to third-party structured entities. 4 For the purpose of this disclosure, maximum exposure to loss amounts do not consider the risk-reducing effects of collateral or other credit enhancements. 5 Represents the principal amount outstanding. 6 Represents the market value of total assets. 7 Represents the net asset value of the investment funds sponsored by UBS and the carrying amount of UBS's interests in the investment funds not sponsored by UBS. 8 Represents the carrying amount of UBS's interest in other vehicles sponsored by third parties.

The Group retains or purchases interests in unconsolidated SEs in the form of direct investments, financing, guarantees, letters of credit and derivatives, as well as through management contracts. The Group's maximum exposure to loss is generally equal to the carrying amount of the Group's interest in the given SE, with this subject to change over time with market movements. Guarantees, letters of credit and credit derivatives are an exception, with the given contract's notional amount, adjusted for losses already incurred, representing the maximum loss that the Group is exposed to.

The maximum exposure to loss disclosed in the table above does not reflect the Group's risk management activities, including effects from financial instruments that may be used to economically hedge risks inherent in the given unconsolidated SE or risk-reducing effects of collateral or other credit enhancements.

In 2024 and 2023, the Group did not provide support, financial or otherwise, to any unconsolidated SE when not contractually obligated to do so, nor does the Group currently have any intention to do so in the future.

In 2024 and 2023, income and expenses from interests in unconsolidated SEs primarily resulted from mark-to-market movements recognized in *Other net income from financial instruments measured at fair value through profit or loss*, which were generally hedged with other financial instruments, as well as fee and commission income received from UBS-sponsored funds.

### Interests in securitization vehicles

As of 31 December 2024 and 31 December 2023, the Group held interests, both retained and acquired, in various securitization vehicles that relate to financing, underwriting, secondary market and derivative trading activities. In addition to the interests disclosed in the table above, the Group manages the assets of certain securitization vehicles and receives fees based, in whole or in part, on the asset value of the vehicles. Interest in such vehicles is not represented by the on-balance sheet fee receivable but rather by the future exposure to variable fees. The net asset value of such vehicles was USD 24bn as of 31 December 2024 (31 December 2023: USD 26bn) and has been excluded from the table above.

## Note 28 Interests in subsidiaries and other entities (continued)

The numbers outlined in the table above may differ from the securitization positions presented in the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for the following reasons: (i) exclusion of synthetic securitizations transacted with entities that are not SEs and transactions in which the Group did not have an interest because it did not absorb any risk; (ii) a different measurement basis in certain cases (e.g. IFRS Accounting Standards carrying amount within the table above compared with net exposure amount at default for Pillar 3 disclosures); and (iii) different classification of vehicles viewed as sponsored by the Group versus sponsored by third parties.

› Refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information

### Interests in client vehicles sponsored by UBS

UBS-sponsored client vehicles are established predominantly for clients to gain exposure to specific assets or risk exposures. Such vehicles may enter into derivative agreements, with UBS or a third party, to align the cash flows of the entity with the investor's intended investment objective, or to introduce other desired risk exposures.

As of 31 December 2024 and 31 December 2023, the Group retained interests in client vehicles sponsored by UBS that relate to financing, secondary market and derivative trading activities, and to hedge structured product offerings.

### Interests in investment funds

Investment funds have a collective investment objective, and are either passively managed, so that any decision-making does not have a substantive effect on variability, or are actively managed and investors or their governing bodies do not have substantive voting or similar rights.

The Group holds interests in a number of investment funds, primarily resulting from seed investments or in order to hedge structured product offerings. In addition to the interests disclosed in the table above, the Group manages the assets of various pooled investment funds and receives fees based, in whole or in part, on the net asset value of the fund and / or the performance of the fund. The specific fee structure is determined based on various market factors and considers the fund's nature and the jurisdiction of incorporation, as well as fee schedules negotiated with clients. These fee contracts represent an interest in the fund, as they align the Group's exposure with investors, providing a variable return based on the performance of the entity. Depending on the structure of the fund, these fees may be collected directly from the fund's assets and / or from the investors. Any amounts due are collected on a regular basis and are generally backed by the fund's assets. Therefore, interest in such funds is not represented by the on-balance sheet fee receivable but rather by the future exposure to variable fees. The net asset value of such funds was USD 532bn and USD 511bn as of 31 December 2024 and 31 December 2023, respectively, and has been excluded from the table above. The Group did not have any material exposure to loss from these interests as of 31 December 2024 or as of 31 December 2023.

### Interests in other vehicles sponsored by third parties

Interests in other vehicles sponsored by third parties include loans with a high LTV and credit-impaired loans provided to third-party structured entities.

## Note 29 Changes in organization and acquisitions and disposals of subsidiaries and businesses

### Acquisitions of subsidiaries and businesses

#### Acquisition of Credit Suisse Group

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

› Refer to the "Integration of Credit Suisse" section of this report and Note 2 for more information

### Disposals of subsidiaries and businesses

#### Agreement to sell Select Portfolio Servicing

On 13 August 2024, UBS entered into an agreement to sell Select Portfolio Servicing, the US mortgage servicing business of Credit Suisse, which is managed in Non-core and Legacy. Completion of the transaction is subject to regulatory approvals and other customary closing conditions. As of 31 December 2024, the associated assets and liabilities were presented as *Assets of disposal groups held for sale* and *Liabilities of disposal groups held for sale*, respectively, and amounted to USD 1,705m and USD 1,199m, respectively. UBS does not expect to recognize a material profit or loss upon completion of the transaction.

## Note 29 Changes in organization and acquisitions and disposals of subsidiaries and businesses (continued)

### Agreement to sell Swisscard AECS GmbH

In October 2024, UBS entered into an agreement to sell to American Express Swiss Holdings GmbH (American Express) its 50% interest in Swisscard AECS GmbH (Swisscard), a joint venture in Switzerland between UBS and American Express, subject to certain closing conditions. Also in October 2024, UBS entered into an agreement with Swisscard to transition the Credit Suisse-branded card portfolios to UBS. In January 2025, UBS completed the purchase of the card portfolios, with the actual client migration expected to take place over the following quarters. The two transactions will result in similar profit and loss effects over the course of 2025 and, therefore, on a net basis are not expected to have a material impact for UBS. In the fourth quarter of 2024, UBS recorded an expense of USD 41m in connection with the termination of the Swisscard joint venture.

### Changes in organization

#### Legal structure integration

On 31 May 2024, the merger of UBS AG and Credit Suisse AG was completed. UBS AG succeeded to all rights and obligations of Credit Suisse AG, including all outstanding Credit Suisse AG debt instruments.

On 7 June 2024, the transition to a single US intermediate holding company was completed.

On 1 July 2024, the merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG was completed. UBS Switzerland AG succeeded to all rights and obligations of Credit Suisse (Schweiz) AG.

› Refer to the “Integration of Credit Suisse” section of this report for more information

## Note 30 Related parties

Related parties of the Group are:

- associates (entities that are under the significant influence of the Group);
- joint ventures (entities in which UBS shares control with another party);
- post-employment benefit plans for the benefit of UBS employees;
- key management personnel and close family members of key management personnel; and
- entities over which key management personnel or their close family members have solely or jointly a direct or indirect significant influence.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Board of Directors (the BoD) and the Group Executive Board (the GEB) to constitute key management personnel.

### a) Remuneration of key management personnel

The Vice Chairman of the BoD has a specific management employment contract and receives pension benefits upon retirement. Total remuneration of the Chairman and the Vice Chairman of the BoD and all GEB members is included in the table below.

#### Remuneration of key management personnel

| USD m, except where indicated                        | 31.12.24   | 31.12.23   | 31.12.22   |
|------------------------------------------------------|------------|------------|------------|
| Base salaries and other cash payments <sup>1</sup>   | 33         | 35         | 27         |
| Incentive awards – cash <sup>2</sup>                 | 30         | 24         | 17         |
| Annual incentive award under DCCP                    | 39         | 36         | 25         |
| Employer's contributions to retirement benefit plans | 3          | 3          | 2          |
| Benefits in kind, fringe benefits (at market value)  | 2          | 1          | 1          |
| Share-based compensation <sup>3</sup>                | 65         | 63         | 45         |
| <b>Total</b>                                         | <b>172</b> | <b>162</b> | <b>118</b> |
| <b>Total (CHF m)<sup>4</sup></b>                     | <b>151</b> | <b>147</b> | <b>114</b> |

<sup>1</sup> For 2023 and 2022, may include role-based allowances in line with market practice and regulatory requirements. For 2024, role-based allowances for GEB members were eliminated. <sup>2</sup> The cash portion may also include blocked shares in line with regulatory requirements. <sup>3</sup> Compensation expense is based on the share price on grant date taking into account performance conditions. Refer to Note 27 for more information. For GEB members, share-based compensation for 2024, 2023 and 2022 was entirely composed of LTIP awards. For the Chairman and the Vice Chairman of the BoD, the share-based compensation for 2024, 2023 and 2022 was entirely composed of UBS shares. <sup>4</sup> Swiss franc amounts disclosed represent the respective US dollar amounts translated at the applicable performance award currency exchange rates (2024: USD / CHF 0.88; 2023: USD / CHF 0.91; 2022: USD / CHF 0.96).

The independent members of the BoD, including the Chairman, do not have employment or service contracts with UBS, and thus are not entitled to benefits upon termination of their service on the BoD. Payments to these individuals for their services as independent members of the BoD amounted to USD 13.1m (CHF 11.5m) in 2024, USD 11.7m (CHF 10.6m) in 2023 and USD 11.1m (CHF 10.7m) in 2022.

## Note 30 Related parties (continued)

### b) Equity holdings of key management personnel

| Equity holdings of key management personnel <sup>1</sup>                                                      |           |           |
|---------------------------------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                                               | 31.12.24  | 31.12.23  |
| Number of UBS Group AG shares held by members of the BoD, GEB and parties closely linked to them <sup>2</sup> | 5,593,474 | 5,121,564 |

<sup>1</sup> No options were held in 2024 and 2023 by non-independent members of the BoD or any GEB member or any of their related parties. <sup>2</sup> Excludes shares granted under variable compensation plans with forfeiture provisions.

Of the share totals above, no shares were held by close family members of key management personnel on 31 December 2024 and 31 December 2023. No shares were held by entities that are directly or indirectly controlled or jointly controlled by key management personnel or their close family members on 31 December 2024 and 31 December 2023. As of 31 December 2024, no member of the BoD or GEB was the beneficial owner of more than 1% of the shares in UBS Group AG.

### c) Loans, advances, mortgages and deposit balances with key management personnel

The non-independent members of the BoD and GEB members are granted loans, fixed advances and mortgages in the ordinary course of business on substantially the same terms and conditions that are available to other employees, including interest rates and collateral, and neither involve more than the normal risk of collectability nor contain any other unfavorable features for the firm. Independent BoD members are granted loans and mortgages in the ordinary course of business at general market conditions.

Outstanding balances with key management personnel were as follows.

| Loans, advances and mortgages to key management personnel <sup>1</sup> |      |      |
|------------------------------------------------------------------------|------|------|
| USD m, except where indicated                                          | 2024 | 2023 |
| Balance at the beginning of the year                                   | 61   | 33   |
| Balance at the end of the year                                         | 51   | 61   |
| Balance at the end of the year (CHF m) <sup>2</sup>                    | 46   | 52   |

<sup>1</sup> All loans are secured loans. <sup>2</sup> Swiss franc amounts disclosed represent the respective US dollar amounts translated at the relevant year-end closing exchange rate.

In addition, outstanding deposit balances with key management personnel amounted to USD 139m (CHF 126m) as of 31 December 2024 and USD 24m (CHF 21m) as of 31 December 2023.

### d) Other related-party transactions with entities controlled by key management personnel

In 2024 and 2023, UBS did not enter into transactions with entities over whom UBS's key management personnel or their close family members have solely or jointly a direct or indirect significant influence, and as of 31 December 2024, 31 December 2023 and 31 December 2022 there were no outstanding balances related to such transactions. Furthermore, in 2024 and 2023, such entities did not sell any goods or provide any services to UBS and therefore did not receive any fees from UBS. UBS also did not provide services to such entities in 2024 and 2023 and therefore also received no fees.

### e) Transactions with associates and joint ventures

| Loans to and outstanding receivables from associates and joint ventures |       |       |
|-------------------------------------------------------------------------|-------|-------|
| USD m                                                                   | 2024  | 2023  |
| Carrying amount at the beginning of the year                            | 271   | 217   |
| Additions                                                               | 866   | 824   |
| Reductions                                                              | (440) | (796) |
| Foreign currency translation                                            | (34)  | 26    |
| Carrying amount at the end of the year                                  | 663   | 271   |
| of which: unsecured loans and receivables                               | 656   | 263   |

#### Other transactions with associates and joint ventures

|                                                                           | As of or for the year ended |          |
|---------------------------------------------------------------------------|-----------------------------|----------|
| USD m                                                                     | 31.12.24                    | 31.12.23 |
| Payments to associates and joint ventures for goods and services received | 228                         | 190      |
| Fees received for services provided to associates and joint ventures      | 39                          | 24       |
| Liabilities to associates and joint ventures                              | 312                         | 106      |

In addition to the items in the table above, transactions with associates and joint ventures also include off-balance sheet exposures of USD 1.1bn, which are provided on an arm's length basis.

› Refer to Note 28 for an overview of investments in associates and joint ventures

## Note 31 Invested assets and net new money

The following disclosures provide a breakdown of UBS's invested assets and a presentation of their development, including net new money, as required by the Swiss Financial Market Supervisory Authority (FINMA).

### Invested assets

Invested assets consist of all client assets managed by or deposited with UBS for investment purposes. Invested assets include 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. All assets held for purely transactional purposes and custody-only assets, including corporate client assets held for cash management and transactional purposes, are excluded from invested assets, as the Group only administers the assets and does not offer advice on how they should be invested. Also excluded are non-bankable assets (e.g. art collections) and deposits from third-party banks for funding or trading purposes.

Discretionary assets are defined as client assets that UBS decides how to invest. Other invested assets are those where the client ultimately decides how the assets are invested. When a single product is created in one business division and sold in another, it is counted in both the business division managing the investment and the one distributing it. This results in double counting within UBS's total invested assets and net new money, as both business divisions are independently providing a service to their respective clients, and both add value and generate revenue.

### Net new money

Net new money in a reporting period is the amount of invested assets entrusted to UBS by new and existing clients, less those withdrawn by existing clients and clients who terminated relationships with UBS.

Net new money is calculated using the direct method, under which inflows and outflows to / from invested assets are determined at the client level, based on transactions. Interest and dividend income from invested assets are not counted as net new money inflows. Market and currency movements, as well as fees, commissions and interest on loans charged, are excluded from net new money, as are effects resulting from any acquisition or divestment of a UBS subsidiary or business. Reclassifications between invested assets and custody-only assets as a result of a change in service level delivered are generally treated as net new money flows. However, where the change in service level directly results from an externally imposed regulation or a strategic decision by UBS to exit a market or specific service offering, the one-time net effect is reported as *Other effects*.

The Investment Bank does not track invested assets and net new money. However, when a client is transferred from the Investment Bank to another business division, this may produce net new money even though the client's assets were already with UBS.

#### Invested assets and net new money

|                                          | As of or for the year ended |              |
|------------------------------------------|-----------------------------|--------------|
| USD bn                                   | 31.12.24                    | 31.12.23     |
| Fund assets managed by UBS               | 639                         | 624          |
| Discretionary assets                     | 2,213                       | 1,996        |
| Other invested assets                    | 3,235                       | 3,094        |
| <b>Total invested assets<sup>1</sup></b> | <b>6,087</b>                | <b>5,714</b> |
| <i>of which: double counts</i>           | <i>503</i>                  | <i>461</i>   |
| <b>Net new money<sup>1,2</sup></b>       | <b>52</b>                   | <b>80</b>    |

<sup>1</sup> Includes the share of net new money and invested assets relating to associates in the Asset Management business division. <sup>2</sup> Includes double counts.

#### Development of invested assets

| USD bn                                                            | 2024         | 2023         |
|-------------------------------------------------------------------|--------------|--------------|
| Total invested assets at the beginning of the year <sup>1,2</sup> | 5,714        | 3,981        |
| Net new money                                                     | 52           | 80           |
| Market movements <sup>3</sup>                                     | 542          | 428          |
| Foreign currency translation                                      | (155)        | 91           |
| Other effects                                                     | (67)         | 1,134        |
| <i>of which: acquisitions / (divestments)</i>                     | <i>(6)</i>   | <i>1,180</i> |
| <i>of which: the acquisition of the Credit Suisse Group</i>       |              | <i>1,205</i> |
| <b>Total invested assets at the end of the year<sup>1,2</sup></b> | <b>6,087</b> | <b>5,714</b> |

<sup>1</sup> Includes the share of net new money and invested assets relating to associates in the Asset Management business division. <sup>2</sup> Includes double counts. <sup>3</sup> Includes interest and dividend income.



## Note 32 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 <sup>1</sup> |          |          |
|---------|-----------------------|----------|---------------------------|----------|----------|
|         | As of                 |          | For the year ended        |          |          |
|         | 31.12.24              | 31.12.23 | 31.12.24                  | 31.12.23 | 31.12.22 |
| 1 CHF   | 1.10                  | 1.19     | 1.13                      | 1.12     | 1.05     |
| 1 EUR   | 1.04                  | 1.10     | 1.08                      | 1.08     | 1.05     |
| 1 GBP   | 1.25                  | 1.28     | 1.28                      | 1.25     | 1.23     |
| 100 JPY | 0.63                  | 0.71     | 0.66                      | 0.70     | 0.76     |

<sup>1</sup> 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 year represent an average of twelve 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 33 Main differences between IFRS Accounting Standards and Swiss GAAP

The consolidated financial statements of UBS Group AG are prepared in accordance with IFRS Accounting Standards. The Swiss Financial Market Supervisory Authority (FINMA) requires financial groups presenting financial statements under IFRS Accounting Standards to provide a narrative explanation of the main differences between IFRS Accounting Standards and Swiss generally accepted accounting principles (GAAP) (the FINMA Accounting Ordinance, FINMA Circular 2020/1 "Accounting – banks" and the Banking Ordinance (the BO)). Included in this Note are the significant differences in the recognition and measurement between IFRS Accounting Standards and the provisions of the BO and the guidelines of FINMA governing true and fair view financial statement reporting pursuant to Art. 25 to Art. 42 of the BO.

### 1. Consolidation

Under IFRS Accounting Standards, all entities that are controlled by the holding entity are consolidated. Under Swiss GAAP, controlled entities deemed immaterial to a group or those held only temporarily are exempt from consolidation, but instead are recorded as participations accounted for under the equity method of accounting or as financial investments measured at the lower of cost or market value.

### 2. Classification and measurement of financial assets

Under IFRS Accounting Standards, debt instruments are measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), depending on the nature of the business model within which the particular asset is held and the characteristics of the contractual cash flows of the asset. Equity instruments are accounted for at FVTPL by UBS. Under Swiss GAAP, trading assets and derivatives are measured at FVTPL, in line with IFRS Accounting Standards. However, non-trading debt instruments are generally measured at amortized cost, even when the assets are managed on a fair value basis. In addition, the measurement of financial assets in the form of securities depends on the nature of the asset: debt instruments not held to maturity, i.e. instruments available for sale, and equity instruments with no permanent holding intent, are classified as *Financial investments* and measured at the lower of (amortized) cost or market value. Market value adjustments up to the original cost amount and realized gains or losses upon disposal of the investment are recorded in the income statement as *Other income from ordinary activities*. Equity instruments with a permanent holding intent are classified as participations in *Non-consolidated investments in subsidiaries and other participations* and are measured at cost less impairment. Impairment losses are recorded in the income statement as *Impairment of investments in non-consolidated subsidiaries and other participations*. Reversals of impairments up to the original cost amount and realized gains or losses upon disposal of the investment are recorded as *Extraordinary income / Extraordinary expenses*.

### 3. Fair value option applied to financial liabilities

Under IFRS Accounting Standards, UBS applies the fair value option to certain financial liabilities not held for trading. Instruments for which the fair value option is applied are accounted for at FVTPL. The amount of change in the fair value attributable to changes in UBS's own credit is presented in *Other comprehensive income* directly within *Retained earnings*. The fair value option is applied primarily to issued structured debt instruments, certain non-structured debt instruments, certain payables under repurchase agreements and cash collateral on securities lending agreements, amounts due under unit-linked investment contracts, and brokerage payables.

Under Swiss GAAP, the fair value option can only be applied to structured debt instruments consisting of a debt host contract and one or more embedded derivatives that do not relate to own equity. Furthermore, unrealized changes in fair value attributable to changes in UBS's own credit are not recognized, whereas realized own credit is recognized in *Net trading income*.

#### 4. Allowances and provisions for credit losses

Swiss GAAP permit use of IFRS Accounting Standards for accounting for allowances and provisions for credit losses based on an expected credit loss (ECL) model. UBS has chosen to apply the IFRS 9 ECL approach to those exposures that are in the ECL scope of both frameworks, IFRS Accounting Standards and Swiss GAAP.

For the small residual exposures within the scope of Swiss GAAP ECL requirements, which are not subject to ECL under IFRS Accounting Standards due to classification differences, UBS applies alternative approaches.

- For exposures for which Pillar 1 internal ratings-based models are applied to measure credit risk, ECL is determined by the regulatory expected loss (EL), with an add-on for scaling up to the residual maturity of exposures maturing beyond the next 12 months, as appropriate. For detailed information on regulatory EL, refer to the “Risk management and control” section of this report.
- For exposures for which the Pillar 1 standardized approach is used to measure credit risk, ECL is determined using a portfolio approach that derives a conservative probability of default (PD) and a conservative loss given default (LGD) for the entire portfolio.

#### 5. Hedge accounting

Under IFRS Accounting Standards, when cash flow hedge accounting is applied, the fair value gain or loss on the effective portion of a derivative designated as a cash flow hedge is recognized initially in equity and reclassified to the income statement when certain conditions are met. When fair value hedge accounting is applied, the fair value change of the hedged item attributable to the hedged risk is reflected in the measurement of the hedged item and is recognized in the income statement along with the change in the fair value of the hedging derivative. Under Swiss GAAP, the effective portion of the fair value change of a derivative instrument designated as a cash flow or as a fair value hedge is deferred on the balance sheet as *Other assets* or *Other liabilities*. The carrying amount of the hedged item designated in fair value hedges is not adjusted for fair value changes attributable to the hedged risk.

#### 6. Business combinations, goodwill and intangible assets

Under IFRS Accounting Standards, business combinations are accounted for using the acquisition method, as prescribed by IFRS 3, *Business Combinations*. Goodwill and intangible assets with indefinite useful lives acquired in a business combination are not amortized but tested annually for impairment. Negative goodwill is recognized in the income statement.

Under Swiss GAAP, assets and liabilities acquired in a business combination are generally recorded at market value. Goodwill and intangible assets with indefinite useful lives are amortized over a period not exceeding five years, unless a longer useful life, which may not exceed ten years, can be justified. In addition, these assets are tested annually for impairment. If acquisition-date amounts of the net assets acquired exceed the market value of the consideration transferred, incremental provisions are recognized for expected cash outflows related to taking over control of the business, e.g. for expected restructuring. Any remaining negative goodwill is recognized in the income statement.

#### 7. Post-employment benefit plans

Swiss GAAP permit the use of IFRS Accounting Standards or Swiss accounting standards for post-employment benefit plans, with the election made on a plan-by-plan basis.

UBS has elected to apply IAS 19 for the non-Swiss defined benefit plans in the UBS AG standalone financial statements and Swiss GAAP (FER 16) for the Swiss pension plan in the UBS AG and the UBS Switzerland AG standalone financial statements. The requirements of Swiss GAAP are better aligned with the specific nature of Swiss pension plans, which are hybrid in that they combine elements of defined contribution and defined benefit plans, but are treated as defined benefit plans under IFRS Accounting Standards. Key differences between Swiss GAAP and IFRS Accounting Standards include the treatment of dynamic elements, such as future salary increases and future interest credits on retirement savings, which are not considered under the static method used in accordance with Swiss GAAP. Also, the discount rate used to determine the defined benefit obligation in accordance with IFRS Accounting Standards is based on the yield of high-quality corporate bonds of the market in the respective pension plan country. The discount rate used in accordance with Swiss GAAP (i.e. the technical interest rate) is determined by the Pension Foundation Board based on the expected returns of the Board's investment strategy.

For defined benefit plans, IFRS Accounting Standards require the full defined benefit obligation net of the plan assets to be recorded on the balance sheet subject to the asset ceiling rules, with changes resulting from remeasurements recognized directly in equity. However, for non-Swiss defined benefit plans for which IFRS Accounting Standards are elected, changes due to remeasurements are recognized in the income statement of UBS AG standalone under Swiss GAAP.

## Note 33 Main differences between IFRS Accounting Standards and Swiss GAAP (continued)

Swiss GAAP require employer contributions to the pension fund to be recognized as personnel expenses in the income statement. Swiss GAAP also require an assessment of whether, based on the pension fund's financial statements prepared in accordance with Swiss accounting standards (FER 26), an economic benefit to, or obligation of, the employer arises from the pension fund that is recognized in the balance sheet when conditions are met. Conditions for recording a pension asset or liability would be met if, for example, an employer contribution reserve is available or the employer is required to contribute to the reduction of a pension deficit (on an FER 26 basis).

### 8. Leasing

Under IFRS Accounting Standards, a single lease accounting model applies that requires UBS to record a right-of-use (RoU) asset and a corresponding lease liability on the balance sheet when UBS is a lessee in a lease arrangement. The RoU asset and the lease liability are recognized when UBS acquires control of the physical use of the asset. The lease liability is measured based on the present value of the lease payments over the lease term, discounted using UBS's unsecured borrowing rate. The RoU asset is recorded at an amount equal to the lease liability but is adjusted for rent prepayments, initial direct costs, any costs to refurbish the leased asset and / or lease incentives received. The RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset.

Under Swiss GAAP, leases that transfer substantially all the risks and rewards, but not necessarily legal title in the underlying assets, are classified as finance leases. All other leases are classified as operating leases. Whereas finance leases are recognized on the balance sheet and measured in line with IFRS Accounting Standards, operating leases are not recognized on the balance sheet, with payments recognized as *General and administrative expenses* on a straight-line basis over the lease term, which commences with control of the physical use of the asset. Lease incentives are treated as a reduction of rental expense and recognized on a consistent basis over the lease term.

### 9. Netting of derivative assets and liabilities

Under IFRS Accounting Standards, derivative assets, derivative liabilities and related cash collateral not settled to market are reported on a gross basis unless the restrictive netting requirements under IFRS Accounting Standards are met: (i) existence of master netting agreements and related collateral arrangements that are unconditional and legally enforceable, in both the normal course of business and the event of default, bankruptcy or insolvency of UBS and its counterparties; and (ii) UBS's intention to either settle on a net basis or to realize the asset and settle the liability simultaneously. Under Swiss GAAP, derivative assets, derivative liabilities and related cash collateral not settled to market are generally reported on a net basis, provided the master netting and the related collateral agreements are legally enforceable in the event of default, bankruptcy or insolvency of UBS's counterparties.

### 10. Negative interest

Under IFRS Accounting Standards, negative interest income arising on a financial asset does not meet the definition of interest income and, therefore, negative interest on financial assets and negative interest on financial liabilities are presented within interest expense and interest income, respectively. Under Swiss GAAP, negative interest on financial assets is presented within interest income and negative interest on financial liabilities is presented within interest expense.

### 11. Extraordinary income and expense

Certain non-recurring and non-operating income and expense items, such as negative goodwill, realized gains or losses from the disposal of participations, fixed and intangible assets, and reversals of impairments of participations and fixed assets, are classified as extraordinary items under Swiss GAAP. This distinction is not available under IFRS Accounting Standards. ▲

# Significant regulated subsidiary and sub-group information

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

|                                                                                      | UBS AG<br>(consolidated)                     |           | UBS AG<br>(standalone)                          |          | UBS Switzerland AG<br>(standalone)              |          | UBS Europe SE<br>(consolidated)                     |                       | UBS Americas<br>Holding LLC<br>(consolidated) |                       |
|--------------------------------------------------------------------------------------|----------------------------------------------|-----------|-------------------------------------------------|----------|-------------------------------------------------|----------|-----------------------------------------------------|-----------------------|-----------------------------------------------|-----------------------|
| <i>All values in million, except where indicated</i>                                 | USD                                          |           | USD                                             |          | CHF                                             |          | EUR                                                 |                       | USD                                           |                       |
|                                                                                      | IFRS Accounting Standards<br>Swiss SRB rules |           | IFRS Accounting<br>Standards<br>Swiss SRB rules |          | IFRS Accounting<br>Standards<br>Swiss SRB rules |          | IFRS Accounting<br>Standards<br>EU regulatory rules |                       | US GAAP<br>US Basel III rules                 |                       |
| As of or for the year ended                                                          | 31.12.24                                     | 31.12.23  | 31.12.24                                        | 31.12.23 | 31.12.24                                        | 31.12.23 | 31.12.24                                            | 31.12.23 <sup>1</sup> | 31.12.24 <sup>2</sup>                         | 31.12.23 <sup>2</sup> |
| <b>Financial information<sup>3</sup></b>                                             |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| <b>Income statement</b>                                                              |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| Total operating income <sup>4</sup>                                                  | 41,779                                       | 33,532    | 19,244                                          | 10,005   | 11,245                                          | 9,666    | 1,193                                               | 1,180                 | 17,441                                        | 13,888                |
| Total operating expenses                                                             | 39,346                                       | 29,011    | 12,897                                          | 8,195    | 8,095                                           | 5,781    | 1,045                                               | 885                   | 17,262                                        | 15,323                |
| Operating profit / (loss) before tax                                                 | 2,433                                        | 4,521     | 6,347                                           | 1,810    | 3,150                                           | 3,885    | 148                                                 | 295                   | 178                                           | (1,435)               |
| Net profit / (loss)                                                                  | 1,533                                        | 3,315     | 6,708                                           | 1,559    | 2,644                                           | 3,184    | 89                                                  | 213                   | (51)                                          | (1,602)               |
| <b>Balance sheet</b>                                                                 |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| Total assets                                                                         | 1,568,060                                    | 1,156,016 | 966,697                                         | 698,149  | 526,521                                         | 319,037  | 55,344                                              | 46,769                | 211,893                                       | 222,009               |
| Total liabilities                                                                    | 1,473,394                                    | 1,100,448 | 878,365                                         | 642,602  | 500,273                                         | 303,673  | 50,966                                              | 42,894                | 185,168                                       | 189,110               |
| Total equity                                                                         | 94,666                                       | 55,569    | 88,332                                          | 55,546   | 26,249                                          | 15,364   | 4,377                                               | 3,874                 | 26,725                                        | 32,899                |
| <b>Capital<sup>5</sup></b>                                                           |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| Common equity tier 1 capital                                                         | 73,792                                       | 44,130    | 75,051                                          | 52,553   | 21,659                                          | 12,515   | 3,239                                               | 2,625                 | 16,123                                        | 14,081                |
| Additional tier 1 capital                                                            | 15,830                                       | 12,498    | 15,830                                          | 12,498   | 7,994                                           | 5,000    | 600                                                 | 600                   | 2,818                                         | 2,837                 |
| Total going concern capital / Tier 1 capital                                         | 89,623                                       | 56,628    | 90,881                                          | 65,051   | 29,652                                          | 17,515   | 3,839                                               | 3,225                 | 18,941                                        | 16,919                |
| Tier 2 capital                                                                       | 207                                          | 538       | 204                                             | 533      |                                                 |          |                                                     |                       | 240                                           | 202                   |
| Total capital                                                                        |                                              |           |                                                 |          |                                                 |          | 3,839                                               | 3,225                 | 19,181                                        | 17,120                |
| Total gone concern loss-absorbing capacity                                           | 92,177                                       | 54,458    | 92,174                                          | 54,452   | 19,274                                          | 11,176   | 2,540 <sup>6</sup>                                  | 2,522 <sup>6</sup>    | 7,800 <sup>7</sup>                            | 7,400 <sup>7</sup>    |
| Total loss-absorbing capacity                                                        | 181,800                                      | 111,086   | 183,055                                         | 119,504  | 48,926                                          | 28,691   | 6,379                                               | 5,747                 | 26,741 <sup>7</sup>                           | 24,319 <sup>7</sup>   |
| <b>Risk-weighted assets and leverage ratio denominator<sup>5</sup></b>               |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| Risk-weighted assets                                                                 | 495,110                                      | 333,979   | 507,964                                         | 354,083  | 186,265                                         | 107,097  | 14,079                                              | 12,382                | 78,585                                        | 73,096                |
| Leverage ratio denominator                                                           | 1,523,277                                    | 1,104,408 | 899,348                                         | 643,939  | 556,053                                         | 330,515  | 55,567                                              | 45,079                | 197,487                                       | 184,015               |
| Supplementary leverage ratio denominator                                             |                                              |           |                                                 |          |                                                 |          |                                                     |                       | 227,973                                       | 208,242               |
| <b>Capital and leverage ratios (%)<sup>5</sup></b>                                   |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| Common equity tier 1 capital ratio                                                   | 14.9                                         | 13.2      | 14.8                                            | 14.8     | 11.6                                            | 11.7     | 23.0                                                | 21.2                  | 20.5                                          | 19.3                  |
| Going concern capital ratio / Tier 1 capital ratio                                   | 18.1                                         | 17.0      | 17.9                                            | 18.4     | 15.9                                            | 16.4     | 27.3                                                | 26.1                  | 24.1                                          | 23.1                  |
| Total capital ratio                                                                  |                                              |           |                                                 |          |                                                 |          | 27.3                                                | 26.1                  | 24.4                                          | 23.4                  |
| Total loss-absorbing capacity ratio                                                  | 36.7                                         | 33.3      |                                                 |          | 26.3                                            | 26.8     | 45.3                                                | 46.4                  | 34.0                                          | 33.3                  |
| Tier 1 leverage ratio                                                                |                                              |           |                                                 |          |                                                 |          | 6.9                                                 | 7.2                   | 9.6                                           | 9.2                   |
| Supplementary tier 1 leverage ratio                                                  |                                              |           |                                                 |          |                                                 |          |                                                     |                       | 8.3                                           | 8.1                   |
| Going concern leverage ratio                                                         | 5.9                                          | 5.1       | 10.1                                            | 10.1     | 5.3                                             | 5.3      |                                                     |                       |                                               |                       |
| Total loss-absorbing capacity leverage ratio                                         | 11.9                                         | 10.1      |                                                 |          | 8.8                                             | 8.7      | 11.5                                                | 12.8                  | 13.5                                          | 13.2                  |
| Gone concern capital coverage ratio                                                  |                                              |           | 122.3                                           | 112.5    |                                                 |          |                                                     |                       |                                               |                       |
| <b>Liquidity coverage ratio<sup>5</sup></b>                                          |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| High-quality liquid assets (bn)                                                      | 331.6                                        | 254.5     | 142.7                                           | 130.0    | 125.0                                           | 76.3     | 17.3                                                | 18.9                  | 26.8                                          | 28.0                  |
| Net cash outflows (bn)                                                               | 178.2                                        | 134.3     | 58.6                                            | 50.4     | 87.2                                            | 53.6     | 12.5                                                | 12.8                  | 20.1                                          | 18.9                  |
| Liquidity coverage ratio (%)                                                         | 186.1                                        | 189.7     | 244.0 <sup>8</sup>                              | 260.2    | 143.5 <sup>9</sup>                              | 142.5    | 138.9                                               | 148.7                 | 133.6                                         | 147.7                 |
| <b>Net stable funding ratio<sup>5</sup></b>                                          |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| Total available stable funding (bn)                                                  | 847.0                                        | 602.6     | 410.2                                           | 279.8    | 359.2                                           | 222.7    | 17.1                                                | 13.7                  | 109.3                                         | 107.9                 |
| Total required stable funding (bn)                                                   | 682.5                                        | 503.8     | 421.8                                           | 304.9    | 271.7                                           | 166.1    | 13.7                                                | 10.4                  | 80.5                                          | 81.7                  |
| Net stable funding ratio (%)                                                         | 124.1                                        | 119.6     | 97.3 <sup>10</sup>                              | 91.7     | 132.2 <sup>10</sup>                             | 134.1    | 125.5                                               | 132.1                 | 135.8                                         | 132.1                 |
| <b>Other</b>                                                                         |                                              |           |                                                 |          |                                                 |          |                                                     |                       |                                               |                       |
| Joint and several liability between UBS AG and UBS Switzerland AG (bn) <sup>11</sup> |                                              |           |                                                 |          | 3 <sup>12</sup>                                 | 3        |                                                     |                       |                                               |                       |

1 Total assets and total equity as of 31 December 2023 have been restated to reflect a change in the treatment of an internal business transfer in 2023. 2 The 2024 financial and regulatory information for UBS Americas Holding LLC is inclusive of Credit Suisse Holdings (USA), Inc. following the reparenting of this entity under UBS Americas Holding LLC on 7 June 2024. 2023 financial information has been restated to include the information of Credit Suisse Holdings (USA), Inc. in line with US GAAP accounting guidance. Regulatory information has not been restated for 2023. 3 The financial information disclosed does not represent a full set of financial statements under the respective GAAP / IFRS Accounting Standards. 4 The total operating income includes credit loss expense or release. 5 Refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information. 6 Consists of positions that meet the conditions laid down in Art. 72a-b of the Capital Requirements Regulation II with regard to contractual, structural or legal subordination. 7 Consists of eligible long-term debt that meets the conditions specified in 12 CFR § 252.162 of the final total loss-absorbing capacity (TLAC) rules. TLAC is the sum of tier 1 capital and eligible long-term debt. 8 In the fourth quarter of 2024, the liquidity coverage ratio (the LCR) of UBS AG was 244.0%, remaining above the prudential requirements communicated by FINMA. 9 In the fourth quarter of 2024, the LCR of UBS Switzerland AG, which is a Swiss SRB, was 143.5%, remaining above the prudential requirement communicated by FINMA in connection with the Swiss Emergency Plan. 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 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. 12 As of 31 December 2024, the amount consists of a joint and several liability of UBS Switzerland AG for contractual obligations of UBS AG related to the establishment of UBS Switzerland AG (CHF 2.4bn), and a joint and several liability of UBS Switzerland AG related to the merger with Credit Suisse (Schweiz) AG in connection with the international covered bonds program (CHF 0.5bn) which was fully collateralized through cash deposits from UBS AG.

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.

- › Refer to "Capital and capital ratios of our significant regulated subsidiaries" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information
- › Refer to "Note 23 Restricted and transferred financial assets" in the "Consolidated financial statements" section of this report for more information

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 August 2024, the Federal Reserve Board assigned UBS Americas Holding LLC a stress capital buffer (an SCB) of 9.3% as of 1 October 2024 (previously 9.1%) under the Federal Reserve Board's SCB rule, resulting in a total common equity tier 1 capital requirement of 13.8%. The SCB for our US-based intermediate holding company is based on the previously released results of the Federal Reserve Board's 2024 Dodd-Frank Act Stress Test (DFAST), where UBS Americas Holding LLC exceeded the minimum capital requirements under the severely adverse scenario.

Additional information on the above entities is provided in the 31 December 2024 Pillar 3 Report, which is available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors).

|                                                                        | Credit Suisse International<br>(standalone)      |                       |
|------------------------------------------------------------------------|--------------------------------------------------|-----------------------|
|                                                                        | USD                                              |                       |
|                                                                        | IFRS Accounting Standards<br>UK regulatory rules |                       |
| <i>All values in million, except where indicated</i>                   | <b>31.12.24</b>                                  | 31.12.23 <sup>1</sup> |
| Financial and regulatory requirements                                  |                                                  |                       |
| As of or for the year ended                                            |                                                  |                       |
| <b>Financial information<sup>2</sup></b>                               |                                                  |                       |
| Income statement                                                       |                                                  |                       |
| Total operating income <sup>3</sup>                                    | 1,046                                            | 1,397                 |
| Total operating expenses                                               | 1,106                                            | 3,133                 |
| Operating profit / (loss) before tax                                   | (60)                                             | (1,736)               |
| Net profit / (loss)                                                    | (66)                                             | (1,793)               |
| Balance sheet                                                          |                                                  |                       |
| Total assets                                                           | 51,374                                           | 122,259               |
| Total liabilities                                                      | 44,035                                           | 107,296               |
| Total equity                                                           | 7,339                                            | 14,963                |
| <b>Capital<sup>4</sup></b>                                             |                                                  |                       |
| Common equity tier 1 capital                                           | 6,883                                            | 12,689                |
| Additional tier 1 capital                                              | 0                                                | 1,200                 |
| Total going concern capital / Tier 1 capital                           | 6,883                                            | 13,889                |
| Tier 2 capital                                                         | 0                                                | 0                     |
| Total capital                                                          | 6,883                                            | 13,889                |
| Total gone concern loss-absorbing capacity                             | 3,043                                            | 4,586                 |
| Total loss-absorbing capacity                                          | 9,926                                            | 18,475                |
| <b>Risk-weighted assets and leverage ratio denominator<sup>4</sup></b> |                                                  |                       |
| Risk-weighted assets                                                   | 10,951                                           | 34,698                |
| Leverage ratio denominator                                             | 32,521                                           | 78,135                |
| <b>Capital and leverage ratios (%)<sup>4</sup></b>                     |                                                  |                       |
| Common equity tier 1 capital ratio                                     | 62.9                                             | 36.6                  |
| Going concern capital ratio / Tier 1 capital ratio                     | 62.9                                             | 40.0                  |
| Total capital ratio                                                    | 62.9                                             | 40.0                  |
| Total loss-absorbing capacity ratio                                    | 90.6                                             | 53.2                  |
| Tier 1 leverage ratio                                                  | 21.2                                             | 17.8                  |
| Going concern leverage ratio                                           |                                                  |                       |
| Total loss-absorbing capacity leverage ratio                           | 30.5                                             | 23.6                  |
| <b>Liquidity coverage ratio<sup>4</sup></b>                            |                                                  |                       |
| High-quality liquid assets (bn)                                        | 15.0                                             | 15.4                  |
| Net cash outflows (bn)                                                 | 4.3                                              | 6.0                   |
| Liquidity coverage ratio (%)                                           | 363.3                                            | 280.3                 |
| <b>Net stable funding ratio<sup>4</sup></b>                            |                                                  |                       |
| Total available stable funding (bn)                                    | 17.5                                             | 30.4                  |
| Total required stable funding (bn)                                     | 8.7                                              | 24.2                  |
| Net stable funding ratio (%)                                           | 214.8                                            | 125.6                 |

<sup>1</sup> Comparative information has been aligned with Credit Suisse International standalone's final 2023 audited financial statements. <sup>2</sup> The financial information disclosed does not represent a full set of financial statements under the respective GAAP / IFRS Accounting Standards. <sup>3</sup> The total operating income includes credit loss expense or release. <sup>4</sup> Refer to the 31 December 2024 Pillar 3 Report, available under "Pillar 3 disclosures" at [ubs.com/investors](https://ubs.com/investors), for more information.

# Additional regulatory information

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# UBS Group AG consolidated supplemental disclosures required under SEC regulations

## A – Introduction

The following pages contain supplemental UBS Group AG disclosures that are required under US Securities and Exchange Commission (SEC) regulations. UBS Group AG's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the IASB) and are denominated in US dollars.

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. The acquisition of the Credit Suisse Group constitutes a business combination under IFRS 3, Business Combinations, and is required to be accounted for by applying the acquisition method of accounting. With the acquisition date of 12 June 2023, for convenience the Credit Suisse Group was consolidated from 31 May 2023, as the impact of transactions and activities in the period from 31 May 2023 to 12 June 2023 on the consolidated financial statements was not material.

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

## B – Selected financial data

### **Dividends received from investments in subsidiaries**

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In 2024, UBS Group AG received dividends of USD 3,193m (2023: USD 6,269m; 2022: USD 4,373m) from its subsidiaries. Dividends disclosed have been translated to US dollars from the functional currency of the entity paying the dividend, using the closing exchange rate of the month the dividend was received.

## Balance sheet data

| USD m                                                                                         | 31.12.24         | 31.12.23 <sup>1</sup> | 31.12.22         |
|-----------------------------------------------------------------------------------------------|------------------|-----------------------|------------------|
| <b>Assets</b>                                                                                 |                  |                       |                  |
| Cash and balances at central banks                                                            | 223,329          | 314,060               | 169,445          |
| Amounts due from banks                                                                        | 18,903           | 21,146                | 14,792           |
| Receivables from securities financing transactions at amortized cost                          | 118,301          | 99,039                | 67,814           |
| Cash collateral receivables on derivative instruments                                         | 43,959           | 50,082                | 35,032           |
| Loans and advances to customers                                                               | 579,967          | 639,669               | 387,220          |
| Other financial assets measured at amortized cost                                             | 58,835           | 65,455                | 53,264           |
| <b>Total financial assets measured at amortized cost</b>                                      | <b>1,043,293</b> | <b>1,189,451</b>      | <b>727,568</b>   |
| Financial assets at fair value held for trading                                               | 159,065          | 169,633               | 107,866          |
| <i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i> | <i>38,532</i>    | <i>51,263</i>         | <i>36,742</i>    |
| Derivative financial instruments                                                              | 185,551          | 176,084               | 150,108          |
| Brokerage receivables                                                                         | 25,858           | 21,037                | 17,576           |
| Financial assets at fair value not held for trading                                           | 95,472           | 104,018               | 59,796           |
| <b>Total financial assets measured at fair value through profit or loss</b>                   | <b>465,947</b>   | <b>470,773</b>        | <b>335,347</b>   |
| <b>Financial assets measured at fair value through other comprehensive income</b>             | <b>2,195</b>     | <b>2,233</b>          | <b>2,239</b>     |
| Investments in associates                                                                     | 2,306            | 2,373                 | 1,101            |
| Property, equipment and software                                                              | 15,498           | 17,849                | 12,288           |
| Goodwill and intangible assets                                                                | 6,887            | 7,515                 | 6,267            |
| Deferred tax assets                                                                           | 11,134           | 10,682                | 9,389            |
| Other non-financial assets                                                                    | 17,766           | 16,049                | 10,166           |
| <b>Total assets</b>                                                                           | <b>1,565,028</b> | <b>1,716,924</b>      | <b>1,104,364</b> |
| <b>Liabilities</b>                                                                            |                  |                       |                  |
| Amounts due to banks                                                                          | 23,347           | 70,962                | 11,596           |
| Payables from securities financing transactions at amortized cost                             | 14,833           | 14,394                | 4,202            |
| Cash collateral payables on derivative instruments                                            | 35,490           | 41,582                | 36,436           |
| Customer deposits                                                                             | 745,777          | 792,029               | 525,051          |
| Debt issued measured at amortized cost                                                        | 214,219          | 237,817               | 114,621          |
| Other financial liabilities measured at amortized cost                                        | 21,033           | 20,851                | 9,575            |
| <b>Total financial liabilities measured at amortized cost</b>                                 | <b>1,054,698</b> | <b>1,177,633</b>      | <b>701,481</b>   |
| Financial liabilities at fair value held for trading                                          | 35,247           | 34,159                | 29,515           |
| Derivative financial instruments                                                              | 180,636          | 192,181               | 154,906          |
| Brokerage payables designated at fair value                                                   | 49,023           | 42,522                | 45,085           |
| Debt issued designated at fair value                                                          | 107,909          | 128,289               | 73,638           |
| Other financial liabilities designated at fair value                                          | 28,699           | 29,484                | 30,237           |
| <b>Total financial liabilities measured at fair value through profit or loss</b>              | <b>401,514</b>   | <b>426,635</b>        | <b>333,381</b>   |
| Provisions                                                                                    | 8,409            | 12,412                | 3,243            |
| Other non-financial liabilities                                                               | 14,834           | 14,089                | 9,040            |
| <b>Total liabilities</b>                                                                      | <b>1,479,454</b> | <b>1,630,769</b>      | <b>1,047,146</b> |
| Equity attributable to shareholders                                                           | 85,079           | 85,624                | 56,876           |
| Equity attributable to non-controlling interests                                              | 494              | 531                   | 342              |
| <b>Total equity</b>                                                                           | <b>85,574</b>    | <b>86,156</b>         | <b>57,218</b>    |
| <b>Total liabilities and equity</b>                                                           | <b>1,565,028</b> | <b>1,716,924</b>      | <b>1,104,364</b> |

<sup>1</sup> Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

## C – Information about the company

### Property, plant and equipment

As of 31 December 2024, UBS operated in about 807 business and banking locations worldwide, of which approximately 36% were in Switzerland, 42% in the Americas, 11% in the rest of Europe, the Middle East and Africa, and 11% in Asia Pacific. Of the business and banking locations in Switzerland, 25% were owned directly by UBS, with the remainder, along with most of UBS's offices outside Switzerland, being held under commercial leases. These premises are subject to continuous maintenance and upgrading and are considered suitable and adequate for current and anticipated operations.

## D – Information required by Subpart 1400 of Regulation S-K

### Selected statistical information

The tables below set forth selected statistical information regarding the Group's banking operations extracted from its financial statements. Unless otherwise indicated, average balances for the years ended 31 December 2024, 31 December 2023 and 31 December 2022 are calculated from monthly data. From 31 May 2023 to 31 December 2024, the calculation includes the effect of the acquisition of the Credit Suisse Group. Unless otherwise indicated, the distinction between domestic (Swiss) and foreign (non-Swiss) is generally based on the booking location.

### Average balances and interest rates

The tables below set forth average interest-earning assets and average interest-bearing liabilities, along with the average yield, for 2024, 2023 and 2022. Refer to "Note 4 Net interest income and other net income from financial instruments measured at fair value through profit or loss" in the "Consolidated financial statements" section of this report for more information about interest income and interest expense.

| For the year ended                                                                         | 31.12.24         |                           |                   | 31.12.23         |                           |                   | 31.12.22         |                           |                   |
|--------------------------------------------------------------------------------------------|------------------|---------------------------|-------------------|------------------|---------------------------|-------------------|------------------|---------------------------|-------------------|
|                                                                                            | Average balance  | Interest income           | Average yield (%) | Average balance  | Interest income           | Average yield (%) | Average balance  | Interest income           | Average yield (%) |
| <i>USD m, except where indicated</i>                                                       |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| <b>Assets</b>                                                                              |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| Balances at central banks                                                                  |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| Domestic                                                                                   | 135,771          | 1,743                     | 1.3               | 113,953          | 1,777                     | 1.6               | 99,777           | 92                        | 0.1               |
| Foreign                                                                                    | 117,409          | 5,356                     | 4.6               | 100,608          | 4,297                     | 4.3               | 88,267           | 595                       | 0.7               |
| Amounts due from banks                                                                     |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| Domestic                                                                                   | 4,023            | 89                        | 2.2               | 3,592            | 68                        | 1.9               | 2,966            | 50                        | 1.7               |
| Foreign                                                                                    | 16,655           | 763                       | 4.6               | 14,993           | 619                       | 4.1               | 12,345           | 8                         | 0.1               |
| Receivables from securities financing transactions measured at amortized cost <sup>1</sup> |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| Domestic                                                                                   | 14,535           | 340                       | 2.3               | 10,978           | 344                       | 3.1               | 6,431            | 30                        | 0.5               |
| Foreign                                                                                    | 97,641           | 3,529                     | 3.6               | 81,085           | 3,339                     | 4.1               | 70,942           | 1,105                     | 1.6               |
| Loans and advances to customers                                                            |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| Domestic                                                                                   | 438,152          | 13,003                    | 3.0               | 345,812          | 10,422                    | 3.0               | 223,970          | 3,187                     | 1.4               |
| Foreign                                                                                    | 169,485          | 9,205                     | 5.4               | 173,161          | 8,974                     | 5.2               | 160,509          | 4,829                     | 3.0               |
| Financial assets at fair value <sup>1,2</sup>                                              |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| Domestic                                                                                   | 18,304           | 552                       | 3.0               | 7,352            | 210                       | 2.9               | 5,892            | 50                        | 0.8               |
| Foreign                                                                                    | 241,780          | 10,410                    | 4.3               | 214,671          | 9,672                     | 4.5               | 151,504          | 2,113                     | 1.4               |
| Other interest-earning assets                                                              |                  |                           |                   |                  |                           |                   |                  |                           |                   |
| Domestic                                                                                   | 15,081           | 477                       | 3.2               | 12,574           | 357                       | 2.8               | 8,226            | 125                       | 1.5               |
| Foreign                                                                                    | 82,050           | 2,933                     | 3.6               | 81,284           | 2,730                     | 3.4               | 63,107           | 858                       | 1.4               |
| <b>Total interest-earning assets<sup>3</sup></b>                                           | <b>1,350,886</b> | <b>48,399</b>             | <b>3.6</b>        | <b>1,160,061</b> | <b>42,809</b>             | <b>3.7</b>        | <b>893,936</b>   | <b>13,043</b>             | <b>1.5</b>        |
| Net interest income on swaps                                                               |                  | 5,643                     |                   |                  | 2,672                     |                   |                  | 1,804                     |                   |
| Interest income on off-balance sheet securities and other                                  |                  | 695                       |                   |                  | 744                       |                   |                  | 677                       |                   |
| <b>Interest income and average interest-earning assets</b>                                 | <b>1,350,886</b> | <b>54,737<sup>4</sup></b> | <b>4.1</b>        | <b>1,160,061</b> | <b>46,224<sup>4</sup></b> | <b>4.0</b>        | <b>893,936</b>   | <b>15,525<sup>4</sup></b> | <b>1.7</b>        |
| Non-interest-earning assets <sup>5</sup>                                                   | 359,904          |                           |                   | 333,210          |                           |                   | 299,488          |                           |                   |
| <b>Total average assets</b>                                                                | <b>1,710,790</b> |                           |                   | <b>1,493,271</b> |                           |                   | <b>1,193,424</b> |                           |                   |

<sup>1</sup> Reverse repurchase agreements are presented on a gross basis and therefore, for the purpose of this disclosure, do not reflect the effect of netting permitted under IFRS Accounting Standards. <sup>2</sup> Includes financial assets at fair value held for trading, financial assets at fair value not held for trading, financial assets at fair value through other comprehensive income and brokerage receivables. <sup>3</sup> Non-taxable positions and amounts were not material for the years presented. <sup>4</sup> For the purpose of this disclosure, negative interest income on assets is presented as a reduction to interest income, while in the consolidated income statement negative interest income on assets is presented as interest expense. Refer to "Note 4 Net interest income and other net income from financial instruments measured at fair value through profit or loss" in the "Consolidated financial statements" section of this report for more information. <sup>5</sup> Mainly includes derivative financial instruments, equity instruments at fair value held for trading and financial assets for unit-linked investment contracts.

## Average balances and interest rates (continued)

| For the year ended                                                                                  | 31.12.24         |                           |                           | 31.12.23         |                           |                           | 31.12.22         |                          |                           |
|-----------------------------------------------------------------------------------------------------|------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|------------------|--------------------------|---------------------------|
|                                                                                                     | Average balance  | Interest expense          | Average interest rate (%) | Average balance  | Interest expense          | Average interest rate (%) | Average balance  | Interest expense         | Average interest rate (%) |
| <i>USD m, except where indicated</i>                                                                |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| <b>Liabilities and equity</b>                                                                       |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Amounts due to banks                                                                                |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 33,767           | 746                       | 2.2                       | 42,049           | 1,385                     | 3.3                       | 10,733           | 3                        | 0.0                       |
| Foreign                                                                                             | 6,598            | 205                       | 3.1                       | 5,386            | 137                       | 2.5                       | 3,255            | 43                       | 1.3                       |
| Payables from securities financing transactions measured at amortized cost <sup>1</sup>             |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 11,659           | 537                       | 4.6                       | 7,874            | 382                       | 4.9                       | 3,357            | 40                       | 1.2                       |
| Foreign                                                                                             | 15,538           | 893                       | 5.7                       | 17,065           | 890                       | 5.2                       | 13,351           | 289                      | 2.2                       |
| Customer deposits                                                                                   |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 418,253          | 3,905                     | 0.9                       | 350,102          | 2,401                     | 0.7                       | 272,926          | (82)                     | 0.0                       |
| of which: demand deposits                                                                           | 176,258          | 918                       | 0.5                       | 161,596          | 754                       | 0.5                       | 147,903          | (149)                    | (0.1)                     |
| of which: savings and sweep deposits                                                                | 151,716          | 496                       | 0.3                       | 140,716          | 328                       | 0.2                       | 119,685          | 6                        | 0.0                       |
| of which: time deposits                                                                             | 90,278           | 2,492                     | 2.8                       | 47,790           | 1,321                     | 2.8                       | 5,337            | 60                       | 1.1                       |
| Foreign                                                                                             | 343,613          | 13,289                    | 3.9                       | 283,952          | 9,656                     | 3.4                       | 246,072          | 1,819                    | 0.7                       |
| of which: demand deposits                                                                           | 44,047           | 781                       | 1.8                       | 44,435           | 736                       | 1.7                       | 66,987           | 120                      | 0.2                       |
| of which: savings and sweep deposits                                                                | 68,043           | 1,867                     | 2.7                       | 75,871           | 2,187                     | 2.9                       | 111,130          | 578                      | 0.5                       |
| of which: time deposits                                                                             | 231,524          | 10,641                    | 4.6                       | 163,647          | 6,733                     | 4.1                       | 67,955           | 1,121                    | 1.7                       |
| Commercial paper                                                                                    |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 0                | 0                         | 0.0                       | 1                | 0                         | 0.0                       | 1                | 0                        | 0.0                       |
| Foreign                                                                                             | 18,373           | 985                       | 5.4                       | 22,108           | 1,159                     | 5.2                       | 20,452           | 256                      | 1.3                       |
| Other short-term debt issued measured at amortized cost                                             |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 297              | 2                         | 0.6                       | 322              | 4                         | 1.3                       | 366              | 4                        | 1.2                       |
| Foreign                                                                                             | 15,421           | 762                       | 4.9                       | 12,023           | 610                       | 5.1                       | 11,927           | 124                      | 1.0                       |
| Long-term debt issued measured at amortized cost                                                    |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 155,359          | 6,161                     | 4.0                       | 112,466          | 4,125                     | 3.7                       | 67,462           | 1,946                    | 2.9                       |
| Foreign                                                                                             | 37,583           | 1,919                     | 5.1                       | 32,387           | 1,900                     | 5.9                       | 22,929           | 439                      | 1.9                       |
| Financial liabilities at fair value (excluding debt issued designated at fair value) <sup>1,2</sup> |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 727              | 5                         | 0.7                       | 419              | 13                        | 3.1                       | 291              | 11                       | 3.7                       |
| Foreign                                                                                             | 165,234          | 6,435                     | 3.9                       | 157,558          | 5,760                     | 3.7                       | 139,657          | 1,392                    | 1.0                       |
| Debt issued designated at fair value                                                                |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 10,974           | 390                       | 3.6                       | 10,513           | 391                       | 3.7                       | 9,278            | 127                      | 1.4                       |
| Foreign                                                                                             | 103,243          | 4,879                     | 4.7                       | 93,902           | 4,566                     | 4.9                       | 63,470           | 1,283                    | 2.0                       |
| Other interest-bearing liabilities                                                                  |                  |                           |                           |                  |                           |                           |                  |                          |                           |
| Domestic                                                                                            | 3,636            | 117                       | 3.2                       | 2,832            | 90                        | 3.2                       | 2,883            | 14                       | 0.5                       |
| Foreign                                                                                             | 37,232           | 1,649                     | 4.4                       | 39,197           | 1,618                     | 4.1                       | 38,938           | 432                      | 1.1                       |
| <b>Total interest-bearing liabilities</b>                                                           | <b>1,377,505</b> | <b>42,879</b>             | <b>3.1</b>                | <b>1,190,157</b> | <b>35,088</b>             | <b>2.9</b>                | <b>927,347</b>   | <b>8,142</b>             | <b>0.9</b>                |
| Swap interest on hedged debt issued and other swaps                                                 |                  | 4,121                     |                           |                  | 3,132                     |                           |                  | 40                       |                           |
| Interest expense on off-balance sheet securities and other                                          |                  | 629                       |                           |                  | 707                       |                           |                  | 723                      |                           |
| <b>Interest expense and average interest-bearing liabilities</b>                                    | <b>1,377,505</b> | <b>47,629<sup>3</sup></b> | <b>3.5</b>                | <b>1,190,157</b> | <b>38,927<sup>3</sup></b> | <b>3.3</b>                | <b>927,347</b>   | <b>8,904<sup>3</sup></b> | <b>1.0</b>                |
| Non-interest-bearing liabilities <sup>4</sup>                                                       | 247,819          |                           |                           | 230,664          |                           |                           | 208,049          |                          |                           |
| <b>Total liabilities</b>                                                                            | <b>1,625,324</b> |                           |                           | <b>1,420,822</b> |                           |                           | <b>1,135,396</b> |                          |                           |
| <b>Total equity</b>                                                                                 | <b>85,466</b>    |                           |                           | <b>72,450</b>    |                           |                           | <b>58,028</b>    |                          |                           |
| <b>Total average liabilities and equity</b>                                                         | <b>1,710,790</b> |                           |                           | <b>1,493,271</b> |                           |                           | <b>1,193,424</b> |                          |                           |
| <b>Net interest income</b>                                                                          |                  | <b>7,108</b>              |                           |                  | <b>7,297</b>              |                           |                  | <b>6,621</b>             |                           |
| <b>Net yield on interest-earning assets</b>                                                         |                  |                           | <b>0.5</b>                |                  |                           | <b>0.6</b>                |                  |                          | <b>0.7</b>                |

<sup>1</sup> Repurchase agreements are presented on a gross basis and therefore, for the purpose of this disclosure, do not reflect the effect of netting permitted under IFRS Accounting Standards. <sup>2</sup> Includes financial liabilities at fair value held for trading, other financial liabilities designated at fair value and brokerage payables designated at fair value. <sup>3</sup> For the purpose of this disclosure, negative interest expense on liabilities is presented as a reduction to interest expense, while in the consolidated income statement negative interest income on liabilities is presented as interest income. Refer to "Note 4 Net interest income and other net income from financial instruments measured at fair value through profit or loss" in the "Consolidated financial statements" section of this report for more information. <sup>4</sup> Mainly includes derivative financial instruments, equity instruments at fair value held for trading and financial liabilities related to unit-linked investment contracts.

The percentage of total average interest-earning assets attributable to foreign activities was 54% for 2024 (2023: 57%; 2022: 61%). The percentage of total average interest-bearing liabilities attributable to foreign activities was 54% for 2024 (2023: 56%; 2022: 60%). All assets and liabilities are translated into US dollars at uniform month-end rates. Interest income and expense are translated at monthly average rates.

Average rates earned and paid on assets and liabilities can change from period to period, based on the changes in interest rates in general, but are also affected by changes in the currency mix included in the assets and liabilities. Tax-exempt income is not recorded on a tax-equivalent basis. For all three years presented, tax-exempt income is considered to be insignificant, and the effect from such income is therefore negligible.

## Analysis of changes in interest income and expense

The tables below provide information, by categories of interest-earning assets and interest-bearing liabilities, about the changes in interest income and expense due to changes in volume and interest rates for the year ended 31 December 2024 compared with the year ended 31 December 2023, and for the year ended 31 December 2023 compared with the year ended 31 December 2022. The change in average volume represents the change in the current average balance compared to the average balance from the prior year with respect to the average rate of the prior year. The change in average rate represents the difference between the net change in interest income and expense and the change in average volume.

|                                                                               | 2024 compared with 2023                                 |                          |               | 2023 compared with 2022                                 |                          |               |
|-------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------|---------------|---------------------------------------------------------|--------------------------|---------------|
|                                                                               | Increase / (decrease)<br>due to changes in <sup>1</sup> |                          |               | Increase / (decrease)<br>due to changes in <sup>1</sup> |                          |               |
|                                                                               | Average<br>volume                                       | Average<br>interest rate | Net<br>change | Average<br>volume                                       | Average<br>interest rate | Net<br>change |
| <i>USD m</i>                                                                  |                                                         |                          |               |                                                         |                          |               |
| <b>Interest income from interest-earning assets</b>                           |                                                         |                          |               |                                                         |                          |               |
| Balances at central banks                                                     |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                      | 349                                                     | (383)                    | (34)          | 14                                                      | 1,670                    | 1,684         |
| Foreign                                                                       | 722                                                     | 336                      | 1,058         | 86                                                      | 3,616                    | 3,702         |
| Amounts due from banks                                                        |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                      | 8                                                       | 13                       | 21            | 11                                                      | 7                        | 18            |
| Foreign                                                                       | 68                                                      | 76                       | 144           | 3                                                       | 608                      | 611           |
| Receivables from securities financing transactions measured at amortized cost |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                      | 110                                                     | (114)                    | (4)           | 23                                                      | 291                      | 314           |
| Foreign                                                                       | 679                                                     | (489)                    | 190           | 162                                                     | 2,072                    | 2,234         |
| Loans and advances to customers                                               |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                      | 2,770                                                   | (189)                    | 2,581         | 1,706                                                   | 5,528                    | 7,234         |
| Foreign                                                                       | (191)                                                   | 422                      | 231           | 380                                                     | 3,765                    | 4,145         |
| Financial assets at fair value                                                |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                      | 318                                                     | 24                       | 342           | 12                                                      | 148                      | 160           |
| Foreign                                                                       | 1,220                                                   | (482)                    | 738           | 884                                                     | 6,675                    | 7,559         |
| Other interest-earning assets                                                 |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                      | 71                                                      | 49                       | 120           | 66                                                      | 166                      | 232           |
| Foreign                                                                       | 26                                                      | 177                      | 203           | 247                                                     | 1,625                    | 1,872         |
| Interest income                                                               |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                      | 3,626                                                   | (600)                    | 3,026         | 1,832                                                   | 7,810                    | 9,642         |
| Foreign                                                                       | 2,524                                                   | 40                       | 2,564         | 1,762                                                   | 18,361                   | 20,123        |
| <b>Total interest income from interest-earning assets</b>                     | <b>6,150</b>                                            | <b>(560)</b>             | <b>5,590</b>  | <b>3,594</b>                                            | <b>26,171</b>            | <b>29,765</b> |
| Net interest income on swaps                                                  |                                                         |                          | 2,971         |                                                         |                          | 867           |
| Interest income on off-balance sheet securities and other                     |                                                         |                          | (49)          |                                                         |                          | 67            |
| <b>Total interest income</b>                                                  |                                                         |                          | <b>8,512</b>  |                                                         |                          | <b>30,699</b> |

<sup>1</sup> Currency effects are included within the variances disclosed in this table.

## Analysis of changes in interest income and expense (continued)

|                                                                                      | 2024 compared with 2023                                 |                          |               | 2023 compared with 2022                                 |                          |               |
|--------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------|---------------|---------------------------------------------------------|--------------------------|---------------|
|                                                                                      | Increase / (decrease)<br>due to changes in <sup>1</sup> |                          |               | Increase / (decrease)<br>due to changes in <sup>1</sup> |                          |               |
|                                                                                      | Average<br>volume                                       | Average<br>interest rate | Net<br>change | Average<br>volume                                       | Average<br>interest rate | Net<br>change |
| <i>USD m</i>                                                                         |                                                         |                          |               |                                                         |                          |               |
| <b>Interest expense on interest-bearing liabilities</b>                              |                                                         |                          |               |                                                         |                          |               |
| Amounts due to banks                                                                 |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | (273)                                                   | (367)                    | (640)         | 9                                                       | 1,373                    | 1,382         |
| Foreign                                                                              | 31                                                      | 37                       | 68            | 28                                                      | 65                       | 93            |
| Payables from securities financing transactions measured at amortized cost           |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 184                                                     | (29)                     | 155           | 54                                                      | 288                      | 342           |
| Foreign                                                                              | (80)                                                    | 83                       | 3             | 80                                                      | 521                      | 601           |
| Customer deposits                                                                    |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 1,268                                                   | 235                      | 1,503         | 464                                                     | 2,021                    | 2,485         |
| of which: demand deposits                                                            | 68                                                      | 96                       | 164           | (14)                                                    | 917                      | 903           |
| of which: savings and sweep deposits                                                 | 26                                                      | 142                      | 168           | 1                                                       | 320                      | 321           |
| of which: time deposits                                                              | 1,174                                                   | (3)                      | 1,171         | 477                                                     | 784                      | 1,261         |
| Foreign                                                                              | 2,561                                                   | 1,072                    | 3,633         | 280                                                     | 7,556                    | 7,836         |
| of which: demand deposits                                                            | (6)                                                     | 51                       | 45            | (40)                                                    | 656                      | 616           |
| of which: savings and sweep deposits                                                 | (226)                                                   | (93)                     | (319)         | (183)                                                   | 1,792                    | 1,609         |
| of which: time deposits                                                              | 2,793                                                   | 1,114                    | 3,907         | 503                                                     | 5,109                    | 5,612         |
| Commercial paper                                                                     |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 0                                                       | 0                        | 0             | 0                                                       | 0                        | 0             |
| Foreign                                                                              | (196)                                                   | 23                       | (173)         | 21                                                      | 882                      | 903           |
| Other short-term debt issued measured at amortized cost                              |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 0                                                       | (2)                      | (2)           | (1)                                                     | 1                        | 0             |
| Foreign                                                                              | 172                                                     | (20)                     | 152           | 1                                                       | 485                      | 486           |
| Long-term debt issued measured at amortized cost                                     |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 1,573                                                   | 463                      | 2,036         | 1,298                                                   | 881                      | 2,179         |
| Foreign                                                                              | 305                                                     | (285)                    | 20            | 181                                                     | 1,280                    | 1,461         |
| Financial liabilities at fair value (excluding debt issued designated at fair value) |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 9                                                       | (17)                     | (8)           | 5                                                       | (3)                      | 2             |
| Foreign                                                                              | 281                                                     | 394                      | 675           | 178                                                     | 4,190                    | 4,368         |
| Debt issued designated at fair value                                                 |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 17                                                      | (18)                     | (1)           | 17                                                      | 247                      | 264           |
| Foreign                                                                              | 454                                                     | (142)                    | 312           | 615                                                     | 2,668                    | 3,283         |
| Other interest-bearing liabilities                                                   |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 26                                                      | 0                        | 26            | 0                                                       | 76                       | 76            |
| Foreign                                                                              | (81)                                                    | 111                      | 30            | 3                                                       | 1,183                    | 1,186         |
| Interest expense                                                                     |                                                         |                          |               |                                                         |                          |               |
| Domestic                                                                             | 2,804                                                   | 265                      | 3,069         | 1,846                                                   | 4,883                    | 6,729         |
| Foreign                                                                              | 3,447                                                   | 1,273                    | 4,720         | 1,387                                                   | 18,832                   | 20,219        |
| <b>Total interest expense on interest-bearing liabilities</b>                        |                                                         |                          |               |                                                         |                          |               |
| Swap interest on hedged debt issued and other swaps                                  |                                                         |                          | 989           |                                                         |                          | 3,092         |
| Interest expense on off-balance sheet securities and other                           |                                                         |                          | (78)          |                                                         |                          | (16)          |
| <b>Total interest expense</b>                                                        |                                                         |                          | <b>8,700</b>  |                                                         |                          | <b>30,025</b> |

<sup>1</sup> Currency effects are included within the variances disclosed in this table.



## Deposits

The table below analyzes average deposits and average rates on each deposit category for the years ended 31 December 2024, 31 December 2023 and 31 December 2022. For the purpose of this disclosure, foreign deposits represent deposits from depositors who are based outside of Switzerland. Deposits by foreign depositors in domestic offices were USD 87,345m as of 31 December 2024 (31 December 2023: USD 92,784m; 31 December 2022: USD 59,744m).

|                                            | 31.12.24         |                  | 31.12.23         |                  | 31.12.22         |                  |
|--------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <i>USD m, except where indicated</i>       | Average deposits | Average rate (%) | Average deposits | Average rate (%) | Average deposits | Average rate (%) |
| <b>Due to banks</b>                        |                  |                  |                  |                  |                  |                  |
| <b>Domestic</b>                            |                  |                  |                  |                  |                  |                  |
| Demand deposits                            | 1,931            | 0.0              | 1,355            | 0.0              | 908              | (0.3)            |
| Time deposits                              | 16,920           | 2.7              | 29,827           | 4.0              | 2,793            | 0.5              |
| Total domestic                             | 18,851           | 2.4              | 31,183           | 3.8              | 3,700            | 0.3              |
| <b>Foreign</b>                             |                  |                  |                  |                  |                  |                  |
| Demand deposits                            | 11,755           | 1.4              | 9,331            | 1.1              | 5,774            | (0.1)            |
| Time deposits                              | 9,759            | 3.5              | 6,922            | 3.3              | 4,513            | 0.8              |
| Total foreign                              | 21,514           | 2.3              | 16,253           | 2.0              | 10,288           | 0.3              |
| <b>Total due to banks<sup>1</sup></b>      | <b>40,365</b>    | <b>2.4</b>       | <b>47,435</b>    | <b>3.2</b>       | <b>13,988</b>    | <b>0.3</b>       |
| <b>Customer deposits</b>                   |                  |                  |                  |                  |                  |                  |
| <b>Domestic</b>                            |                  |                  |                  |                  |                  |                  |
| Demand deposits                            | 137,309          | 0.7              | 119,782          | 0.6              | 95,866           | (0.1)            |
| Savings and sweep deposits                 | 139,790          | 0.3              | 127,017          | 0.2              | 109,039          | 0.0              |
| Time deposits                              | 114,608          | 3.4              | 45,708           | 2.6              | 8,825            | 0.2              |
| Total domestic                             | 391,707          | 1.4              | 292,508          | 0.8              | 213,730          | 0.0              |
| <b>Foreign</b>                             |                  |                  |                  |                  |                  |                  |
| Demand deposits                            | 82,996           | 0.9              | 86,249           | 0.8              | 119,024          | 0.1              |
| Savings and sweep deposits                 | 79,971           | 2.4              | 89,569           | 2.5              | 121,776          | 0.5              |
| Time deposits                              | 207,193          | 4.4              | 165,728          | 4.1              | 64,468           | 1.8              |
| Total foreign                              | 370,160          | 3.2              | 341,546          | 2.9              | 305,267          | 0.6              |
| <b>Total customer deposits<sup>1</sup></b> | <b>761,867</b>   | <b>2.3</b>       | <b>634,054</b>   | <b>1.9</b>       | <b>518,997</b>   | <b>0.3</b>       |

<sup>1</sup> For the purpose of this table, the distinction between foreign and domestic deposits is based on the domicile of the depositor, while foreign and domestic deposits disclosed in previous tables are based on the booking location.

## Uninsured deposits

From the combined total of Due to banks and Customer deposits as of 31 December 2024, total estimated uninsured deposits were USD 559bn (31 December 2023: USD 670bn; 31 December 2022: USD 362bn). Uninsured deposits are deposits that are in excess of local deposit insurance or protection scheme limits in the key locations in which UBS operates, calculated based on the respective local regulations, as well as deposits in uninsured accounts. The main deposit insurance schemes applicable to UBS deposits are the Swiss depositor protection scheme in Switzerland (which protects applicable deposits up to a maximum of CHF 100,000 per client and per bank or securities firm), the Compensation Scheme of German Banks in combination with the Deposit Protection Fund of the Association of German Banks in Germany (which protects applicable deposits up to a maximum of EUR 5m per client and EUR 50m per business) and the Federal Deposit Insurance Corporation (the FDIC) scheme in the Americas (which protects applicable deposits up to a maximum of USD 250,000 per depositor, per insured bank, for each account ownership category).

The table below presents the maturity of estimated uninsured time deposits as of 31 December 2024. Where a depositor holds multiple accounts that in aggregate are in excess of a deposit insurance or protection limit, the insured amount is first allocated to the account with the shortest time to maturity.

| <i>USD m</i>                                                | Uninsured time deposits <sup>1</sup> |
|-------------------------------------------------------------|--------------------------------------|
| Within 3 months                                             | 227,791                              |
| 3 to 6 months                                               | 29,183                               |
| 6 to 12 months                                              | 19,031                               |
| Over 12 months                                              | 8,134                                |
| <b>Total uninsured time deposits as of 31 December 2024</b> | <b>284,138</b>                       |

<sup>1</sup> Amounts are estimated based on the methodologies defined in each local jurisdiction. As of 31 December 2024, there were no US time deposits subject to the FDIC scheme that were in excess of the FDIC insurance limit.

## Investments in debt instruments

The table below presents the carrying amount and weighted average yield of debt instruments presented within Financial assets measured at fair value through other comprehensive income and Other financial assets measured at amortized cost on the balance sheet by contractual maturity bucket. The yield for each range of maturities is calculated by dividing the annualized interest income by the average balance of the investment per contractual maturity bucket. The maturity information presented does not consider any early redemption features.

|                                                                                   | Within 1 year   |           | 1 to 5 years    |           | 5 to 10 years   |           | Over 10 years   |           | Total carrying amount |
|-----------------------------------------------------------------------------------|-----------------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|-----------------------|
| <i>USD m, except where indicated</i>                                              | Carrying amount | Yield (%) | Carrying amount | Yield (%) | Carrying amount | Yield (%) | Carrying amount | Yield (%) |                       |
| <b>Debt instruments measured at fair value through other comprehensive income</b> |                 |           |                 |           |                 |           |                 |           |                       |
| Corporate and other                                                               | 2,165           | 5.26      | 30              | 1.54      |                 |           |                 |           | 2,195                 |
| <b>Subtotal as of 31 December 2024</b>                                            | <b>2,165</b>    |           | <b>30</b>       |           |                 |           |                 |           | <b>2,195</b>          |
| <b>Debt securities measured at amortized cost</b>                                 |                 |           |                 |           |                 |           |                 |           |                       |
| Asset-backed securities                                                           |                 |           | 200             | 1.51      | 1,545           | 2.81      | 7,146           | 3.40      | 8,891                 |
| Government bills / bonds                                                          | 2,480           | 2.33      | 7,353           | 2.41      | 2,782           | 2.81      | 3,562           | 3.94      | 16,177                |
| Corporate and other                                                               | 2,588           | 1.85      | 12,338          | 2.53      | 1,591           | 2.62      |                 |           | 16,517                |
| <b>Subtotal as of 31 December 2024</b>                                            | <b>5,069</b>    |           | <b>19,891</b>   |           | <b>5,918</b>    |           | <b>10,708</b>   |           | <b>41,585</b>         |
| <b>Total as of 31 December 2024</b>                                               | <b>7,234</b>    |           | <b>19,921</b>   |           | <b>5,918</b>    |           | <b>10,708</b>   |           | <b>43,780</b>         |

## Loan portfolio

The table below provides the maturity profile of UBS's core loan portfolio as of 31 December 2024. The contractual maturity is based on carrying amounts and includes the effect of callable features. For loans due after one year, a breakdown between fixed and adjustable or floating interest rates is also provided.

| <i>USD m</i>                          | 31.12.24       |                |               |               |                |                       |                             |
|---------------------------------------|----------------|----------------|---------------|---------------|----------------|-----------------------|-----------------------------|
|                                       | Within 1 year  | 1 to 5 years   | 5 to 15 years | Over 15 years | Total          | of which: over 1 year |                             |
|                                       |                |                |               |               |                | Fixed rate            | Adjustable or floating rate |
| Private clients with mortgages        | 34,941         | 135,096        | 50,225        | 29,494        | 249,756        | 140,558               | 74,257                      |
| Real estate financing                 | 33,758         | 34,690         | 13,748        | 405           | 82,602         | 37,141                | 11,703                      |
| Large corporate clients               | 11,280         | 12,314         | 1,675         | 17            | 25,286         | 4,325                 | 9,680                       |
| SME clients                           | 12,949         | 6,204          | 1,574         | 41            | 20,768         | 5,618                 | 2,201                       |
| Lombard                               | 137,515        | 9,063          | 927           | 0             | 147,504        | 6,638                 | 3,352                       |
| Credit cards                          | 1,978          | 0              | 0             | 0             | 1,978          | 0                     | 0                           |
| Commodity trade finance               | 4,058          | 145            | 0             | 0             | 4,203          | 85                    | 60                          |
| Ship / aircraft financing             | 905            | 4,720          | 2,224         | 0             | 7,848          | 138                   | 6,806                       |
| Consumer financing                    | 1,062          | 1,540          | 218           | 0             | 2,820          | 1,756                 | 1                           |
| Other loans and advances to customers | 19,066         | 15,573         | 2,485         | 78            | 37,201         | 4,927                 | 13,209                      |
| Loans to financial advisors           | 195            | 504            | 1,800         | 223           | 2,723          | 2,527                 | 0                           |
| <b>Total</b>                          | <b>257,707</b> | <b>219,848</b> | <b>74,876</b> | <b>30,259</b> | <b>582,689</b> | <b>203,714</b>        | <b>121,268</b>              |

## Allowance for credit losses

For the years ended 31 December 2024, 31 December 2023 and 31 December 2022, the ratio of net charge-offs (i.e. write-offs of expected credit loss allowances to gross carrying amount of the average loans outstanding) during the period was not material for UBS's core loan portfolio, both on an overall basis and on an individual loan category basis. Total write-offs for 31 December 2024 were USD 348m (31 December 2023: USD 93m; 31 December 2022: USD 95m). Refer to the coverage ratio tables in "Note 10 Financial assets at amortized cost and other positions in scope of expected credit loss measurement" in the "Consolidated financial statements" section of this report for the ratio of expected credit loss allowances to total loans outstanding at each period end.

# Appendix

## Alternative performance measures

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

| APM label                                                                                                                                          | Calculation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Information content                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cost / income ratio (%)</b>                                                                                                                     | Calculated as operating expenses divided by total revenues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | This measure provides information about the efficiency of the business by comparing operating expenses with total revenues.                                                                                                                                                                                                                                                                                    |
| <b>Cost of credit risk (bps)</b>                                                                                                                   | Calculated as total credit loss expense / (release) (annualized for reporting periods shorter than 12 months) divided by the average balance of lending assets for the reporting period, expressed in basis points. Lending assets include the gross amounts of Amounts due from banks and Loans and advances to customers.                                                                                                                                                                                                                                                                                                                 | This measure provides information about the total credit loss expense / (release) incurred in relation to the average balance of gross lending assets for the period.                                                                                                                                                                                                                                          |
| <b>Credit-impaired lending assets as a percentage of total lending assets, gross (%)</b>                                                           | Calculated as credit-impaired lending assets divided by total lending assets. Lending assets includes the gross amounts of Amounts due from banks and Loans and advances to customers. Credit-impaired lending assets refers to the sum of stage 3 and purchased credit-impaired positions.                                                                                                                                                                                                                                                                                                                                                 | This measure provides information about the proportion of credit-impaired lending assets in the overall portfolio of gross lending assets.                                                                                                                                                                                                                                                                     |
| <b>Fee-generating assets (USD)<br/>– Global Wealth Management</b>                                                                                  | 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. |
| <b>Gross margin on invested assets (bps)<br/>– Asset Management</b>                                                                                | Calculated as total revenues (annualized for reporting periods shorter than 12 months) divided by average invested assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | This measure provides information about the total revenues of the business in relation to invested assets.                                                                                                                                                                                                                                                                                                     |
| <b>Impaired loan portfolio as a percentage of total loan portfolio, gross (%)<br/>– Global Wealth Management, Personal &amp; Corporate Banking</b> | 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.                                                                                                                                                                                                                                                                                           |
| <b>Integration-related expenses (USD)</b>                                                                                                          | Generally include costs of internal staff and contractors substantially dedicated to integration activities, retention awards, redundancy costs, incremental expenses from the shortening of useful lives of property, equipment and software, and impairment charges relating to these assets. Classification as integration-related expenses does not affect the timing of recognition and measurement of those expenses or the presentation thereof in the income statement. Integration-related expenses incurred by Credit Suisse also included expenses associated with restructuring programs that existed prior to the acquisition. | This measure provides information about expenses that are temporary, incremental and directly related to the integration of Credit Suisse into UBS.                                                                                                                                                                                                                                                            |

| APM label                                                                                                                                    | Calculation                                                                                                                                                                                                                                                                                                                                                                                                                                   | Information content                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Invested assets (USD and CHF)</b><br>– Global Wealth Management,<br>Personal & Corporate Banking,<br>Asset Management                     | Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts.                                                                                                                                                                                             | This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.                                                                                                                                                                                                  |
| <b>Net interest margin (bps)</b><br>– Personal & Corporate Banking                                                                           | Calculated as net interest income (annualized for reporting periods shorter than 12 months) 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.                                                                                                                                 |
| <b>Net new assets (USD)</b><br>– Global Wealth Management                                                                                    | Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period, plus interest and dividends. Excluded from the calculation are movements due to market performance, foreign exchange translation, fees, and the effects on invested assets of strategic decisions by UBS to exit markets or services.                                                                   | This measure provides information about the development of invested assets during a specific period as a result of net new asset flows, plus the effect of interest and dividends.                                                                                                                                             |
| <b>Net new assets growth rate (%)</b><br>– Global Wealth Management                                                                          | Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period (annualized for reporting periods shorter than 12 months), plus interest and dividends, divided by total invested assets at the beginning of the period.                                                                                                                                                 | This measure provides information about the growth of invested assets during a specific period as a result of net new asset flows.                                                                                                                                                                                             |
| <b>Net new fee-generating assets (USD)</b><br>– Global Wealth Management                                                                     | Calculated as the net amount of fee-generating asset inflows and outflows, including dividend and interest inflows into mandates and outflows from mandate fees paid by clients during a specific period. Excluded from the calculation are the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.                                                                                                   | This measure provides information about the development of fee-generating assets during a specific period as a result of net flows, excluding movements due to market performance and foreign exchange translation, as well as the effects on fee-generating assets of strategic decisions by UBS to exit markets or services. |
| <b>Net new money (USD)</b><br>– Global Wealth Management,<br>Asset Management                                                                | Calculated as the net amount of inflows and outflows of invested assets (as defined in UBS policy) recorded during a specific period. Excluded from the calculation are movements due to market performance, foreign exchange translation, dividends, interest and fees, as well as the effects on invested assets of strategic decisions by UBS to exit markets or services. Net new money is not measured for Personal & Corporate Banking. | This measure provides information about the development of invested assets during a specific period as a result of net new money flows.                                                                                                                                                                                        |
| <b>Net profit growth (%)</b>                                                                                                                 | 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.                                                                                                                                                                                                                                             |
| <b>Operating expenses (underlying) (USD)</b>                                                                                                 | Calculated by adjusting operating expenses as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.<br><b>› Refer to the “Group performance” section of this report for more information</b>                                                                                                                                       | This measure provides information about the amount of operating expenses, while excluding items that management believes are not representative of the underlying performance of the businesses.                                                                                                                               |
| <b>Operating profit / (loss) before tax (underlying) (USD)</b>                                                                               | Calculated by adjusting operating profit / (loss) before tax as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.<br><b>› Refer to the “Group performance” section of this report for more information</b>                                                                                                                     | This measure provides information about the amount of operating profit / (loss) before tax, while excluding items that management believes are not representative of the underlying performance of the businesses.                                                                                                             |
| <b>Pre-tax profit growth (%)</b><br>– Global Wealth Management,<br>Personal & Corporate Banking,<br>Asset Management,<br>the Investment Bank | Calculated as the change in net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by net profit before tax attributable to shareholders from continuing operations of the comparison period.                                                                                                                                                                           | This measure provides information about pre-tax profit growth since the comparison period.                                                                                                                                                                                                                                     |

| APM label                                                                                                                                                 | Calculation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Information content                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Pre-tax profit growth (underlying) (%)</b><br>– Global Wealth Management,<br>Personal & Corporate Banking,<br>Asset Management,<br>the Investment Bank | Calculated as the change in net profit before tax attributable to shareholders from continuing operations between current and comparison periods divided by net profit before tax attributable to shareholders from continuing operations of the comparison period. Net profit before tax attributable to shareholders from continuing operations excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact. | This measure provides information about pre-tax profit growth since the comparison period, while excluding items that management believes are not representative of the underlying performance of the businesses.                                  |
| <b>Recurring net fee income (USD and CHF)</b><br>– Global Wealth Management,<br>Personal & Corporate Banking                                              | Calculated as the total of fees for services provided on an ongoing basis, such as portfolio management fees, asset-based investment fund fees and custody fees, which are generated on client assets, and administrative fees for accounts.                                                                                                                                                                                                                                                           | This measure provides information about the amount of recurring net fee income.                                                                                                                                                                    |
| <b>Return on attributed equity<sup>1</sup> (%)</b>                                                                                                        | Calculated as business division operating profit before tax (annualized for reporting periods shorter than 12 months) divided by average attributed equity.                                                                                                                                                                                                                                                                                                                                            | This measure provides information about the profitability of the business divisions in relation to attributed equity.                                                                                                                              |
| <b>Return on common equity tier 1 capital<sup>1</sup> (%)</b>                                                                                             | Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) 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.                                                                                                                             |
| <b>Return on equity<sup>1</sup> (%)</b>                                                                                                                   | Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders.                                                                                                                                                                                                                                                                                                                                | This measure provides information about the profitability of the business in relation to equity.                                                                                                                                                   |
| <b>Return on leverage ratio denominator, gross<sup>1</sup> (%)</b>                                                                                        | Calculated as total revenues (annualized for reporting periods shorter than 12 months) divided by average leverage ratio denominator.                                                                                                                                                                                                                                                                                                                                                                  | This measure provides information about the revenues of the business in relation to the leverage ratio denominator.                                                                                                                                |
| <b>Return on tangible equity<sup>1</sup> (%)</b>                                                                                                          | Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) 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.                                                                                                                                          |
| <b>Tangible book value per share (USD)</b>                                                                                                                | 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.                                                                                                                                                                  |
| <b>Total book value per share (USD)</b>                                                                                                                   | 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.                                                                                                                                                                           |
| <b>Total revenues (underlying) (USD)</b>                                                                                                                  | Calculated by adjusting total revenues as reported in accordance with IFRS Accounting Standards for items that management believes are not representative of the underlying performance of the businesses.<br>› Refer to the “Group performance” section of this report for more information                                                                                                                                                                                                           | This measure provides information about the amount of total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses.                                                       |
| <b>Transaction-based income (USD and CHF)</b><br>– Global Wealth Management,<br>Personal & Corporate Banking                                              | Calculated as the total of the non-recurring portion of net fee and commission income, mainly composed of brokerage and transaction-based investment fund fees, and credit card fees, as well as fees for payment and foreign-exchange transactions, together with other net income from financial instruments measured at fair value through profit or loss.                                                                                                                                          | This measure provides information about the amount of the non-recurring portion of net fee and commission income, together with other net income from financial instruments measured at fair value through profit or loss.                         |
| <b>Underlying cost / income ratio (%)</b>                                                                                                                 | Calculated as underlying operating expenses (as defined above) divided by underlying total revenues (as defined above).                                                                                                                                                                                                                                                                                                                                                                                | This measure provides information about the efficiency of the business by comparing operating expenses with total revenues, while excluding items that management believes are not representative of the underlying performance of the businesses. |
| <b>Underlying net profit growth (%)</b>                                                                                                                   | Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period. Net profit attributable to shareholders from continuing operations excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.                                  | This measure provides information about profit growth since the comparison period, while excluding items that management believes are not representative of the underlying performance of the businesses.                                          |

| APM label                                                                | Calculation                                                                                                                                                                                                                                                                                                                                                                                                      | Information content                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Underlying return on attributed equity<sup>1</sup> (%)</b>            | Calculated as underlying business division operating profit before tax (annualized for reporting periods shorter than 12 months) (as defined above) divided by average attributed equity.                                                                                                                                                                                                                        | This measure provides information about the profitability of the business divisions in relation to attributed equity, while excluding items that management believes are not representative of the underlying performance of the businesses.  |
| <b>Underlying return on common equity tier 1 capital<sup>1</sup> (%)</b> | Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average common equity tier 1 capital. Net profit attributable to shareholders excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact.                                                    | This measure provides information about the profitability of the business in relation to common equity tier 1 capital, while excluding items that management believes are not representative of the underlying performance of the businesses. |
| <b>Underlying return on tangible equity<sup>1</sup> (%)</b>              | Calculated as net profit attributable to shareholders (annualized for reporting periods shorter than 12 months) divided by average equity attributable to shareholders less average goodwill and intangible assets. Net profit attributable to shareholders excludes items that management believes are not representative of the underlying performance of the businesses and also excludes related tax impact. | This measure provides information about the profitability of the business in relation to tangible equity, while excluding items that management believes are not representative of the underlying performance of the businesses.              |

<sup>1</sup> Profit or loss information for 2024 is based entirely on consolidated data following the acquisition of the Credit Suisse Group. Profit or loss information for 2023 includes seven months (June to December 2023) of post-acquisition consolidated data and five months of UBS Group data only (January to May 2023).

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

#### Information related to underlying return on common equity tier 1 capital (RoCET1) and underlying return on tangible equity (%)

|                                                                    | As of or for the year ended |          |
|--------------------------------------------------------------------|-----------------------------|----------|
| <i>USD m</i>                                                       | <b>31.12.24</b>             | 31.12.23 |
| <b>Underlying operating profit / (loss) before tax</b>             | <b>8,831</b>                | 3,963    |
| Underlying tax expense / (benefit)                                 | <b>2,162</b>                | 1,194    |
| Net profit / (loss) attributable to non-controlling interests      | <b>60</b>                   | 16       |
| <b>Underlying net profit / (loss) attributable to shareholders</b> | <b>6,609</b>                | 2,753    |
| <b>Underlying net profit / (loss) attributable to shareholders</b> | <b>6,609</b>                | 2,753    |
| Tangible equity                                                    | <b>78,192</b>               | 78,109   |
| Average tangible equity                                            | <b>77,973</b>               | 67,133   |
| CET1 capital                                                       | <b>71,367</b>               | 78,002   |
| Average CET1 capital                                               | <b>75,666</b>               | 65,461   |
| <b>Underlying return on tangible equity (%)</b>                    | <b>8.5</b>                  | 4.1      |
| <b>Underlying return on common equity tier 1 capital (%)</b>       | <b>8.7</b>                  | 4.2      |



## Abbreviations frequently used in our financial reports

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

## Abbreviations frequently used in our financial reports (continued)

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

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

# Information sources

## Reporting publications

### Annual publications

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

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

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

*Sustainability Report*: Published in English, the Sustainability Report provides disclosures on environmental, social and governance topics related to the UBS Group. It also provides certain disclosures related to diversity, equity and inclusion.

### Quarterly publications

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

The annual and quarterly publications are available in .pdf and online formats at [ubs.com/investors](https://ubs.com/investors), under "Financial information". Printed copies, in any language, of the aforementioned annual publications are no longer provided.

## Other information

### Website

The "Investor Relations" website at [ubs.com/investors](https://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 dividend and share repurchase program information, and for bondholders, including rating agencies reports; the corporate calendar; and presentations by management for investors and financial analysts. Information is available online in English, with some information also available in German.

### Results presentations

Quarterly results presentations are webcast live. Recordings of most presentations can be downloaded from [ubs.com/presentations](https://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](https://ubs.com/global/en/investor-relations/contact/investor-services.html). Messages are sent in English, German, French or Italian, with an option to select theme preferences for such alerts.

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

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

**Cautionary statement regarding forward-looking statements** | This report contains statements that constitute “forward-looking statements”, including but not limited to management’s outlook for UBS’s financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development and goals or intentions to achieve climate, sustainability and other social objectives. While these forward-looking statements represent UBS’s judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. In particular, the global economy may be negatively affected by shifting political circumstances, including increased tension between world powers, conflicts in the Middle East, as well as the continuing Russia–Ukraine war. In addition, the ongoing conflicts may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to the armed conflicts, including successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts will further widen and intensify, may have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. UBS’s acquisition of the Credit Suisse Group has materially changed its outlook and strategic direction and introduced new operational challenges. The integration of the Credit Suisse entities into the UBS structure is expected to continue through 2026 and presents significant operational and execution risk, including the risks that UBS may be unable to achieve the cost reductions and business benefits contemplated by the transaction, that it may incur higher costs to execute the integration of Credit Suisse and that the acquired business may have greater risks or liabilities than expected. Following the failure of Credit Suisse, Switzerland is considering significant changes to its capital, resolution and regulatory regime, which, if proposed and adopted, may significantly increase our capital requirements or impose other costs on UBS. These factors create greater uncertainty about forward-looking statements. Other factors that may affect UBS’s performance and ability to achieve its plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and the size of the combined Group; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) inflation and interest rate volatility in major markets; (iv) developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates, residential and commercial real estate markets, general economic conditions, and changes to national trade policies on the financial position or creditworthiness of UBS’s clients and counterparties, as well as on client sentiment and levels of activity; (v) changes in the availability of capital and funding, including any adverse changes in UBS’s credit spreads and credit ratings of UBS, 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 EU and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (vii) UBS’s ability to successfully implement resolvability and related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS in response to legal and regulatory requirements and any additional requirements due to its acquisition of the Credit Suisse Group, or other developments; (viii) UBS’s ability to maintain and improve its systems and controls for complying with sanctions in a timely manner and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in the 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 its 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 its RWA; (xiii) 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; (xiv) 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; (xv) UBS’s ability to implement new technologies and business methods, including digital services, artificial intelligence and other 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; (xvi) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvii) 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 persistently high levels of cyberattack threats; (xviii) restrictions on the ability of UBS Group AG, UBS AG and regulated subsidiaries of UBS 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; (xix) 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; (xx) uncertainty over the scope of actions that may be required by UBS, governments and others for UBS to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and the possibility of conflict between different governmental standards and regulatory regimes; (xxi) the ability of UBS to access capital markets; (xxii) the ability of UBS to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, conflict, pandemic, security breach, cyberattack, power loss, telecommunications failure or other natural or man-made event; and (xxiii) the effect that these or other factors or unanticipated events, including media reports and speculations, may have on its reputation and the additional consequences that this may have on its 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. UBS’s business and financial performance could be affected by other factors identified in its past and future filings and reports, including those filed with the US Securities and Exchange Commission (the SEC). More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including the UBS Group AG and UBS AG Annual Reports on Form 20-F for the year ended 31 December 2024. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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

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

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

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# Organization Regulations

of **UBS Group AG**

**Valid as of 1 July 2024**



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# Abbreviations and definitions

Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

|                                    |                                                                                                                                                                                                                                                             |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AC</b>                          | Audit Committee                                                                                                                                                                                                                                             |
| <b>Affiliated person</b>           | Person who directly or indirectly through one or more intermediaries controls or is controlled by or is under common control of UBS Group AG                                                                                                                |
| <b>AGM</b>                         | Annual General Meeting of the shareholders                                                                                                                                                                                                                  |
| <b>ALM Authorities</b>             | Asset and Liability Management Authorities – internal document setting out the high-level delegated authorities within the Group for asset and liability management                                                                                         |
| <b>AoA</b>                         | Articles of Association of UBS Group AG                                                                                                                                                                                                                     |
| <b>BD(s)</b>                       | Business division(s), organizational units of the business: (i) Global Wealth Management, (ii) Personal & Corporate Banking, (iii) Asset Management, (iv) the Investment Bank and (v) Non-Core and Legacy                                                   |
| <b>Board/BoD</b>                   | Board of Directors of UBS Group AG; non-executive Board members who do not perform management functions within UBS Group AG                                                                                                                                 |
| <b>Business Regulations</b>        | Regulations issued by the BDs or GF                                                                                                                                                                                                                         |
| <b>CCRC</b>                        | Corporate Culture and Responsibility Committee                                                                                                                                                                                                              |
| <b>Chairman</b>                    | Chairman of the Board                                                                                                                                                                                                                                       |
| <b>Chairpersons</b>                | Board members who chair the Committees                                                                                                                                                                                                                      |
| <b>CO</b>                          | Swiss Code of Obligations                                                                                                                                                                                                                                   |
| <b>Committees</b>                  | Committees of the Board as set out in section 2.1                                                                                                                                                                                                           |
| <b>Committees' charter</b>         | Charter of the Committees of the Board setting out the objectives, composition, authorities and responsibilities of the permanent Committees                                                                                                                |
| <b>CompCo</b>                      | Compensation Committee                                                                                                                                                                                                                                      |
| <b>Corporate Bodies</b>            | The Board and bodies of the Group exercising delegated Board functions, such as the Committees, the GEB, committees established by the GEB, Group IA or other bodies mentioned herein                                                                       |
| <b>Divisional President / DP</b>   | Divisional Presidents are the heads of the respective BDs, as set out in section 25 and in the respective Business Regulations                                                                                                                              |
| <b>EGM</b>                         | Extraordinary General Meeting of the shareholders                                                                                                                                                                                                           |
| <b>EMEA</b>                        | Europe, the Middle East and Africa                                                                                                                                                                                                                          |
| <b>Financial statements</b>        | Quarterly and annual financial statements including, among others, the disclosure under "Management's Discussion and Analysis" and the 6K Report to the Securities and Exchange Commission and any formal announcements relating to the Group's performance |
| <b>FINMA</b>                       | Swiss Financial Market Supervisory Authority                                                                                                                                                                                                                |
| <b>GCRG</b>                        | Group Compliance, Regulatory & Governance                                                                                                                                                                                                                   |
| <b>GEB</b>                         | Group Executive Board                                                                                                                                                                                                                                       |
| <b>GNC</b>                         | Governance and Nominating Committee                                                                                                                                                                                                                         |
| <b>Group ALCO</b>                  | Group Asset and Liability Committee                                                                                                                                                                                                                         |
| <b>Group CCGO</b>                  | Group Chief Compliance and Governance Officer                                                                                                                                                                                                               |
| <b>Group CEO</b>                   | Group Chief Executive Officer                                                                                                                                                                                                                               |
| <b>Group CFO</b>                   | Group Chief Financial Officer                                                                                                                                                                                                                               |
| <b>Group Company Secretary</b>     | Company Secretary of the Board                                                                                                                                                                                                                              |
| <b>Group COTO</b>                  | Group Chief Operations and Technology Officer                                                                                                                                                                                                               |
| <b>Group CRO</b>                   | Group Chief Risk Officer                                                                                                                                                                                                                                    |
| <b>Group Functional Head / GFH</b> | Group CFO, Group COTO, Group CRO, Group GC, Group CCGO, Head GHR&GCS, Group IO and Group CEO (as related to the responsibilities for the Group CEO Functions as outlined in section 16.4)                                                                   |
| <b>GF</b>                          | Group Functions, which comprises the functions headed by the Group CEO, the Group CFO, the Group COTO, the Group CRO, the Group GC, the Group CCGO, the Head GHR&GCS and the Group IO                                                                       |

|                                             |                                                                                                                                                                                                                |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Group GC</b>                             | Group General Counsel                                                                                                                                                                                          |
| <b>Group IA</b>                             | Group Internal Audit                                                                                                                                                                                           |
| <b>Group IO</b>                             | Group Integration Officer                                                                                                                                                                                      |
| <b>Head GHR&amp;GCS</b>                     | Head Group Human Resources & Group Corporate Services                                                                                                                                                          |
| <b>HR</b>                                   | Human Resources                                                                                                                                                                                                |
| <b>ICAAP</b>                                | Internal Capital Adequacy Assessment Process                                                                                                                                                                   |
| <b>MD</b>                                   | Managing Director                                                                                                                                                                                              |
| <b>ORs</b>                                  | Organization Regulations of UBS Group AG including annexes                                                                                                                                                     |
| <b>Other UBS Entities</b>                   | UBS Entities which are neither Significant Group Entities nor Significant Regional Entities                                                                                                                    |
| <b>RC</b>                                   | Risk Committee                                                                                                                                                                                                 |
| <b>Regional President / RP</b>              | Regional Presidents as set out in section 24 and in the RP terms of reference                                                                                                                                  |
| <b>Risk Authorities</b>                     | Internal document setting out the high-level delegated authorities within the Group for risk management and control                                                                                            |
| <b>Shareholders</b>                         | Shareholders of UBS Group AG                                                                                                                                                                                   |
| <b>SID</b>                                  | The Senior Independent Director of the Board as set out in section 11                                                                                                                                          |
| <b>Significant Branches</b>                 | Branches of UBS Entities subject to enhanced standards of corporate governance as designated by the Group CEO                                                                                                  |
| <b>Significant Group Entities / SGEs</b>    | Significant subsidiaries of the Group subject to enhanced standards of corporate governance as designated by the GNC                                                                                           |
| <b>Significant Regional Entities / SREs</b> | Subsidiaries of the Group subject to enhanced standards of corporate governance as designated by the Group CEO                                                                                                 |
| <b>SOX</b>                                  | Sarbanes–Oxley Act                                                                                                                                                                                             |
| <b>Stakeholders</b>                         | Persons, groups or organizations that have a direct or indirect stake in the Group and may, as a result, affect or be affected by the Group's actions, objectives and policies                                 |
| <b>UBS/Group</b>                            | UBS Group AG and its subsidiaries; the UBS group of companies                                                                                                                                                  |
| <b>UBS Entities</b>                         | All subsidiaries (excluding Special Purpose Entities) which are either wholly or majority, directly or indirectly owned or otherwise controlled by UBS Group AG and which are intended to be held indefinitely |
| <b>UBS Group AG</b>                         | UBS Group AG, the listed parent company of the Group                                                                                                                                                           |
| <b>Vice Chairman</b>                        | The Vice Chairman of the Board as set out in section 11                                                                                                                                                        |

# Preamble by the Chairman

The combination of UBS and Credit Suisse is the first merger of two Global Systemically Important Financial Institutions in history and a pivotal moment for the Swiss banking industry. Building on the heritage of the combined firm, we want to write the next successful chapter by serving private, institutional and corporate clients worldwide, as well as retail clients in Switzerland and create long-term sustainable value for investors. Our shareholders, employees, clients and other interest groups hold high expectations of how we conduct our business. As we enter this phase of integration, good governance policies and processes are more important than ever and, together with the strong values we have defined, are at the heart of UBS's culture. UBS and its employees apply the highest standards of business ethics and personal integrity to all of our business dealings and interactions.

The Organization Regulations constitute the Group's primary corporate governance guidelines establishing a corporate governance structure for UBS Group AG and its subsidiaries. These Organization Regulations have been approved by the Board of UBS Group AG, they comply with all relevant corporate governance requirements but are not intended in any way to be a substitute for mandatory provisions of law, rules or regulations applicable to the Group.

In the interest of transparency, the Organization Regulations are published on our website.

Colm Kelleher

# Introduction

## 1 Basis and purpose

- 1.1 Basis** These ORs are enacted by the Board of UBS Group AG pursuant to article 716b of the CO and articles 25 and 27 of the AoA.
- 1.2 Purpose** The purpose of these ORs is:
- (i) to implement and supplement requirements contained in applicable laws, stock exchange regulations, supervisory regulations and the AoA having regard to pertinent codes of best practice. In addition, these ORs constitute the corporate governance guidelines required by the New York Stock Exchange;
  - (ii) to define the functions, responsibilities and authorities of UBS Group AG's and the Group's Corporate Bodies and their members; and
  - (iii) to establish a coherent and efficient corporate governance structure by constituting the Group's primary governance guidelines to be applied to all direct and indirect subsidiaries of UBS Group AG and which supersede any other regulations and shall prevail in case of a conflict with such documents, subject to local law.
- Mandatory provisions of applicable laws, rules and regulations or rules contained in the AoA take precedence over the ORs.

## 2 Organization of the Group

- 2.1 Organization in general** The Group and its business are organized as follows:
- (i) The Board, under the leadership of the Chairman, has the ultimate responsibility for the direction, supervision and control of the Group, and performs the other duties described herein or as prescribed by mandatory provisions of law. The Board is responsible for deciding all matters and taking business decisions where such decisions exceed the authority delegated by the Board to the Committees, the GEB or the Group CEO.
  - (ii) As provided by mandatory law, rules and regulations, the AoA or these ORs, the executive management of the Group is delegated to the GEB under the leadership of the Group CEO.
  - (iii) The following permanent Committees assist the Board in the performance of its responsibilities:
    - (a) the Audit Committee;
    - (b) the Compensation Committee;
    - (c) the Corporate Culture and Responsibility Committee;
    - (d) the Governance and Nominating Committee; and
    - (e) the Risk Committee.
- 2.2 Group steering** UBS Group AG, as the listed parent company of the Group, controls directly or indirectly all subsidiaries and leads the Group by setting a harmonized strategic direction. It further sets principles and organizational structures to enable efficient and coordinated management of the Group and control of its subsidiaries.
- Notwithstanding these endeavors, the legal independence of all subsidiaries, including formal decision-making by the Corporate Bodies of the respective entities as required under applicable constitutional documents, and the provisions of applicable local laws, rules and regulations relating to them, must be observed to the extent legally required.
- 2.3 Corporate culture** Under the leadership of the Chairman and the Group CEO, the Board and the GEB issue a Code of Conduct and Ethics to foster a coherent and effective corporate and compliance culture for the Group.

**2.4 Organization of the Group's business**

The banking business and support operations are performed by UBS Group AG's direct or indirect subsidiaries within the scope of applicable licenses. The business of the Group is organized into:

- (i) business divisions;
- (ii) Group Functions; and
- (iii) other structures as the Group CEO and the GEB consider appropriate for the effective management and supervision of the business.

This organization must be detailed in the Business Regulations.

**2.5 Transparency, collaboration and reporting within the Group**

Subject to and in accordance with applicable local laws, rules and regulations, Corporate Bodies are bound to ensure transparency and collaboration within the Group and may have additional responsibilities and reporting lines within the Group or within other legal entities of the Group. Any resulting conflicts of interest shall be governed by the provisions of the Organization Regulations (or similar constitutional documents) of the companies concerned.



# Board of Directors

## 3 Membership

- 3.1 Election proposal** In consultation with the Chairman, the GNC recommends candidates for election to the Board. The Board proposes such candidates for election by the shareholders.
- 3.2 Independence of Board members** The Board's proposal for election ensures that three-quarters of the Board members will be independent. For this purpose, independence is determined in accordance with:  
(i) the FINMA circular 2017/1 "Corporate governance – banks"; and  
(ii) the New York Stock Exchange rules.  
Furthermore, there must be a sufficient number of Board members who meet the independence criteria for the Committee members set out in the annex "Charter of the Committees of the Board." The Chairman does not need to be independent.
- 3.3 Notification duty** Each Board member must notify the Chairman and the GNC immediately if circumstances change in a manner that may affect their independence.
- 3.4 Expectations of the Board members** The Board, as a group, must have the necessary qualifications, skills and diversity to perform all Board duties. In particular, the Board must together possess financial literacy, experience in banking and risk management, as well as international experience, including experience of international financial matters, and knowledge of the duties of directors.  
  
Candidates for election to the Board shall be considered in light of their personal experience and abilities, including any specialist knowledge or skills required to fulfill specific Board functions as outlined herein, as well as their ability to contribute to building a complementary and effective Board.

## 4 Constitution

- 4.1 Number of members** The Board consists of six to twelve Board members as per article 19 of the AoA.
- 4.2 Term of office** The term of office for each Board member is one year pursuant to article 20 of the AoA. Subject to election by shareholders, Board members are normally expected to serve for a minimum of three years. No Board member may serve for more than 10 consecutive terms of office, in exceptional circumstances the Board can extend this limit.
- 4.3 Constitutional meeting** The Board constitutes itself at its first meeting following the AGM. In this meeting  
(i) the Vice Chairmen;  
(ii) the SID;  
(iii) the Chairpersons of the Committees; and  
(iv) the Committee members, with the exception of the Compensation Committee members,  
are appointed by the Board.  
  
The Board may remove these Board members from their special functions at any time.

## 5 Responsibilities and authorities

- 5.1 In general** In addition to mandatory provisions of law, rules, regulations and the AoA, the Board has the responsibilities and authorities set out in these ORs.
- 5.2 Supervision** The Board is responsible for the overall direction, supervision and control of the Group and its management, as well as for supervising compliance with applicable laws, rules and regulations. The Board exercises oversight over UBS Group AG and its subsidiaries and is responsible for ensuring the establishment of a clear Group governance framework to ensure effective steering and supervision of the Group taking into account the material risks to which the Group and its subsidiaries are exposed.

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| <b>5.3 Ultimate responsibility</b>        | The Board has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value within a framework of prudent and effective controls. It decides on the Group's strategy and the necessary financial and human resources upon recommendation of the Group CEO and sets the Group's values and standards to ensure that its obligations to shareholders and other stakeholders are met.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>5.4 Strategy and financial success</b> | The Board's ultimate responsibility for strategy and financial success includes in particular: <ul style="list-style-type: none"> <li>(i) deciding the strategy of the Group upon recommendation of the Group CEO, taking into account the proposals and alternatives presented;</li> <li>(ii) approving the risk management and control framework of the Group, including the overall risk appetite of the Group and BDs;</li> <li>(iii) deciding whether the Group should enter substantial new business areas or exit an existing business area, in cases where the entry or exit is not covered by the current approved strategic framework; and</li> <li>(iv) approving major acquisitions, mergers, disposals or capital expenditure, including decisions on major changes to the company and Group structure, major changes in Significant Group Entities, and other projects of strategic importance for the Group.</li> </ul> |
| <b>5.5 Finance</b>                        | With respect to the ultimate responsibility for the financial situation, the Board has in particular the following duties: <ul style="list-style-type: none"> <li>(i) approving the applicable accounting standards and financial control frameworks, as well as significant changes to them;</li> <li>(ii) annually reviewing and approving the three-year strategic plan and one-year operating plan of the Group, including the financial objectives and a capital allocation framework, as well as the capital and liquidity plans;</li> <li>(iii) annually reviewing and approving the Group ICAAP;</li> <li>(iv) reviewing and approving the annual financial statements of UBS Group AG; and</li> <li>(v) reviewing and approving the consolidated annual and quarterly financial statements, as well as the consolidated annual report of the Group prior to its submission to the AGM.</li> </ul>                             |
| <b>5.6 Organization</b>                   | The Board is responsible for establishing an appropriate business organization, including in particular: <ul style="list-style-type: none"> <li>(i) approving and regularly reviewing the governance principles and the management structures as set out herein;</li> <li>(ii) appointing and removing GEB members, the Group Company Secretary and the Head Group IA and reviewing their performance;</li> <li>(iii) overseeing the effectiveness of the business organization and management information system implemented by the GEB;</li> <li>(iv) supervising the internal control system;</li> <li>(v) approving the charter for Group IA and monitoring Group IA; and</li> <li>(vi) approving the compensation and benefits principles of the Group.</li> </ul>                                                                                                                                                                |
| <b>5.7 Meetings of shareholders</b>       | The Board has a duty to convene AGMs and EGMs, prepare the agenda for such meetings and implement resolutions adopted by the shareholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>5.8 Loss of equity</b>                 | In case of financial difficulties or insufficient equity, the Board must undertake all steps required under applicable law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>5.9 Delegation</b>                     | Within the limits of applicable law, regulations and the AoA, the Board may delegate part of its responsibilities and authorities to: <ul style="list-style-type: none"> <li>(i) the Committees;</li> <li>(ii) individual Board members;</li> <li>(iii) the GEB; and</li> <li>(iv) individual GEB members.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>5.10 Advice from third parties</b>     | The Board and the Committees may, in performing their duties, take advice from third parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

## 6 Meetings

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|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>6.1 Number of meetings</b> | The Board meets as often as business requires, and at least six times a year.                                                                                                                                                   |
| <b>6.2 Convening meetings</b> | Board meetings are convened by the Chairman. Upon written request, including reasons, of any Board member or the Group CEO addressed to the Chairman, he shall convene a Board meeting in accordance with sections 6.3 and 6.4. |
| <b>6.3 Invitation</b>         | The Chairman or, if absent, one of the Vice Chairmen invites the Board members to the Board meetings in writing (including by e-mail or other electronic means).                                                                |

- 6.4 Agenda and notice period** The invitation contains the agenda and must be sent to Board members and other attendees as a rule at least five business days prior to the date of the Board meeting together with all necessary supporting material. In exceptional cases, supporting material may be sent later to allow the Board to receive the latest available information. This applies in particular to updates on financial data.
- In time-critical cases (as determined at the Chairman's discretion), a Board meeting may be held and the supporting material may be sent at shorter notice.
- 6.5 Chair** Board meetings are chaired by the Chairman or, if absent, by one of the Vice Chairmen or, in their absence, by the SID or, in their absence, by another Board member selected by the Board members present.
- 6.6 Attendees** The Board may hold Board meetings as determined by the Chairman:
- (i) with or without the participation of the Group CEO and all or some of the other GEB members; and
  - (ii) with the participation of other persons, who are invited to attend.
- 6.7 Meetings of independent Board members** At least twice a year, the SID holds a meeting of the independent Board members without the participation of the Chairman.
- 6.8 Meeting format** Board meetings may be held in person or by audio or video conference.
- 6.9 Minutes of Board meetings** The minutes (including the annexes as presented to the Board) contain all Board resolutions made and reflect in a general manner the considerations that led to the decisions made. Dissenting opinions of and votes cast by Board members must also be reflected in the minutes.
- 6.10 Form of minutes, inspection rights** The minutes must be signed by the Board member chairing the meeting (in accordance with section 6.5) and the keeper of the minutes and must be made available for review prior to the next Board meeting at which these shall be approved. Board members are entitled to examine the minutes of any Board meeting at any time.

## 7 Resolutions

- 7.1 Quorum of attendance** The presence of either the Chairman, one of the Vice Chairmen or the SID, as well as the majority of the Board members, is required to pass valid Board resolutions. If this quorum is not present, the Chairman can seek a circular resolution of the Board (see section 7.4). No such quorum is required for decisions confirming, implementing and amending resolutions relating to capital increases (article 23(2) of the AoA).
- 7.2 Quorum of resolutions, decisive vote** Board resolutions are passed by an absolute majority of the votes of Board members present; in case of a tie, the Chairman's vote is decisive (article 23(1) of the AoA).
- 7.3 Resolutions on items not on agenda** If time-critical matters arise after a Board meeting has already been convened, such matters may be discussed at the Board meeting and Board resolutions made if a majority of all Board members present agree. If feasible, a revised agenda will be sent to all Board members prior to the meeting. Absent Board members are informed of the resolution made after the Board meeting.
- 7.4 Circular resolutions** Board resolutions may be passed in writing (including by e-mail or other electronic means) if no material discussions are required, the matter is time-critical or has been prediscussed. A proposal for a circular resolution must be communicated to all Board members and is only deemed to have passed if:
- (i) more than two-thirds of all Board members cast a vote or give written notice that they abstain; and
  - (ii) an absolute majority of all Board members participating in this circular resolution approve the proposed resolution; and
  - (iii) no Board member requests a Board meeting in relation to the subject matter of the proposed Board resolution within three business days of receiving notice of the proposal.
- 7.5 Effect of circular resolutions** A circular resolution is as binding as a Board resolution adopted at a Board meeting and must be recorded under a separate heading in the Board minutes prepared pursuant to sections 6.9 and 6.10 for the next Board meeting.

## 8 Information rights

- 8.1 Right of information** Board members have the right to access all information concerning the business and the affairs of the Group as may be necessary or helpful for them to fulfill their duties as Board members.

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| <b>8.2 Request for information during Board meetings</b>         | At Board meetings, any Board member is entitled to request information on any matter relating to the Group regardless of the agenda, and the Board or GEB members present must provide such information to the best of their knowledge.                                                                                          |
| <b>8.3 Request for information outside of Board meetings</b>     | Should a Board member require information or wish to review documents outside a Board meeting, such request must be routed through the Group Company Secretary and addressed to the Chairman.                                                                                                                                    |
| <b>8.4 Request for information outside of Committee meetings</b> | Should a Chairperson require information or wish to review documents outside a Committee meeting, they can, within the range of responsibilities of their Committee, address their request to a member of the GEB directly, to Group IA or to external auditors. The Chairman and the Group CEO must be informed as appropriate. |

## 9 Self-assessment

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| <b>9.1 Board self-assessment</b>  | At least annually, on the basis of an assessment conducted by the GNC (which includes an appraisal by an external expert at least every three years), the Board reviews its own performance, as well as the performance of each of the Committees. Such a review seeks to determine whether the Board and the Committees function effectively and efficiently. |
| <b>9.2 Performance evaluation</b> | The GNC also arranges a performance evaluation for the Chairman. In light of the annual performance evaluation, the Board must consider whether any changes should be made to the membership of the Board or Committees.                                                                                                                                       |

## 10 Chairman

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| <b>10.1 Election</b>                                       | The Board proposes the Chairman who in turn is elected by shareholders at the general meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>10.2 In general</b>                                     | The Chairman promotes the highest standards of corporate governance for the Group as well as the highest standards of integrity and probity within the Group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>10.3 Management of the Board and the Board meetings</b> | <p>The Chairman leads the Board, in this regard he has in particular the following responsibilities:</p> <ul style="list-style-type: none"> <li>(i) to call Board meetings and set their agenda;</li> <li>(ii) to coordinate the tasks within the Board and together with the Chairpersons the work of all Committees;</li> <li>(iii) to ensure that Board members receive accurate, timely, clear and necessary material and information to enable the Board and its Committees to make sound decisions, monitor the management of the Group effectively and promote the success of the Group;</li> <li>(iv) to manage the Board, its meetings and resources to ensure its effectiveness by balancing the time allocated to its strategic and supervisory functions, as well as ensuring sufficient time is allowed for discussion of complex or contentious matters and arranging, if necessary, informal meetings among Board members;</li> <li>(v) to encourage active engagement by all Board members in all matters concerning the Board;</li> <li>(vi) to ensure that Board resolutions are accurate in form and content and that they are implemented properly;</li> <li>(vii) to build, together with the GNC, an effective and highly complementary Board with an appropriate balance of skills and experience, and to initiate changes in and planning Board succession and appointments;</li> <li>(viii) to ensure the operation of a clear Committee structure;</li> <li>(ix) to provide guidance to other Board members about what is expected of them and take into full account their issues and concerns; and</li> <li>(x) to consider and address, together with the GNC, the development needs of individual Board members and the Board as a whole to ensure the necessary depth and breadth of knowledge and experience and to enhance the effectiveness and efficiency of the Board as a team through the establishment of an induction program for new Board members and a satisfactory ongoing training and education program for existing Board members, and organize, together with the GEB members, an annual seminar on the Group's strategy.</li> </ul> |
| <b>10.4 Shareholders' meetings</b>                         | The Chairman ensures that the Board convenes the AGMs and EGMs and that it prepares, and decides on, proposals to be made to the shareholders. In accordance with article 13 of the AoA, the Chairman presides over the AGMs and EGMs and ensures that the Board implements resolutions adopted at the AGMs and EGMs insofar as permitted by law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

- 10.5 External communication** The Chairman, together with the Group CEO, undertakes responsibility for UBS's reputation, is further closely involved in and responsible for ensuring effective communication with shareholders and stakeholders, including government officials, regulators and public organizations. The Chairman maintains close contact with the Group's principal regulators.
- The Chairman is the primary representative of the Board and, together with the Group CEO, of the Group with the media. Other Board members may only discuss Group matters with the media with the approval of the Chairman. The SID ensures communication with those shareholders who wish to conduct discussions with an independent Board member.
- 10.6 Relationship with Board and GEB** The Chairman establishes and maintains close and constructive working relationships with and promotes open communication between the Board and the Group CEO and the other GEB members, providing advice and support to them while respecting that executive management responsibility is delegated to the GEB. Where appropriate, the Chairman ensures effective challenge of the Group CEO and the GEB by the Board and the Committees and fosters ongoing and effective monitoring of performance.
- 10.7 Further responsibilities and authorities** Further details of the responsibilities and authorities delegated to the Chairman are set out in the annexes to these ORs.

## 11 Vice Chairmen and Senior Independent Director

- 11.1 Appointment** The Board appoints one or more Vice Chairmen and a SID. Both offices may be held by the same person. If the Board appoints more than one Vice Chairman, one of them must be independent. The Vice Chairmen support the Chairman with the responsibilities and authorities outlined herein.
- 11.2 Responsibilities and authorities of each Vice Chairman** Each of the Vice Chairmen is required to:
- (i) lead the Board in the absence of the Chairman;
  - (ii) provide support and advice to the Chairman; and
  - (iii) undertake such specific additional duties or functions as the Board may entrust to him from time to time.
- 11.3 Responsibilities and authorities of the SID** The SID is required to:
- (i) create an appropriate information flow and communication system among the independent Board members;
  - (ii) collect and relay any issues or concerns of independent Board members to the Chairman;
  - (iii) handle communication on behalf of the independent Board members and facilitate communication, where appropriate, between shareholders and independent Board members; and
  - (iv) be available to act as a point of contact for shareholders and stakeholders who wish to conduct discussions with an independent Board member, including with concerns that have not been resolved or are not raised through the normal channels.
- Further responsibilities and authorities of the SID follow from sections 6.7, 10.5 and 15.9.

## 12 Group Company Secretary

- 12.1 Appointment and function** At the constitutional meeting of the Board, the Board appoints a Group Company Secretary, who acts as secretary to the Board and its Committees.
- 12.2 Responsibilities and authorities** The Group Company Secretary prepares the agenda for each Board meeting, keeps the Board minutes and the Committees' minutes, and assists the Board and its members in coordinating and fulfilling their duties. In accordance with section 8.3, the Group Company Secretary coordinates requests for information from the members of the Board outside of Board meetings and informs the Group CEO of such requests as appropriate.
- 12.3 Staff and reporting** The Group Company Secretary manages the staff supporting the Board and its Committees and reports to the Chairman.
- 12.4 Official documents** The Group Company Secretary is responsible for keeping UBS Group AG's official company documents and records including their certification.

## 13 Board Committees

- 13.1 Permanent and other Committees** The Board establishes the AC, the Compensation Committee, the CCRC, the GNC and the RC as permanent Committees. The Board may set up other Committees, including ad hoc Committees, if deemed appropriate or necessary.

**13.2 Appointment and election**

From among its members, the Board appoints the Committee members and the respective Chairpersons. The Compensation Committee members are proposed by the Board and in turn elected by shareholders at the general meeting.

**13.3 Responsibilities and authorities**

Based on articles 25 and 27 of the AoA, the Board delegates certain responsibilities and authorities to the Committees pursuant to the annexes to these ORs. The overall responsibility for such delegated competences remains with the Board.



# Group Executive Board

## 14 Delegation

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| <b>14.1 Delegation of management</b>      | The Board delegates the executive management of the Group as set out in section 2.1(ii).                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>14.2 Further delegation by the GEB</b> | The Group CEO and the GEB may further delegate certain responsibilities and authorities within the Group and may empower further delegation of such responsibilities and authorities. Such delegations must be in writing, and clear rules on responsibilities, authorities and accountabilities must be established. Specific responsibilities and authorities delegated by the GEB to a committee of the GEB will be set forth in a resolution adopted or a charter approved by the GEB. |
| <b>14.3 Time-critical matters</b>         | The GEB will establish arrangements to ensure that decisions are made in a time-critical business matter, should the responsible GEB member be unable to act.                                                                                                                                                                                                                                                                                                                              |

## 15 Group Executive Board

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|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>15.1 Composition and appointment</b>          | Under the leadership of the Group CEO, the GEB is comprised of the members detailed in sections 16 to 26 of these ORs and such further GEB members as appointed by the Board upon proposal of the Group CEO.                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>15.2 Responsibilities and authorities</b>     | Under the leadership of the Group CEO, the GEB has executive management responsibility for the steering of the Group and its business. It develops the strategies for the Group, the BDs and GF, and implements the Board-approved strategies. The GEB develops, implements and maintains an appropriate and adequate business organization designed to ensure compliance with applicable laws and regulations and an appropriate management information system.                                                                                                                                    |
| <b>15.3 GEB as risk council</b>                  | The GEB acts as the risk council of the Group. It has overall responsibility for establishing and implementing risk management and control in the Group. It manages the risk profile of the Group as a whole as determined by the Board and the RC and manages the Group's reputation. The GEB determines its requirements for risk reporting, including improvements and changes to the reports, and receives periodic updates on risk data limitations.                                                                                                                                           |
| <b>15.4 Preparation of Board decisions</b>       | Where proposals for decisions must be made to the Board, the GEB prepares such proposals and supports the Board in its decision-making process.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>15.5 Group ALCO as a committee of the GEB</b> | The GEB is responsible for managing the Group's assets and liabilities in line with the Group strategy, risk appetite, regulatory commitments and interests of shareholders and other stakeholders. For this purpose, the GEB has established the Group ALCO pursuant to section 14.2. Further details, specific responsibilities and authorities delegated by the GEB to the Group ALCO are set forth in its terms of reference.                                                                                                                                                                   |
| <b>15.6 Further duties</b>                       | The GEB is furthermore responsible for all management matters not reserved under the AoA or the ORs to any other person or Corporate Body.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>15.7 Meetings, agenda and notice period</b>   | The GEB meets at least once every month or as appropriate. The agenda must be sent to the GEB members at least five calendar days prior to the date of the GEB meeting together with all necessary supporting material. In time-critical cases, a GEB meeting (called by the Group CEO as required or at the request of one GEB member addressed to the Group CEO) may be held and the supporting material may be sent on shorter notice. GEB meetings are chaired by the Group CEO or, if absent, by the nominated deputy CEO. GEB meetings may be held in person or by audio or video conference. |
| <b>15.8 Quorum of attendance</b>                 | The presence, either in person or by audio or video conference, of a majority of the GEB members is required to pass valid GEB resolutions.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>15.9 Quorum of resolutions</b>                  | The resolutions of the GEB are passed by the majority of the votes of the GEB members present. The Group CEO has the power to overrule any GEB resolution. If the Group CEO exercises this power, he must inform the Chairman and the SID as well as the GEB immediately.                                                                                                                                                                                                             |
| <b>15.10 Minutes of GEB meetings</b>               | Minutes are taken of all GEB meetings. They contain all resolutions made by the GEB. The minutes are sent to all GEB members and to the Chairman. Board members may inspect the GEB minutes in accordance with section 8. Section 6.10 applies mutatis mutandis to the GEB minutes.                                                                                                                                                                                                   |
| <b>15.11 Circular resolutions</b>                  | With respect to circular resolutions of the GEB, sections 7.4 and 7.5 apply mutatis mutandis.                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>15.12 Matters requiring immediate attention</b> | With regard to matters which require immediate attention, and if it is not feasible to convene an audio or video conference or to proceed by circular resolution within the time available, the Group CEO may, together with two other GEB members, make decisions, which have the effect of GEB resolutions. GEB members who could not be reached in time must be informed together with the Chairman as soon as possible. Section 7.5 applies mutatis mutandis to such resolutions. |
| <b>15.13 Assessment</b>                            | At least annually, the Group CEO assesses the performance of the GEB. Such a review seeks to determine whether the GEB functions effectively and efficiently. In light of the annual assessment, the Group CEO must consider whether any changes should be made to the composition of the GEB.                                                                                                                                                                                        |
| <b>15.14 Further duties of GEB members</b>         | In addition to the responsibilities for each GEB member set out below, further details of the responsibilities and key authorities delegated to the GEB members are set out in the annexes to these ORs and the relevant Business Regulations or terms of reference.                                                                                                                                                                                                                  |

## 16 Group Chief Executive Officer

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>16.1 Appointment</b>                           | The Group CEO is appointed by the Board upon proposal of the Chairman and the GNC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>16.2 Function, substitution</b>                | The Group CEO is the highest executive officer of the Group and has responsibility and accountability for the management and performance of the Group. The Group CEO nominates a deputy CEO from within the GEB, who is confirmed by the Board. The deputy CEO shall temporarily exercise all responsibilities and authorities if the Group CEO should be incapacitated or unavailable to exercise the function as Group CEO.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>16.3 Main responsibilities and authorities</b> | <p>The Group CEO sets the business and corporate agenda, ensures sound and timely decision-making and controls the implementation of decisions made. The Group CEO is in particular responsible for the following:</p> <ul style="list-style-type: none"> <li>(i) ensuring the GEB fulfills its tasks and assumes its responsibilities;</li> <li>(ii) ensuring alignment of the individual GEB members to the business and corporate agenda;</li> <li>(iii) planning succession at GEB level;</li> <li>(iv) supporting and advising senior management, as well as fostering an integrated entrepreneurial leadership spirit across the Group;</li> <li>(v) assuming a leading role in preparation of strategy, risk, compensation and governance principles for the Board's consideration; and</li> <li>(vi) together with the Chairman, undertaking responsibility for UBS's reputation and ensuring effective communications with shareholders and stakeholders (see also section 10.5).</li> </ul> |
| <b>16.4 Further responsibilities and duties</b>   | In addition to the responsibilities outlined in section 16.3, the Group CEO has responsibility for management and control of the Group CEO Functions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>16.5 Right to overrule decisions</b>           | The Group CEO has an all-encompassing right to information about and examination of all matters handled in the business. He has the power to overrule any decisions made by any management body, including any resolution by the GEB (see section 15.9).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## 16.6 Reporting to the Board

The Group CEO ensures that the Chairman and the Board are kept informed in a timely and appropriate manner on all matters falling within the scope of their responsibilities, as well as important business developments, issues or decisions taken by the GEB in particular with regard to matters which may have a material financial, operational or reputational impact on the Group.

Further, the Group CEO (either personally or through any other GEB member) regularly informs the Board on:

- (i) key performance indicators and other relevant financial data of the Group;
- (ii) existing and emerging risks, issues and mitigating measures;
- (iii) updates on developments in important markets and on peers; and
- (iv) information on all issues which may affect the supervisory or control function of the Board.

## 16.7 Reporting by GEB members

Each member of the GEB detailed in sections 17 to 26 below reports directly to the Group CEO and shall inform the Group CEO or GEB as appropriate of material matters and key developments within the scope of their responsibilities. The Group Functional Heads have an obligation to advise the Chairman and relevant Committees on significant issues arising in the field of their responsibilities.

# 17 Group Chief Financial Officer

## 17.1 Responsibilities and authorities

The Group CFO has in particular the following responsibilities:

- (i) managing the Group's financial accounting, controlling, forecasting, planning and reporting processes;
- (ii) ensuring transparency in and assessing the financial performance of the Group and the BDs;
- (iii) developing the Group's inorganic strategy in collaboration with the GEB and supporting GEB members in mergers and acquisitions, as well as equity investment topics, by monitoring the progress of key inorganic growth initiatives;
- (iv) managing and controlling the Group's tax affairs, treasury and capital management, including funding and liquidity risk, and regulatory capital ratios;
- (v) ensuring asset and liability management by balancing consumption of the Group's financial resources;
- (vi) consulting with the AC to make proposals to the Board regarding the standards for accounting to be adopted by UBS Group AG and the Group and defining the standards for financial reporting and disclosure;
- (vii) managing relations with analysts and investors in coordination with the Group CEO;
- (viii) under the supervision of the AC, coordinating the working relationships with the external auditors; and
- (ix) managing the function "Group Finance".

# 18 Group Chief Operations and Technology Officer

## 18.1 Responsibilities and authorities

The Group COTO has in particular the following responsibilities:

- (i) formulating the approach, objectives, financial and execution plans for the Group Operations and Technology Office area in support of the BDs and GF;
- (ii) driving Group-wide digitalization, delivering IT services, tools and infrastructure, including cyber protection and IT security, in line with the needs of the BDs and GF;
- (iii) overseeing the prioritization of the technology enabled change initiatives;
- (iv) directing and governing all IT development and engineering management activities;
- (v) delivering operational services, maintaining and overseeing the Group's crisis management operations and providing Group-wide data governance; and
- (vi) managing the function "Group Operations and Technology Office".

# 19 Group Chief Risk Officer

## 19.1 Responsibilities and authorities

The Group CRO has in particular the following responsibilities:

- (i) the development of the Group's risk management and control framework (including risk principles and risk appetite) for the credit, market, country, liquidity, funding, model, and environmental and social risk categories, as well as the implementation of independent control frameworks for these risk categories, on the basis of and in accordance with the framework approved by the Board, including:
  - (a) risk measurement, aggregation, portfolio controls and risk reporting; and
  - (b) taking decisions on transactions, positions, exposures, portfolio limits and allowances in accordance with the risk control authorities delegated to the Group CRO;
- (ii) monitoring and challenging the Group's risk-taking activities for the risk categories under Group CRO responsibility; and
- (iii) managing the function "Group Risk Control".

## 20 Group General Counsel

### 20.1 Responsibilities and authorities

The Group GC has in particular the following responsibilities:

- (i) managing the Group's legal affairs and ensuring effective and timely assessment of legal matters impacting the Group or its businesses;
- (ii) providing the legal advice required by the Group;
- (iii) management and reporting of all litigation and other significant contentious matters, including all legal proceedings, that involve UBS; and
- (iv) managing the function "Group Legal".

## 21 Group Chief Compliance and Governance Officer

### 21.1 Responsibilities and authorities

The Group CCGO has in particular the following responsibilities:

- (i) developing the Group's risk management and control framework (including taxonomies and risk appetite) for non-financial risks as well as implementing the independent control frameworks for these risks;
- (ii) developing the Group's governmental policy and regulatory approach;
- (iii) coordinating external governmental and regulatory relations and overseeing important regulatory matters, including key regulatory change programs across the Group;
- (iv) managing the firm's new business governance process;
- (v) developing global and local recovery and resolution plans and defining adequate resolvability improvement measures;
- (vi) developing the Group's organization and legal entity structure, as well as corporate governance standards;
- (vii) governing the Group's internal and external investigations portfolio and performing important investigations; and
- (viii) managing the function "Group Compliance, Regulatory & Governance".

## 22 Head Group Human Resources & Group Corporate Services

### 22.1 Responsibilities and authorities

The Head GHR&GCS has in particular the following responsibilities:

- (i) defining and executing an HR strategy aligned to UBS's objectives, positioning the Group as employer of choice and providing HR services to employees as well as strategic advice to line managers and GEB members supporting them to attract, engage, develop and retain talent;
- (ii) supplying real estate infrastructure and general administrative services to the Group;
- (iii) directing and controlling all supply and demand management activities, supporting the Group with its third-party risk and sourcing strategies and managing the Group's near-/offshore, outsourcing and supplier-related processes; and
- (iv) managing the function "Group Human Resources & Group Corporate Services".

## 23 Group Integration Officer

### 23.1 Responsibilities and authorities

The Group IO has in particular the following responsibilities:

- (i) developing the Group's integration strategy with regard to Credit Suisse within agreed design principles and in accordance with the Group strategy;
- (ii) coordinating with integration teams and, if required, other GEB members to ensure coherent and consistent execution of integration plans and milestones;
- (iii) prioritizing integration activities and monitoring overall progress, coordinating management of operational and execution risks and issues, as well as overseeing development of migration plans and interdependencies;
- (iv) ensuring regular communication and appropriate escalation to the GEB, or other relevant governance bodies;
- (v) challenging timelines, operating models, synergies, and deliverables, as appropriate and for the benefit of the Group; and
- (vi) managing the function "Group Integration".

## 24 Regional Presidents

### 24.1 Responsibilities and authorities

The Regional Presidents have in particular the following responsibilities:

- (i) cross-divisional collaboration;
- (ii) representing the Group to the broader public in their region;
- (iii) providing input to and facilitating the implementation of the Group's strategy; and
- (iv) for Significant Group Entities, Significant Regional Entities and Significant Branches, the Regional Presidents assume responsibility for certain entity governance processes.

## **24.2 Reporting obligation**

The Regional Presidents shall inform the relevant GEB member of any activities and issues that may give rise to actual or potential material regulatory or reputational concerns and of other relevant matters within the scope of their responsibilities.

# **25 Divisional Presidents**

## **25.1 Responsibilities and authorities**

The Divisional Presidents have in particular the following responsibilities:

- (i) proposing BD strategies in line with the Group strategy taking into account input from the Regional Presidents;
- (ii) the operation and management of their BD;
- (iii) controlling and administering the dedicated financial resources, risk appetite, people and infrastructure of the BD;
- (iv) collaborating with the Regional Presidents to support them in the exercise of their competences with regard to certain key entity governance processes; and
- (v) the success, risks, results and value of their BD.

They are further accountable for the front-to-back control environment of the respective BD and are supported by the Group Functional Heads, who are accountable for confirming end-to-end completeness and effectiveness of the respective Group Function.

# Group Internal Audit

## 26 Scope, responsibilities, authorities and reporting

### 26.1 Scope

Group IA is the internal audit function for the Group.

### 26.2 Responsibilities

Group IA independently, objectively and systematically assesses the:

- (i) soundness of the Group's risk and control culture;
- (ii) reliability and integrity of financial and operational information, including whether activities are properly, accurately and completely recorded, and the quality of underlying data and models; and
- (iii) design, operating effectiveness and sustainability of:
  - (a) processes to define strategy and risk appetite, as well as the overall adherence to the approved strategy;
  - (b) governance processes;
  - (c) risk management, including whether risks are appropriately identified and managed;
  - (d) internal controls, specifically whether they are commensurate with the risks taken;
  - (e) remediation activities; and
  - (f) processes to comply with legal and regulatory requirements, internal policies, and the Group's constitutional documents and contracts.

Group IA also conducts special audits at the request of the AC or other Board members, Committees or the Group CEO in consultation with the AC.

### 26.3 Charter

Details of the role, responsibilities and authorities of Group IA are set out in the charter for Group IA. The charter is approved by the Board on the recommendation of the Chairman and the AC.

### 26.4 Access rights

Group IA possesses unrestricted auditing rights within the Group; it has access at all times to all accounts, books, records, systems, property and personnel to fulfill its auditing responsibilities. The Head Group IA has open, direct and unrestricted access to the Chairman, the RC and the AC, as well as to the Group CEO.

### 26.5 Independence

Group IA is independent in determining its activities, in particular when defining audit scope and executing audit engagements. Group IA reports are not subject to any instructions or restrictions, and its authority to audit is unrestricted.

## 27 Head Group IA

### 27.1 Reporting

The Head Group IA reports directly to the Chairman. In addition, the Head Group IA has a functional reporting line to the AC in line with the responsibilities of the AC as set forth in the AC charter. The Head Group IA must inform the AC of the results of the annual internal audit plan and the status of annual internal audit objectives and must be in regular contact with the AC.

### 27.2 Appointment

The Head Group IA is appointed by the Board based on the proposal of the Chairman and the AC.



### 27.3 Responsibilities

The Head Group IA is responsible for:

- (i) maintaining and developing a professional audit team with sufficient knowledge, skills and experience to meet the requirements of these ORs, the audit charter, future challenges and emerging risks;
- (ii) developing an annual audit plan based on an annual risk assessment;
- (iii) continuously considering the firm's risk profile and audit universe;
- (iv) reviewing and assessing the audit plan at least quarterly as well as implementing the approved annual audit plan (including any changes and special projects) and covering the audit universe in a risk-based audit cycle, in accordance with the budget and resource plan approved by the AC;
- (v) delivering assurance over the effective and sustainable remediation of issues, taking a risk-based approach;
- (vi) issuing quarterly governance and annual activity reports which provide an overview of significant audit results and other key developments;
- (vii) coordinating the scope of Group IA's work with external auditors to provide optimal audit coverage;
- (viii) maintaining effective relationships with UBS's regulators; and
- (ix) leveraging Group IA's audit results with the activities of other control functions within UBS, while maintaining independence.

# Special provisions

## 28 Authority to sign

- 28.1 In general** Signing in the name of UBS Group AG requires two authorized signatures to be binding. The Board shall designate those persons authorized to sign on behalf of UBS Group AG.
- 28.2 Signing authority rules** The Board issues signing authority rules, specifying details and principles, including the scope of signature authorities and possible extensions, exceptions to the joint signature authority principle, and the possibility for signatories of UBS Entities to sign on behalf of UBS Group AG. In addition, UBS Entities establish their own rules, according to mandatory provisions of local law, rules and regulations.

## 29 Form of signature

- 29.1 Signature form** All authorized signatories sign by adding their signature to the name of the legal entity on whose behalf they act.

## 30 Conduct of Board and GEB members

- 30.1 Duty of care and loyalty** Each member of the Board and the GEB is under a duty to carry out their responsibilities with due care and to safeguard and further the interests of UBS and of all of its shareholders.
- 30.2 Conflicts of interest** The Board and GEB members must arrange their personal and business affairs, including their affairs with regard to a related person or company, so as to avoid, as much as possible, an actual, perceived or potential conflict with the interests of the Group.
- 30.3 Disclosure of conflict of interest** Each Board member must disclose to the Chairman, and each GEB member must disclose to the Group CEO, any conflict of interest generally arising or relating to any matter to be discussed at a meeting, as soon as the Board or GEB member becomes aware of its existence.
- 30.4 Procedural measures** Unless exceptional circumstances dictate that in the best interests of UBS, a Board or GEB member with a conflict of interest shall not participate in the discussions and decision-making involving the interest at stake, the Board or GEB member with a conflict of interest shall participate in discussions and:
- (i) a double vote (a vote with and a vote without the conflicted individual) shall take place;
  - (ii) a binding decision on the matter requires the same outcome in both votes;
  - (iii) the Chairman or the Group CEO must advise the respective Corporate Body of the conflict of interest; and
  - (iv) the existence of the conflict must be recorded in the meeting minutes.
- In the event of doubt, the Chairman or the Group CEO shall request the respective Corporate Body to determine whether a conflict of interest or exceptional circumstances exist.
- Further, section. 2.5 applies where GEB members have additional reporting lines within legal entities of the Group.
- 30.5 Duty of confidentiality** Except for information already in the public domain, each Board and GEB member shall handle all information relating to the Group learned during the performance of their duties with the utmost discretion at all times. Such information may only be disclosed to third parties with prior written clearance from the Chairman or the Group CEO. This obligation and duty continues even after the term of office of the Board or GEB member has expired for as long as the relevant information remains confidential.
- 30.6 Benefits of Board and GEB members** If a Board or a GEB member becomes aware of the fact that they may receive a financial or non-financial benefit other than any salary, remuneration or other benefit from UBS, as a result of employment within the Group, that person must:
- (i) promptly inform the Board, in the case of a Board member or the Group CEO; and
  - (ii) promptly inform the Group CEO, in the case of a GEB member other than the Group CEO.

## 31 Entry into force, amendments

### 31.1 Entry into force

These ORs replace the former regulations of 1 March 2024 governing the internal organization of UBS Group AG and come into effect on 1 July 2024, based on a Board resolution of UBS Group AG dated 5 June 2024.

### 31.2 Amendments

These ORs may be amended by the Board only with the approval of FINMA.

# *Annex A – Organizational chart of UBS Group AG*

# Organizational chart of UBS Group AG



# Annex B – *Charter of the Committees of the Board*



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# Introduction

## 1 Basis and purpose

### 1.1 Basis

This Committees' charter is enacted by the Board pursuant to articles 716–716b CO, articles 25 and 27 of the AoA and sections 5.9 and 13.3 of the ORs.

### 1.2 Purpose

The purpose of this Committees' charter is to set out the objectives, composition and responsibilities of the permanent Board Committees, being:

- (i) the Audit Committee;
- (ii) the Compensation Committee;
- (iii) the Corporate Culture and Responsibility Committee;
- (iv) the Governance and Nominating Committee; and
- (v) the Risk Committee.

# Membership and constitution

## 2 Number of Committee members, their independence and knowledge

- 2.1 Minimum number of Committee members** Each Committee must have at least three Committee members.
- 2.2 Independence** Each Committee must consist of members of the Board who:
- (i) with respect to the Compensation Committee, GNC and CCRC, are independent, in a majority, as defined by section 3.2 of the ORs;
  - (ii) with respect to the AC, fulfill the independence criteria set out in sections 2.3 and 2.4 of this Committees' charter; and
  - (iii) with respect to the RC, are independent, in a majority, as defined by section 3.2 of the ORs and fulfill the independence criteria set out in section 2.4 of this Committees' charter.
- At least one member of the RC must also be a member of the Compensation Committee.
- 2.3 Special independence rules for AC members** In addition to the independence criteria set out in section 3.2 of the ORs, each AC member must meet the requirements set forth in rule 10A-3 of the Securities Exchange Act of 1934 and the New York Stock Exchange rules.
- 2.4 Special rules for AC and RC members** Each AC and RC member must:
- (i) not be an affiliated person of UBS; for the avoidance of doubt, serving as a member of the Board of a subsidiary of UBS Group AG or an affiliated company of the Group and receiving remuneration for such activity does not, of itself, make an AC or an RC member an affiliated person; and
  - (ii) not receive any consulting, advisory or other compensatory fees from UBS or any of its affiliated persons other than in their capacity as a Board member or a Committee member.
- Each AC member must not serve on the audit committee of more than two other public companies, unless the Board has made a determination that such AC member or prospective AC member has the availability to properly fulfill their duties with UBS.
- 2.5 Special rules for GNC members** At least one of the Vice Chairmen and/or the SID is a member of the GNC.
- 2.6 Knowledge** Committee members must have the necessary knowledge and experience to fulfill their functions.
- 2.7 Membership and presence of the Chairman** Generally, the Chairman or one of the Vice Chairmen chairs the GNC. The Chairman may, in consultation with the relevant Chairperson, attend the meetings of other Committees as a non-voting guest.

## 3 Constitution

- 3.1 Appointment and removal by the Board** The Chairperson and the Committee members, with the exception of the Compensation Committee members, are appointed pursuant to section 4.3 of the ORs, and the Board may remove any Committee member or any Chairperson at any time. Should a vacancy arise on any Committee, even if the minimum number of Committee members pursuant to section 2.1 of this Committees' charter is still met, the Board may appoint the missing member from among its members for the remaining term of office.

# Responsibilities and authorities

## 4 Delegation of responsibilities and authorities

- 4.1 In general** Pursuant to section 13.3 of the ORs, the Committees have the responsibilities and authorities set out in the annexes to the ORs.

## 5 Audit Committee

- 5.1 In general** The function of the AC is to support the Board in fulfilling its oversight duty relating to financial reporting and internal controls over financial reporting, the effectiveness of the external and internal audit functions, and the effectiveness of whistleblowing procedures.

Management is responsible for the preparation, presentation and integrity of the financial statements, while the external auditors are responsible for auditing financial statements. The AC's responsibility is one of oversight and review.

**5.2 Responsibilities and authorities**

The AC's responsibilities and authorities for UBS Group AG and the Group are to:

- (i) Financial reporting:
  - (a) monitor the integrity of the financial statements and any announcements related to financial performance, and review significant financial reporting judgements contained in them, before recommending their approval to the Board;
  - (b) advise the Board on whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy;
  - (c) review the organization and completeness of the financial reporting process, including the Group's internal control system and procedures as they relate to the integrity of the financial statements, taking into account the reports provided by the GEB, the external auditors, Group IA, regulators or other information as determined by the Committee to be appropriate;
  - (d) review management's SOX 404 report in relation to internal controls over financial reporting;
  - (e) review significant accounting policies and practices and compliance with accounting standards; and
  - (f) review arrangements for compliance with the Group's legal, regulatory and other requirements (including tax matters) as they relate to the integrity of the financial statements or financial report;
- (ii) External audit:
  - (a) oversee the Group's relationship with and assess the qualifications, expertise, effectiveness, independence and performance of the external auditors and their lead audit partner; support the Board in reaching a decision in relation to the appointment, reappointment or dismissal of the external auditors and the rotation of the lead audit partner;
  - (b) approve the engagement letter of the external auditors, including the scope of the audit and the fees and terms for the planned audit work;
  - (c) oversee all audit and permitted non-audit services provided by the external auditors and establish such policies as the Committee deems appropriate;
  - (d) annually review the external auditors' summary of adjusted and unadjusted differences; and
  - (e) review the regulatory audit plan and the results of regulatory audits;
- (iii) Group IA:
  - (a) monitor and assess the effectiveness, independence and performance of the Head Group IA and Group IA;
  - (b) approve Group IA's annual audit plan and objectives including subsequent important amendments;
  - (c) monitor Group IA's discharge of its annual audit objectives; and
  - (d) order special audits to be conducted either by Group IA or by mandating third parties and review and approve such requests from other Board members, Committees or the Group CEO;

- (iv) Whistleblowing and investigations:
  - (a) review the effectiveness of the firm's whistleblowing policies and procedures and ensure that appropriate whistleblowing mechanisms are in place;
  - (b) review on a quarterly basis the levels of new and pending whistleblowing cases and reports on complaints made regarding accounting, auditing or other matters;
  - (c) review on a quarterly basis reports on internal investigations; and
  - (d) conduct or direct any investigation, including the retention of external advisors and consultants (at UBS's expense), as it considers necessary to discharge its responsibilities; and
- (v) Human Resources:
  - (a) annually provide input on the performance of the Group CFO, Group GC, Group CRO and Group CCGO to the Group CEO; and
  - (b) review and make recommendations to the Board regarding decisions relating to the hiring and dismissal of the Group CFO.

## 6 Compensation Committee

### 6.1 In general

The function of the Compensation Committee is to support the Board in its duties to set guidelines on compensation and benefits, to oversee implementation thereof, to approve certain compensation and to scrutinize executive performance.

### 6.2 Responsibilities and authorities

The Compensation Committee's responsibilities and authorities are to:

- (i) Group compensation strategy and principles:
  - (a) periodically review the Group compensation strategy and principles and propose any material changes to the Board for approval; and
  - (b) evaluate the effectiveness of pay for performance results across the Group;
- (ii) GEB performance targets and objectives:
  - (a) propose, upon proposal of the Chairman, financial and non-financial performance targets and objectives for the Group CEO for approval by the Board;
  - (b) review, upon proposal of the Group CEO, the performance framework for the other GEB members; and
  - (c) inform the Board of the Group CEO's financial and non-financial performance targets and objectives, as well as the performance framework for the other GEB members;
- (iii) GEB performance assessments:
  - (a) propose, upon proposal of the Chairman, the Group CEO's performance assessment for approval by the Board;
  - (b) propose, upon proposal of the Group CEO, the performance assessments of the other GEB members for approval by the Board; and
  - (c) inform the Board of the performance assessments of all GEB members, including the Group CEO;
- (iv) Compensation framework and plans:
  - (a) approve key features of the compensation framework and plans for the non-independent Board members and GEB members;
  - (b) be informed of key features of the compensation framework and plans for employees other than GEB members;
  - (c) approve key terms of any new or amended compensation plans or other compensation arrangements with a material financial, reputational or strategic impact or significant use of UBS Group AG shares;
  - (d) be informed of key terms of any new or amended pension and benefit plans with a material financial, reputational or strategic impact;
  - (e) approve the share ownership policy for GEB members;
  - (f) propose, upon proposal of the Chairman, the remuneration/fee framework for independent Board members for approval by the Board; and
  - (g) approve, upon proposal of the Chairman and Group CEO, the remuneration/fee frameworks for external supervisory board members of Significant Group Entities and be informed of remuneration/fee frameworks for external supervisory board members of Significant Regional Entities;
- (v) Compensation governance:
  - (a) approve key terms for material individual variations to standard employment and termination agreements for non-independent Board members and, upon proposal of the Chairman, for the Group CEO and, upon proposal of the Group CEO, for other GEB members;
  - (b) approve the engagement of and fees for any external advisors/consultants retained by the Compensation Committee; considering factors relevant to the advisors' independence from management and any requirements under New York Stock Exchange listing standards prior to selecting, or receiving advice from any such advisor/consultant;
  - (c) propose to the Board for approval the annual compensation report and approve other material public disclosures on UBS compensation matters;
  - (d) approve the peer group framework used for non-independent Board and GEB members' pay comparison purposes;

- (e) meet with the RC annually to ensure that the compensation framework supports appropriate risk awareness and management, as well as appropriate risk-taking; and
- (f) be informed of major regulatory developments, shareholder initiatives and best practices in executive compensation;
- (vi) Other compensation competencies:
  - (a) approve the total compensation for the Chairman and the non-independent Board members;
  - (b) propose, upon proposal of the Chairman, the total compensation for the Group CEO for approval by the Board;
  - (c) propose, upon proposal of the Group CEO, the individual total compensation for the other GEB members for approval by the Board;
  - (d) approve, upon proposal of the Chairman, the total compensation for the Head Group IA, the Group Company Secretary and, upon proposal of the Group CEO, the total compensation for former GEB members for the first financial year after leaving the GEB;
  - (e) propose, to the Board, for approval by the general meeting of the shareholders and subject to the relevant periods as outlined in the AoA:
    - a. the maximum aggregate amount of compensation for the Board;
    - b. the maximum aggregate amount of fixed compensation for the GEB; and
    - c. the aggregate amount of variable compensation for the GEB;
  - (f) For employees within the Group:
    - a. approve the total individual compensation for the 50 highest-paid employees (excluding GEB members) at year-end compensation review;
    - b. be informed of all employees with an annual total compensation of USD 3 million or more, and approve all employees with an annual total compensation of USD 5 million or more;
    - c. be informed of or approve retention awards, severance payments, replacement awards and sign-on payments above internally defined thresholds, including commitments to compensate new hires; and
    - d. approve the total individual compensation of certain employees based on additional regulatory requirements; these approval authorities can be delegated to the Chairperson of the Compensation Committee;
  - (g) be informed of business performance progress and other variables that impact the funding of the performance award pool; and
  - (h) propose, upon proposal of the Group CEO, the final annual Group performance award pool to the Board for approval and approve, upon proposal of the Group CEO, the performance award pools for the BDs and GF.

## 7 Corporate Culture and Responsibility Committee

### 7.1 In general

The CCRC supports the Board in its duties to safeguard and advance the Group's reputation for responsible and sustainable conduct. Its function is forward-looking in that it monitors and reviews societal trends and transformational developments and assesses their potential relevance for the Group. In undertaking this assessment, it reviews stakeholder concerns and expectations pertaining to the societal performance of UBS and to the development of its corporate culture. The CCRC's function also encompasses the monitoring of the current state and implementation of the programs and initiatives within the Group pertaining to corporate culture and corporate responsibility including sustainability.

### 7.2 Responsibilities and authorities

The CCRC's responsibilities and authorities are to:

- (i) General:
  - (a) monitor and advise the Board on current and emerging societal trends and developments of potential relevance for the Group;
  - (b) review and assess the current state and implementation of the corporate culture and corporate responsibility programs and initiatives within the Group; and
  - (c) monitor the consistent application of the behaviors of accountability with integrity, collaboration and innovation within UBS;
- (ii) Frameworks and regulations:
  - (a) monitor and advise the Board on evolving external corporate culture and corporate responsibility regulations, standards and practices;
  - (b) conduct the annual review process for the Code of Conduct and Ethics of UBS and make proposals for amendments to the Board; and
  - (c) reaffirm UBS's frameworks pertaining to the programs and initiatives outlined below on an annual basis;
- (iii) Strategy:
  - (a) monitor the effectiveness of actions taken by UBS relating to the corporate culture and corporate responsibility regulations and policies, as well as the objectives of UBS;
  - (b) support the GEB, if required, in the adjustment of processes pertaining to corporate culture and corporate responsibility;
  - (c) approve Group Sustainability and Impact's overall strategy and annual objectives;



- (d) reaffirm the Group's memberships in organizations, as well as commitments with a sustainability and/or impact topic focus, on an annual basis; and
- (e) support a strong and responsible corporate culture firmly founded in a spirit of long-term thinking;
- (iv) Programs and initiatives:
  - oversee UBS's corporate culture and corporate responsibility programs and initiatives, including:
    - (a) Group Sustainability and Impact;
    - (b) three keys to success;
    - (c) sustainable finance (including sustainable and impact investing);
    - (d) client and corporate philanthropy;
    - (e) environmental and social risk management;
    - (f) climate strategy (including net zero commitment);
    - (g) human rights (including modern slavery prevention);
    - (h) in-house environmental management;
    - (i) responsible supply chain management;
    - (j) diversity, equity and inclusion;
    - (k) client satisfaction;
    - (l) talent management;
    - (m) working environment; and
    - (n) other evolving initiatives;
- (v) Reporting, communications and engagements:
  - (a) advise the Board on the reporting of the Group's corporate culture and corporate responsibility strategy and activities;
  - (b) review and propose to the Board for approval the annual sustainability report including the relevant sections of the Group's annual reporting;
  - (c) provide oversight of the annual sustainability report related disclosures and the sustainability disclosure assurance audit process; and
  - (d) monitor and review communications on corporate culture and corporate responsibility with stakeholders (including relevant organizations and sustainability rating and ranking bodies) and their effectiveness with regard to the reputation of the Group.

## 8 Governance and Nominating Committee

### 8.1 In general

The function of the GNC is to support the Board in fulfilling its duty to establish best practices in corporate governance across the Group, including conducting a Board assessment, establishing and maintaining a process for appointing new Board and GEB members, as well as for the annual performance assessment of the Board.

### 8.2 Responsibilities and authorities

The GNC's responsibilities and authorities are to:

- (i) Corporate governance:
  - (a) address all significant corporate governance issues affecting the Group;
  - (b) develop, maintain and review these ORs and make proposals to the Board for approval;
  - (c) make recommendations to the Board concerning further corporate governance matters and practices;
  - (d) review the corporate governance section of the Group's annual report;
  - (e) coordinate as required the work of the other Committees regarding corporate governance in their specific areas of expertise;
  - (f) plan and manage proposals for changes in Board membership, taking into account factors including:
    - a. the size and composition of the Board, as well as its Committees; and
    - b. the skill mix, industry experience, diversity considerations and responsibilities of Board members;
  - (g) annually review the Board members' independence and present its assessment to the Board for approval;
  - (h) approve mandates of Board and GEB members pursuant to articles 31 and 36 of the AoA and applicable internal policies; and
  - (i) approve the appointment of supervisory board members for Significant Group Entities upon proposal by the Group CEO and ensure the Chairperson of the respective Board Committee of UBS Group AG is consulted on the appointment of Chairpersons to equivalent committees for Significant Group Entities;
- (ii) annually review the Committees' charter, taking into account best practices;
- (iii) Identification and nomination of new Board members:
  - (a) develop, maintain and review principles and criteria regarding the recruitment and nomination of new Board members and Committee members, approve their existing mandates, assess their independence pursuant to section 3.2 of the ORs and provide specific proposals to the Board for approval;
  - (b) review and propose new candidates for membership of the Board to be recommended for election by the shareholders at an AGM or EGM in accordance with selection criteria approved by the Board; and
  - (c) manage a succession plan for Board and Committee membership;

- (iv) Board education:
  - (a) ensure the establishment of a satisfactory induction program for new Board members and a satisfactory ongoing training and education program for existing Board members and Committee members; and
  - (b) maintain a list of trainings attended by individual Board members (maintained by the Group Company Secretary on behalf of the GNC);
- (v) Performance evaluation:
  - (a) set the criteria for and oversee the annual assessment of the performance and effectiveness of the Chairman, the Board as a whole and each Committee;
  - (b) conduct an annual assessment of the performance and effectiveness of the Chairman and of the Board as a whole (which includes an appraisal by an external expert at least every three years), report to the Board the conclusions and recommendations and assess on a timely basis whether or not Board members are to be proposed for re-election by the AGM;
  - (c) ensure that each Committee carries out and oversees a self-assessment of its performance and reports the conclusions and any recommendations for change to the Board; and
  - (d) ensure that each Committee is subject to an external assessment every three years; and
- (vi) Human resources:
  - supervise and approve, together with the Chairman, the succession planning for all GEB members and propose their appointment for approval by the Board (for this purpose, the GNC receives information from the Compensation Committee on its performance evaluation of the GEB members).

### **8.3 Responsibilities and authorities of the Vice Chairman and/or SID**

- In accordance with section 2.5 of this Committees' charter, at least one of the Vice Chairmen and/or the SID is a member of the GNC. The respective GNC member is required:
- (i) together with the GNC, to lead the Board in the ongoing monitoring and annual evaluation of the Chairman; and
  - (ii) in conjunction with the Chairman and the GNC, to ensure good corporate governance, balanced leadership and control within the Group, the Board and the Committees.

## **9 Risk Committee**

### **9.1 In general**

The function of the RC is to oversee and support the Board in fulfilling its duty to set and supervise an appropriate risk management and control framework in the areas of:

- (i) financial and non-financial risks; and
- (ii) balance sheet, treasury and capital management, including funding, liquidity and equity attribution.

The RC considers the potential effects of the aforementioned risks on the Group's reputation.

### **9.2 Responsibilities and authorities**

The RC's responsibilities and authorities are to:

- (i) Risk management and control:
  - (a) review and propose to the Board the guiding principles and framework for risk management and control (including risk appetite, delegation of risk authorities and major risk limits) relative to UBS's operations, assess management's respective proposals and recommend any required changes to the Board;
  - (b) review and approve the risk appetite methodology (including objectives and binding scenarios) relative to the Group's activities and risk profiles, including allocation of responsibilities within the risk management and control framework;
  - (c) review and propose to the Board the risk, capital, liquidity and funding, and balance sheet section of the annual report of the Group;
  - (d) periodically assess the appropriateness of major policies and procedures adopted by the GEB relating to the risk management and control of significant risks;
  - (e) review and make recommendations to the Board based on proposals from the GEB in relation to material risk limits and periodically review allocations and authority levels relating to those limits. Material risk limits include those relating to portfolios, concentrations, products, sectors or other categories relevant to the strategy, risk profile and risk capacity of UBS Group AG and the Group as approved by the Board;
  - (f) review and approve the principal characteristics of the Group's risk measurement framework (including changes thereto) used to identify, model, measure, monitor and report risks;
  - (g) monitor and oversee the risk profile of UBS Group AG and the Group within the context of the Board-determined risk profile, risk capacity and limit structure;
  - (h) systematically review high-risk areas of the Group and assess the effectiveness of the steps taken by the GEB to manage or mitigate such risks;
  - (i) review and assess the asset and liability management framework, including allocation of responsibilities, limits, capital allocation to BDs and GF, liquidity and funding;

- (j) review regulatory framework reforms affecting areas within the scope of the RC's mandate and recommend any required changes to the Board;
- (k) consider the Group's strategy to deal with anticipated or existing high-level risks and assist the Board by reviewing and assessing management's proposals in relation to strategy;
- (l) review management's proposals and as appropriate propose to the Board for approval a global recovery plan and global resolution strategy;
- (m) review management's assessments of UBS's non-financial risk exposures and related risk-oriented activity plans;
- (n) periodically review material communications (including formal assessments) between UBS and its principal regulators;
- (o) review projects and remediation activities (as determined by the RC) undertaken by the management to address critical changes to the risk management/control environment; and
- (p) periodically meet with the Compensation Committee to ensure that the compensation framework appropriately reflects risk awareness and management, and ensures appropriate risk-taking;
- (ii) Risk reporting:
  - (a) determine risk reporting requirements that allow for an effective oversight by the RC and communicate changes to report owners if reporting requirements are not met or change;
  - (b) review risk reports, including reports from management that assess the likelihood of risks materializing, the monitoring of emerging trends via forecasts or stress tests, the adequacy and appropriateness of the internal controls to manage those risks and that contain agreed measures to reduce risks or deal with specific risk situations including stress situations; and
  - (c) receive periodic updates on limitations that prevent full risk data aggregation in the risk reports; and
- (iii) Human Resources:
  - (a) annually provide input on the performance of the Group CRO, Group CFO, Group GC and the Group CCGO to the Group CEO; and
  - (b) review and make recommendations to the Board regarding decisions relating to the hiring and dismissal of the Group CRO and the Group CCGO.

## 10 Further responsibilities and authorities

- 10.1 Further responsibilities and authorities** The Board may entrust further powers and duties to the Committees by Board resolution.

## 11 Delegation to a member or subcommittee

- 11.1 Further delegation by the Committees** Each Committee may delegate some of its tasks to one of its members or to a subcommittee comprised of two or more of its members. Such delegations shall be recorded in the Committee's minutes and the Chairman must be informed.

## 12 Information rights

- 12.1 Committees** In accordance with the procedure set out in section 8.4 of the ORs, each Committee may request any relevant information or special reports from any GEB member or Group IA on matters relating to its respective responsibilities set out in this Committees' charter.

- 12.2 Committee members** For the information rights of each Board member, see section 8 of the ORs.

## 13 Meeting with third parties

- 13.1 Meeting with third parties** The Committees may, in performing their duties, take advice from and meet as a body with third parties. In consultation with the Group CEO, they may meet with regulators. The Chairperson shall inform the Chairman accordingly.

# Meetings and resolutions of the Committees

## 14 Meetings

- 14.1 Number of meetings** Each Committee meets as often as its business requires, but at least:
- (i) four times a year for the AC, the RC and the Compensation Committee; and
  - (ii) twice a year for the CCRC and the GNC.
- The AC and RC hold at least four joint meetings a year.
- The Compensation Committee and RC periodically hold joint meetings.
- 14.2 Request, invitation, agenda, notice period, chair, and format** Committee meetings, including joint meetings, are called and held in compliance with the rules set out in the ORs (sections 6.2 to 6.5 and 6.8 of the ORs to be applied mutatis mutandis).
- 14.3 Presence of third parties at Committee meetings** Each Chairperson may, on their own motion or upon request of any Committee member or the Chairman, invite GEB members, as well as other persons, to attend Committee meetings. The Group CEO will be informed accordingly.
- 14.4 Special rules for the AC** The AC holds Committee meetings:
- (i) normally with the participation of the Head Group IA, representatives of the external auditors, the Group CEO, the Group CFO, and the Group Controller and Chief Accounting Officer; and
  - (ii) periodically, only with the participation of the Head Group IA, the external auditors, or with members of management, or a combination of any of the aforementioned.
- 14.5 Special rules for the CCRC** The CCRC normally holds Committee meetings with the participation of the Group CEO, the Head Group Sustainability and Impact, and the Chief Sustainability Officer.
- 14.6 Special rules for the Compensation Committee** The Compensation Committee normally holds Committee meetings with the participation of the Group CEO, the Head GHR&GCS, the Global Head of Reward and external advisors.
- 14.7 Special rules for the RC** Generally, the Group CEO, the Group CFO, the Group CRO, the Group GC, the Group CCGO, the Head Group IA and representatives of the external auditors participate (to the extent necessary) in each meeting of the RC. The invitation of other persons is at the discretion of the RC.
- 14.8 Resolutions** Resolutions are passed by an absolute majority of the votes of Committee members present; in case of a tie, the decision is passed on to the Board and decided in accordance with section 7.2 of the ORs. Sections 7.2 to 7.4 of the ORs apply mutatis mutandis with regard to circular resolutions.
- 14.9 Minutes** The minutes of Committee meetings, including joint meetings, must fulfill the conditions set out in sections 6.9, 6.10 and 7.5 of the ORs and be distributed to the Chairman.

## 15 Resolutions and information rights

- 15.1 Resolutions and information rights** Sections 7, 8.2, 8.3 and 8.4 of the ORs apply mutatis mutandis to the decision-making process and the information rights of the Committees and the Committee members.

# Reporting

## 16 Regular reporting

### 16.1 In general

Each Chairperson ensures that the Chairman and the Board are kept informed in a timely and appropriate manner. Each Chairperson (either personally or through another Committee member) regularly reports to the Board at the Board meetings on the current activities of their Committee and on important Committee issues, including all matters falling within the duties and responsibilities of the Board, namely:

- (i) proposals for resolutions to be considered, or other action to be taken by the Board;
- (ii) resolutions and decisions made by the Committee and the material considerations that led to such resolutions and decisions; and
- (iii) activities and important findings of the Committee.

### 16.2 Submitting of proposals and recommendations

Each Chairperson submits, in writing, the proposals and resolutions mentioned in sections 16.1(i) and (ii) of this Annex to the ORs to the Board unless such proposals are contained in the Committee minutes; the remaining reporting is generally done orally.

### 16.3 Annual reporting of the Committees

Each Committee annually submits a report to the Board, detailing the activities of the Committee during the previous twelve months.

## 17 Special reporting

### 17.1 AC

Following the completion of the audit and the annual financial statements, the AC Chairperson submits annually to the Chairman, for the attention of the Board:

- (i) the AC's assessment of the qualification, independence and performance of the external auditors;
- (ii) the AC's assessment of the design of the Group's internal control system for financial reporting and the coordination and interaction between Group IA and the external auditors; and
- (iii) a recommendation regarding the audited financial statements in UBS's annual report.

# Special provisions

## 18 Confidentiality

### 18.1 Special rule

The deliberations of the Compensation Committee and GNC are handled with the utmost discretion and are to be communicated outside of these Committees only to the extent permitted by the Chairpersons of these Committees. The Chairman is exempted with regard to the confidentiality of deliberations.

## 19 Self-assessment and adequacy review

### 19.1 Self-assessment and adequacy review

Each Committee reviews the adequacy of its charter at regular intervals, but at least annually, and recommends to the GNC any changes considered to be necessary or appropriate. For the self-assessment, section 9 of the ORs is to be applied mutatis mutandis.



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**Exhibit 4.19****Additional Tier 1 capital (Basel III-compliant)**

|                              |                                                            |
|------------------------------|------------------------------------------------------------|
| <b>Issuer</b>                | UBS Group AG, or other employing entities of the UBS group |
| <b>ISIN</b>                  | -                                                          |
| <b>Issue Date</b>            | 21.02.2025 <sup>1</sup>                                    |
| <b>Currency</b>              | USD / CHF                                                  |
| <b>Nominal<br/>(million)</b> | <sup>2</sup>                                               |
| <b>Coupon Rate</b>           | 7.15% / 3.05% <sup>3</sup>                                 |
| <b>Maturity Date</b>         | perpetual <sup>4</sup>                                     |
| <b>First Call Date</b>       | 1 March 2030 <sup>5</sup>                                  |

<sup>1</sup> Issuance date which corresponds to grant date for employees.

<sup>2</sup> For information on the outstanding amount, refer to the table "Capital and total loss-absorbing capacity instruments of UBS Group AG (consolidated), UBS AG and Credit Suisse AG (both consolidated and standalone) - Key features".

<sup>3</sup> Applicable to USD-denominated and CHF-denominated issues, respectively, and not payable to EU/UK MRTs and SMFs, both as defined within this document.

<sup>4</sup> Subject to forfeiture and vesting provisions.

<sup>5</sup> For SMFs, as defined within this document, partly on 1 March 2031 and 1 March 2032.

## Deferred Contingent Capital Plan 2024/25 (DCCP)

Summary description of the terms and conditions of DCCP as a capital instrument

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overview                         | Issues under the DCCP are made by UBS Group AG or certain other employing entities to key contributors at UBS Group AG or any of its subsidiaries (together, the "Group"). Eligibility is determined by the Issuer and issues are granted at its sole discretion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Issuer                           | UBS Group AG or certain other employing entities of the UBS group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Type of instrument               | <p>Non-transferable contingent right against the Issuer to receive</p> <ul style="list-style-type: none"> <li>(i) discretionary annual interest equivalent payments on the nominal value of a hypothetical perpetual Additional Tier 1 ("AT1") security notionally issued by UBS Group AG at grant (the "Notional Bond"), and</li> <li>(ii) at redemption, as determined by the Issuer in its sole discretion, either the value of the Notional Bond in cash or perpetual AT1 securities issued or guaranteed by UBS Group AG or any other member of the Group of equivalent value (in each case net of any applicable taxes and social security contributions to the employee's account).</li> </ul> <p>For DCCP awarded to EU/UK Material Risk Takers (MRT)<sup>1</sup> and individuals performing designated UK Senior Management Functions (SMF)<sup>2</sup> there will be no contingent right to receive discretionary annual interest payments; only a non-transferable contingent right against the Issuer to receive the amount indicated under (ii) above.</p> |
| Conditional Interest Equivalents | <p>Subject to (i) the conditions set out under "Trigger Event or Viability Event" and "Forfeiture and Vesting Provisions" and (ii) the discretionary and mandatory interest cancellation provisions as set out below, interest equivalents will be payable annually in arrears on the nominal value of the Notional Bond at a rate of 3.05% for CHF-denominated issues and 7.15% for USD-denominated issues.</p> <p>The Issuer may, at its discretion, elect to cancel any interest equivalent that is otherwise scheduled to be paid on any interest payment date. In addition, without limitation to the foregoing, payments of interest equivalents will not be made unless sufficient distributable items (i.e., net profits carried forward and freely distributable reserves) of UBS Group AG are available.</p>                                                                                                                                                                                                                                                  |
| Maturity date                    | <p>Issues under the DCCP have no scheduled maturity date.</p> <p>Notwithstanding the foregoing, but subject to the conditions set out under "Trigger Event or Viability Event" and "Forfeiture and Vesting Provisions", issues to US taxpayers will mature and be settled on or about 1 March 2030 (the "First Call Date"), or for US-based SMFs on 1 March 2031 and 1 March 2032 as mentioned below. The Notional Bond underlying such issues will have no scheduled maturity date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

<sup>1</sup> Based on relevant European Banking Authority's ("EBA") Regulatory Technical Standards (RTS) for EU MRTs, and for UK MRTs, based on the EBA RTS and the UK Prudential Regulation Authority's and Financial Conduct Authority's rules.

<sup>2</sup> As defined by the UK's Prudential Regulation Authority and Financial Conduct Authority.

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trigger Event or Viability Event | <p>All outstanding issuances under the DCCP (or, in case of a Trigger Event (as defined below), all outstanding awards under the DCCP in relation to which a Trigger Event has occurred) will be automatically and permanently written down to zero, no further amounts will be due or paid thereunder and such awards will be permanently cancelled, if:</p> <ul style="list-style-type: none"> <li>a) the reported Common Equity Tier 1 ratio of the Group set forth in UBS Group AG 's quarterly financial accounts, results, the annual report, or in any reviewed interim measurement published upon the instruction of the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), falls below 7% or, with respect to grants awarded to Group Executive Board members, 10%, as of the relevant balance sheet date (each, a "Trigger Event");</li> <li>b) FINMA provides UBS Group AG with written notice of its determination that amounts outstanding under the DCCP are required to be written down to prevent the insolvency, bankruptcy or failure of UBS Group AG; or</li> <li>c) UBS Group AG has received a commitment of direct or indirect extraordinary support from the public sector that FINMA has determined and confirmed in writing to UBS Group AG is necessary to prevent the insolvency, bankruptcy or failure of UBS Group AG (an event described in clause (b) or (c), a "Viability Event").</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Conditional Redemption           | <p>Subject to the conditions set out under "Trigger Event or Viability Event" and "Forfeiture and Vesting Provisions" and except as mentioned below, the Issuer may, at its sole discretion, redeem any issuance by way of either a cash payment or delivery of AT1 securities on the First Call Date, provided that, where the Issuer has elected to redeem an issuance by way of a cash payment, a redemption will not occur until FINMA has approved it.</p> <p>DCCP issuances to SMFs may be redeemed by the Issuer on the same basis, in equal quantities on 1 March 2031 and 1 March 2032. However, the following exceptions will apply:</p> <ul style="list-style-type: none"> <li>a) For SMFs who are members of the Group Executive Board, the DCCP Issuances may be redeemed on the same basis with 13% redeemed on 1 March 2031 and 87% redeemed on 1 March 2032;</li> <li>b) For certain designated below-GEB SMFs, the DCCP Issuances may be redeemed on the same basis with 20% redeemed on 1 March 2031 and 80% redeemed on 1 March 2032.</li> </ul> <p>In case of a redemption by way of delivery of securities, the securities will be perpetual AT1 securities issued or guaranteed by UBS or any other member of the Group with substantially the same terms and provisions consistent with the Notional Bond, including but not limited to, the same Trigger and Viability Events. Furthermore, the aggregate value of the AT1 securities shall, subject to rounding, equal the value of the Notional Bond (net of any applicable taxes and social security contributions).</p> <p>For issuances granted to US taxpayers, redemption will be on the First Call Date, or for US-based SMFs on 1 March 2031 and 1 March 2032 as mentioned above, such that if FINMA approval for any cash settlement has not been given at the applicable point in time, issuances must be settled by delivery of AT1 securities, on or about that date. Any AT1 securities delivered at settlement shall be marketable subordinated UBS Group AG debt instruments in the AT1 category having such terms and provisions consistent with the Notional Bond terms and provisions as determined by UBS Group AG in its sole discretion on or prior to the Grant Date.</p> |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Forfeiture and Vesting Provisions</p> | <p>Subject to the conditions set out under "Trigger Event or Viability Event", issuances under the DCCP will vest after a minimum of five years.</p> <p>An outstanding unvested issuance under the DCCP will generally be forfeited and cancelled, and no further interest equivalents will generally be due or paid, due to termination of employment or harmful acts by the employee. In certain circumstances, vesting of outstanding awards under the DCCP may be subject to conditions relating to the performance of the Group and/or the employee's business division and similar conditions. In addition, with respect to any award granted to Group Executive Board members, if the Group does not generate an adjusted pre-tax profit with respect to any financial year ending during or after the year of grant, but prior to the relevant vesting date, the nominal amount of such award will be reduced by 20% (for each year the Group does not generate an adjusted pre-tax profit) of the nominal amount of such award on the relevant grant date.</p> <p>In case of death (in or out of service) or disability, an outstanding unvested issuance under the DCCP will vest on the date that the employee's employment contract terminates due to death or disability or any other date as determined by the Issuer.</p> <p>Vesting may be accelerated, and forfeiture provisions may be relaxed, in case of early termination of the DCCP by, or change of control in, UBS Group AG.</p> |
| <p>Status</p>                            | <p>In the event of the liquidation or winding up of the Issuer under circumstances that do not coincide with the occurrence of a Trigger Event or a Viability Event, the holder will have a claim ranking junior to all rights and claims of priority creditors of the Issuer (i.e., claims in respect of obligations of the Issuer (i) that are unsubordinated or (ii) that are subordinated (including Tier 2 instruments) and do not, or are expressly not stated to, rank pari passu with, or junior to, the Issuer's obligations under the DCCP or any of the Issuer's obligations ranking pari passu with the Issuer's obligations under the DCCP).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p>Governing Law</p>                     | <p>Swiss law / in certain cases, New York law</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |



## High-trigger loss-absorbing additional tier 1 capital instrument

|                          |                     |
|--------------------------|---------------------|
| <b>Issuer</b>            | UBS Group AG        |
| <b>ISIN</b>              | CH1357852636        |
| <b>Issue Date</b>        | 24.06.2024          |
| <b>Currency</b>          | SGD                 |
| <b>Nominal (million)</b> | 675 <sup>1</sup>    |
| <b>Interest Rate</b>     | 5.600% <sup>2</sup> |
| <b>Maturity Date</b>     | perpetual           |
| <b>First Call Date</b>   | 21.12.2029          |

<sup>1</sup> SGD 175,000,000 5.600 per cent. Tier 1 Capital Notes issued on 10 July 2024 (currently ISIN CH1357852701) will be consolidated and form a single series with SGD 500,000,000 5.600 per cent. Tier 1 Capital Notes issued on 24 June 2024 (ISIN CH1357852636); currently expected on 19 August 2024.

<sup>2</sup> Rate subject to change after first call date.

### Documentation included in this PDF file:

|                |                                                                                                                        |
|----------------|------------------------------------------------------------------------------------------------------------------------|
| <b>Annex A</b> | Terms and conditions of the SGD 500,000,000 5.600 per cent. Tier 1 Capital Notes issued by the Issuer on 24 June 2024. |
| <b>Annex B</b> | Terms and conditions of the SGD 175,000,000 5.600 per cent. Tier 1 Capital Notes issued by the Issuer on 10 July 2024. |



## **Annex A**

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## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Tier 1 Capital Notes issued by UBS Group AG are as follows:

### 1. DEFINITIONS

**"5-Year SORA OIS Rate"** means the offered rate for the semi-annual fixed leg of a Singapore Overnight Rate Average Overnight Indexed Swap for a term of five years.

**"Acquiror"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Additional Amounts"** has the meaning assigned to such term in clause (b) of Condition 10 (*Taxation*).

**"Additional Tier 1 Capital"** means, at any time, any item that qualifies as additional tier 1 capital (*zusätzliches Kernkapital*) under National Regulations at such time.

**"Adjustment Spread"** means, with respect to any Alternative Benchmark Rate determined in accordance with the provisions of clause (c) of Condition 5 (*Interest*), a spread (which may be positive or negative), or a formula or methodology for calculating such a spread, applied to such Alternative Benchmark Rate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Existing Benchmark Rate with such Alternative Benchmark Rate.

**"Affected Reset Interest Period"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Agency Agreement"** means the Agency Agreement dated as of the Issue Date, among the Issuer, the Principal Paying Agent, the Calculation Agent and the other agents from time to time party thereto, as amended, supplemented or otherwise modified from time to time.

**"Agents"** means the Principal Paying Agent, any other Paying Agent, the Calculation Agent, any other agent from time to time appointed pursuant to the terms of the Agency Agreement, and the Settlement Agent.

**"Alternative Benchmark Rate"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Alternative Loss Absorption Date"** has the meaning assigned to such term in Condition 7(e) (*Trigger Event and Viability Event – Alternative loss absorption*).

**"Alternative Reference Rate Page"** has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Alternative Relevant Time"** has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Approved Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Auditor"** means the accounting firm (i) appointed by the Board of Directors of the Group Holding Company or the shareholders of the Group Holding Company, as the case may be, to provide, among other things, audit and/or review opinions on the Group Holding Company's financial statements, and (ii) approved by FINMA in accordance with the Financial Market Supervisory Act (*Finanzmarktaufsichtsgesetz*) of 22 June 2007, as amended and as may be further amended from time to time.

**"Authorised Signatories"** means any two authorised officers of the Issuer signing jointly.

**"Balance Sheet Date"** means (i) with respect to any Ordinary Publication Date, the cut-off date for the measurement of the CET1 Ratio in the Quarterly Financial Accounts published on such Ordinary Publication Date, and (ii) with respect to any Extraordinary Publication Date, the cut-off date for the Reviewed Interim Measurement published upon the instruction of FINMA on such Extraordinary Publication Date.

**"Bankruptcy Event"** means any of the following events with respect to the Issuer: (i) the adjudication of bankruptcy (*Konkurseröffnung*) pursuant to articles 171, 189, 190, 191 or 192 of the DEBA, (ii) the opening of restructuring proceedings (*Sanierungsverfahren*) pursuant to articles 28 to 32 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such proceedings, **"Restructuring Proceedings"**), and/or (iii) the ordering of liquidation proceedings (*Liquidation*) pursuant to articles 33 to 37g of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG; *provided, however*, that none of the following will constitute a Bankruptcy Event: (x) mere debt collection proceedings (*Betreibungsverfahren*) pursuant to article 38 *et seq.* of the DEBA, (y) proceedings in connection with a freezing order (*Arrestverfahren*) pursuant to article 271 *et seq.* of the DEBA, and/or (z) the ordering of protective measures (*Schutzmassnahmen*) pursuant to article 26 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such measures, **"Protective Measures"**), including, in the case of each of subclauses (x), (y) and (z), any steps (other than any steps described in clauses (i) through (iii) of this definition) taken under or in connection therewith.

**"BIS Regulations"** means, at any time, the capital adequacy standards and guidelines promulgated by the Basel Committee on Banking Supervision, as implemented by FINMA in Switzerland at such time.

**"BIS Risk Weighted Assets"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of risk-weighted assets of the Group as of such Balance Sheet Date, as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term **"risk-weighted assets"** as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

**"Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in (i) for purposes of the definitions of the terms "Extraordinary Publication Date", "Higher-Trigger Amount" and "Ordinary Publication Date", Zurich, and (ii) otherwise, Singapore and Zurich.

**"Calculation Agent"** means UBS AG, in its capacity as calculation agent for the Notes, and includes any successor calculation agent for the Notes appointed in accordance with the terms of the Agency Agreement.

**"Calculation Amount"** means SGD 250,000.

**"Capital Adequacy Ordinance"** means the Swiss Ordinance concerning Capital Adequacy and Risk Diversification for Banks and Securities Firms of 1 June 2012, as amended and as may be further amended from time to time, or any successor Swiss law or regulation.

**"Cash Distribution"** means any dividend or distribution in respect of the Ordinary Shares that is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including any cash distribution or payment to Shareholders upon or in connection with a reduction of capital. For the avoidance of doubt, the term "Cash Distribution" does not include consideration paid or any other payments made by UBS Group AG or any of its affiliates in connection with the repurchase of Ordinary Shares in connection with any share buyback programme.

**"CET1 Capital"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of items that constitute common equity tier 1 capital of the Group as of such Balance Sheet Date, less any deductions from common equity tier 1 capital required to be made, in each case as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term **"common equity tier 1 capital"** as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

**"CET1 Ratio"** means, as of any Balance Sheet Date, the CET1 Capital as of such Balance Sheet Date, divided by the BIS Risk Weighted Assets as of such Balance Sheet Date, expressed as a percentage, such ratio (or the components thereof) as determined by the Group Holding Company, and (i) as disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) constituting (or as disclosed in) the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable.

**"Compliant Securities"** means securities issued by UBS Group AG or any of its subsidiaries that have economic terms not materially less favourable to a Holder than these Terms and Conditions (as reasonably determined by the Issuer), provided that:

- (a) such securities (i) include terms that provide for the same interest rate and principal from time to time applying to the Notes, (ii) rank *pari passu* with the Notes and (iii) preserve any existing rights under these Terms and Conditions to any accrued and unpaid interest that has not been satisfied;
- (b) where such securities are issued by a subsidiary of UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the holders of such securities, on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), the due and punctual payment of all amounts due and payable by such subsidiary under, or in respect of, such securities pursuant to article 111 of the Swiss Code;
- (c) where the Notes that have been substituted or amended were listed immediately prior to their substitution or amendment, such securities are listed on (i) the SIX Swiss Exchange or (ii) such other internationally recognised stock exchange selected by the Issuer; and
- (d) where the Notes that have been substituted or amended were rated by a rating agency immediately prior to such substitution or amendment, each such rating agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to such securities.

**"Conversion"** has the meaning given to it in Condition 8(a) (*Conversion – Conversion upon a Trigger Event or a Viability Event*), and **"convert"** and **"converted"** shall be construed accordingly.

**"Conversion Capital"** means conversion capital (*Wandlungskapital*) within the meaning of the Swiss Banking Act.

**"Conversion Date"** means, with respect to any Conversion, the Trigger Event Conversion Date or the Viability Event Conversion Date, as applicable.

**"Conversion Price"** means SGD 37.77, subject to any adjustment in accordance with Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

**"Current Issuer"** has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

**"Current Market Price"** means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), 10 consecutive dealing days) ending on the dealing day immediately preceding such date (such period, the **"Reference Period"**),

*provided* that, if at any time during the Reference Period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of the Reference Period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued and delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
- (b) if the Ordinary Shares to be issued and delivered do rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if on each of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period the Volume Weighted Average Price was based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) that has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices that are available in the Reference Period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the Reference Period, the Current Market Price shall be determined by an Independent Adviser.

**"Day Count Fraction"** means, in respect of any period, the number of days from (and including) the first day of such period to (but excluding) the last day of such period, divided by 365.

**"dealing day"** means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares or other securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

**"DEBA"** means the Swiss Federal Debt Enforcement and Bankruptcy Act of 11 April 1889, as amended and as may be further amended from time to time.

**"Distributable Items"** means, in respect of any Interest Payment Date, the aggregate of (i) net profits carried forward and (ii) freely distributable reserves, in each case, less any amounts that

must be contributed to legal reserves under applicable law, all in UBS Group AG's reporting currency and as appearing in the Relevant Accounts.

**"EEA Regulated Market"** means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets on financial instruments.

**"Effective Date"** has the meaning assigned to such term in subclause (i)(C) or (i)(D), as applicable, of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

**"Event of Default"** has the meaning assigned to such term in clause (a) of Condition 12 (*Events of Default*).

**"Exempt Reorganisation"** means a Reorganisation where, immediately after completion of the relevant proceedings, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other Recognised Stock Exchange as UBS Group AG or Newco may determine.

**"Existing Benchmark Rate"** has the meaning assigned to such term in Condition 5(c) (*Interest – Benchmark replacement*).

**"Existing Shareholders"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Extraordinary Distribution"** means any Cash Distribution (i) that is expressly declared by UBS Group AG to be an extraordinary or special dividend or an extraordinary or special distribution to Shareholders as a class or any analogous or similar term, and (ii) the amount of which exceeds the arithmetic average of the ordinary dividend per Ordinary Share paid by UBS Group AG in the three most recently preceding calendar years (each such ordinary dividend translated, if necessary, into the currency in which the applicable Cash Distribution is expressed at the Prevailing Rate on the date on which such ordinary dividend was paid) by more than 25 per cent.

**"Extraordinary Publication Date"** means the Business Day on which a Reviewed Interim Measurement is published upon the instruction of FINMA, after FINMA has determined that the conditions for issuing a Trigger Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*) have been met.

**"Extraordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Fair Market Value"** means, with respect to any property on any date (the "Relevant Valuation Date"), the fair market value of that property as determined by an Independent Adviser, *provided* that:

- (a) the Fair Market Value of a cash amount shall be the amount of such cash;
- (b) where securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by an Independent Adviser), the Fair Market Value (i) of such securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of each of subclauses (i) and (ii), during the period of five dealing days on the relevant stock exchange or securities market commencing on the later of (x) the applicable Relevant Valuation Date and (y) the first dealing day on which such securities, options, warrants or other rights are publicly traded, or such shorter period as such securities, options, warrants or other rights are publicly traded; and
- (c) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such securities, options, warrants or other rights shall be determined by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market



price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Any amounts determined pursuant to the above shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on the Relevant Valuation Date. In addition, in the case of clause (a) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

**"FINMA"** means the Swiss Financial Market Supervisory Authority FINMA and any successor thereto.

**"First Call Date"** means 21 December 2029.

**"FISA"** means the Swiss Federal Intermediated Securities Act of 3 October 2008, as amended and as may be further amended from time to time.

**"Fixed Interest Rate"** means 5.600 per cent. per annum.

**"Former Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"Going-Concern LR Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the leverage ratio (*Höchstverschuldungsquote*) of such bank.

**"Going-Concern RWA Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the risk weighted assets (*risikogewichtete Positionen*) of such bank.

**"Governmental Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Group"** means, at any time, the Group Holding Company and all its subsidiaries and other entities that are included in the Group Holding Company's consolidated capital adequacy reports prepared pursuant to National Regulations.

**"Group Holding Company"** means, at any time, the top Swiss holding company at such time of the financial group to which UBS Group AG belongs for purposes of preparing consolidated capital adequacy reports pursuant to National Regulations. As at the Issue Date, the Group Holding Company is UBS Group AG.

**"Higher-Trigger Amount"** means, as of any Publication Date, the sum of (i) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, outstanding on the relevant Balance Sheet Date that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, and (ii) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, issued after the relevant Balance Sheet Date, but prior to such Publication Date, that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, in the case of each of clauses (i) and (ii), as determined by UBS Group AG. For purposes of clause (ii) of this definition and, in the case of an Extraordinary Publication Date, clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable prevailing exchange rate on the last Business Day preceding the relevant

Publication Date, as determined by UBS Group AG. In the case of an Ordinary Publication Date, for purposes of clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable exchange rate used for such purposes in the relevant Quarterly Financial Accounts.

**"Higher-Trigger Contingent Capital"** means any instrument issued by, or any other obligation of, any member of the Group that (i) is issued or owed to holders that are not members of the Group and (ii) is required pursuant to its terms to be converted into equity and/or fully or partially written down, or otherwise operating to increase the CET1 Capital, when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a threshold that is higher than the Threshold Ratio (with respect to the relevant Higher-Trigger Contingent Capital, its **"Higher-Trigger Threshold Ratio"**).

**"Higher-Trigger Threshold Ratio"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Contingent Capital".

**"Higher-Trigger Write-down/Conversion Date"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Write-down/Conversion Notice".

**"Higher-Trigger Write-down/Conversion Notice"** means a notice delivered pursuant to the terms of any Higher-Trigger Contingent Capital that notifies the holders thereof that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio and, consequently, that such Higher-Trigger Contingent Capital will be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, as applicable, as of a particular date (such date, the **"Higher-Trigger Write-down/Conversion Date"**). For the avoidance of doubt, if the terms and conditions of such Higher-Trigger Contingent Capital permit FINMA to waive the conversion into equity and/or write-down of such Higher-Trigger Contingent Capital notwithstanding the fact that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio, the non-issuance of such a waiver by FINMA between the relevant Publication Date and the Trigger Event Notice Date will be deemed equivalent to the delivery of a Higher-Trigger Write-down/Conversion Notice for purposes of subclause (ii) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Holder"** means, with respect to any Note, the Person or Persons holding such Note in a securities account (*Effektenkonto*) that is in its or their name, or, in the case of intermediaries (*Verwahrungsstellen*), the intermediary or intermediaries holding such Note for its or their own account in a securities account (*Effektenkonto*) that is in its or their name.

**"Independent Adviser"** means an independent financial institution of international repute or an independent adviser of recognised standing and expertise, in either case, appointed by the Issuer at its own expense to make any determination that is required to be made, or may be made, by an Independent Adviser under these Terms and Conditions.

**"Independent Adviser Determination Cut-off Date"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Interest Payment Date"** has the meaning assigned to such term in subclause (ii) of Condition 5(a) (*Interest – Interest Payment Dates*).

**"Interest Period"** means each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next Interest Payment Date.

**"Interest Rate"** means the Fixed Interest Rate and/or Reset Interest Rate, as the case may be.

**"Intermediary"** has the meaning assigned to such term in Condition 2(b) (*Amount and Denomination; Form and Transfer – Form and transfer*).

**"Intermediated Securities"** has the meaning assigned to such term in Condition 2(b) (*Amount and Denomination; Form and Transfer – Form and transfer*).

**"Issue Date"** means 24 June 2024.

**"Issuer"** means UBS Group AG in its capacity as issuer of the Notes.

**"Junior Obligations"** means (i) all classes of share capital and participation securities (if any) of the Issuer and (ii) all other obligations of the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation.

**"Margin"** means 2.634 per cent. per annum.

**"National Regulations"** means, at any time, (i) the Swiss national banking and capital adequacy laws, and (ii) the capital adequacy regulations promulgated by the Swiss Federal Council (*Bundesrat*) or FINMA and the interpretation thereof by FINMA or any other competent Swiss authority, in the case of each of clauses (i) and (ii), directly applicable to UBS Group AG (and/or, if different, the Group Holding Company) and/or the Group at such time.

**"New Conversion Condition"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Condition Effective Date"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Price"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"Newco"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Non-Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Notes"** means the SGD 500,000,000 5.600 per cent. Tier 1 Capital Notes issued by the Issuer on the Issue Date.

**"OECD"** means the Organisation for Economic Co-operation and Development.

**"Offer Settlement Period"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Ordinary Publication Date"** means each Business Day on which Quarterly Financial Accounts are published.

**"Ordinary Shares"** means the registered ordinary shares of UBS Group AG, which as of the Issue Date have a par value of USD 0.10 each. The Ordinary Shares deliverable on Conversion will be newly issued from the capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) and/or Conversion Capital of UBS Group AG, and rank *pari passu* with all other registered ordinary shares of UBS Group AG for any and all distributions payable on them on or after the relevant Share Creation Date.

**"Ordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Other Tier 1 Contingent Convertible Capital Note"** means any capital instrument (other than the Notes) that:

- (a) is eligible in full to be (i) treated as Additional Tier 1 Capital and (ii) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both); and

- (b) subject to the terms and conditions thereof, is to be converted into Ordinary Shares when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a certain threshold and/or a Viability Event (or equivalent event described in the terms and conditions thereof) occurs.

**"Parity Obligations"** means (i) all obligations of the Issuer in respect of Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes), and (ii) any other securities or obligations (including, without limitation, any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with claims in respect of the Notes and/or any Parity Obligation.

**"Paying Agent"** has the meaning assigned to such term in clause (c) of Condition 9 (*Payments; Agents*).

**"Payment Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in Singapore.

**"Permitted Transactions"** means:

- (a) repurchases, redemptions or other acquisitions of any Ordinary Shares in connection with (x) any employment contract, benefit plan or similar arrangement with, or for the benefit of, any employees, officers, directors or consultants of any member of the Group, (y) a dividend reinvestment or shareholder share purchase plan or (z) the issuance of any Ordinary Shares (or securities convertible into, or exercisable for, Ordinary Shares) as consideration for an acquisition consummated by any member of the Group;
- (b) market-making in Ordinary Shares as part of the securities business of any member of the Group;
- (c) purchases of fractional interests in any Ordinary Shares pursuant to the conversion or exchange provisions of (x) such Ordinary Shares or (y) any security convertible into, or exercisable for, Ordinary Shares;
- (d) redemptions or repurchases of Ordinary Shares pursuant to any shareholders' rights plan; and
- (e) distributions in cash or in kind on, or repurchases, redemptions or other acquisitions of, any Ordinary Shares as a part of any solvent reorganisation, reconstruction, amalgamation or merger of any member of the Group, so long as such member (or the successor entity resulting from such reorganisation, reconstruction, amalgamation or merger) continues to be a member of the Group.

**"Person"** means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organisation or government or any agency or political subdivision thereof.

**"Presentation Currency"** means (i) with respect to any Quarterly Financial Accounts, the presentation currency of such Quarterly Financial Accounts, and (ii) with respect to any Reviewed Interim Measurement, the Presentation Currency of the Quarterly Financial Accounts that will be prepared for the relevant financial quarterly or annual period in which the relevant Extraordinary Publication Date falls.

**"Prevailing Rate"** means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (New York City time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (New York City time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Adviser determines to be appropriate.

**"Principal Paying Agent"** means UBS AG, in its capacity as principal paying agent for the Notes, and includes any successor principal paying agent for the Notes appointed in accordance with the terms of the Agency Agreement.

**"Protective Measures"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Public Sector"** means the government of, or a governmental agency or the central bank in, the country of incorporation of the Group Holding Company.

**"Publication Date"** means an Ordinary Publication Date or an Extraordinary Publication Date, as the case may be.

**"Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Quarterly Financial Accounts"** means (i) the financial statements of the Group (including, without limitation, the notes thereto) in respect of a financial quarter published by the Group Holding Company, which have been reviewed by the Auditor in accordance with the International Standards on Auditing; *provided, however*, that, if the financial statements of the Group in respect of the last quarter of any year are not so reviewed, the term "Quarterly Financial Accounts" in respect of such quarter will mean instead the annual financial statements of the Group (including, without limitation, the notes thereto) in respect of such year, which have been audited by the Auditor in accordance with the International Standards on Auditing and are published in the annual report of the Group Holding Company for such year, or (ii) in the event that the Group does not publish quarterly financial statements as described in clause (i) of this definition, the financial disclosures published by the Group pursuant to and in compliance with FINMA Circular 2016/01 "Capital Adequacy Disclosures Banks", as amended and as may be further amended from time to time, or pursuant to and in compliance with any successor circular or regulation applicable to the Group Holding Company, *provided* that such financial disclosures are published for each financial quarter and the interim earnings included in such disclosures have been reviewed by the Auditor in accordance with International Standards on Auditing.

**"Recognised Stock Exchange"** means an EEA Regulated Market, a regulated, regularly operating, recognised stock exchange in Switzerland or any other regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

**"Redemption Date"** has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

**"Redemption Notice"** has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

**"Reference Period"** has the meaning assigned to such term in the definition of the term "Current Market Price".

**"Reference Rate"** means, in relation to any Reset Interest Period:

- (a) the 5-Year SORA OIS Rate as at the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period appearing on the Reference Rate Page on such Reset Determination Date; or
- (b) if such 5-Year SORA OIS Rate does not appear on the Reference Rate Page on such Reset Determination Date, the Reset Reference Bank Rate in relation to such Reset Determination Date.

**"Reference Rate Page"** means the "OTC SGD OIS" page on Bloomberg (or (i) such other page as may replace that page on Bloomberg, or (ii) if there is no such replacement page on Bloomberg, such other page on such other information service that is the generally accepted page used by market participants at that time for purposes of observing the 5-Year SORA OIS Rate, in the case of each of clauses (i) and (ii), as determined by the Issuer after consultation with the Calculation Agent). As of the Issue Date, the 5-Year SORA OIS Rate appears on the Reference Rate Page

under the column headed "Ask" within the section headed "OIS BGN", but may appear on the Reference Rate Page under such other column and/or section as may apply from time to time.

**"Regulatory Event"** has the meaning assigned to such term in subclause (ii) of Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*).

**"Relevant Accounts"** means, in respect of any Interest Payment Date, the most recently published audited unconsolidated annual financial statements of UBS Group AG prepared in accordance with the Swiss Code.

**"Relevant Currency"** means USD or, if at the relevant time or for the purposes of the relevant calculation or determination there is a Relevant Stock Exchange but the New York Stock Exchange is not the Relevant Stock Exchange (or is the Relevant Stock Exchange but the Ordinary Shares are not quoted or dealt in thereon in USD), the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

**"Relevant Date"** means, with respect to any payment, (i) the date on which such payment first becomes due under the Notes (the **"Scheduled Due Date"**), or (ii) if the full amount of the money payable on the Scheduled Due Date has not been received by the Principal Paying Agent on or before the Scheduled Due Date, the date on which the full amount of the money due on the Scheduled Due Date has been received by the Principal Paying Agent.

**"Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Relevant Page"** means the page on Bloomberg or such other information service provider that displays the relevant information.

**"Relevant Shares"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Relevant Stock Exchange"** means the New York Stock Exchange or, if at the relevant time the Ordinary Shares are not listed and admitted to trading on the New York Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing (if any).

**"Relevant Time"** means 4:00 p.m. (Singapore time).

**"Reorganisation"** means proceedings that effect the interposition of a corporation or other limited liability company ("**Newco**") between the Shareholders immediately prior to such proceedings (the **"Existing Shareholders"**) and UBS Group AG, *provided* that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders, (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco or the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, as the case may be, are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings, (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned subsidiaries of Newco are) the only shareholder of UBS Group AG, (iv) all subsidiaries of UBS Group AG immediately prior to such proceedings (other than Newco, if Newco is then a subsidiary of UBS Group AG) are subsidiaries of UBS Group AG (or of Newco) immediately after completion of such proceedings, and (v) immediately after completion of such proceedings, UBS Group AG (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those subsidiaries as was held by UBS Group AG immediately prior to such proceedings.

**"Reset Date"** means the First Call Date and each day that falls on the fifth anniversary of the immediately preceding Reset Date.

**"Reset Determination Date"** means, in relation to any Reset Interest Period, the day falling two Business Days prior to the Reset Date on which such Reset Interest Period commences.



**"Reset Interest Amount"** has the meaning assigned to such term in Condition 5(b) (*Interest – Determination of the Reference Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*).

**"Reset Interest Period"** means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date.

**"Reset Interest Rate"** means, in relation to any Reset Interest Period, the sum of the Margin and the Reference Rate in relation to such Reset Interest Period.

**"Reset Reference Bank Rate"** means, in relation to any Reset Determination Date, the percentage rate (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent as follows:

- (a) the Calculation Agent will request the principal Singapore office of each of the Reset Reference Banks to provide it with a quotation for such Reset Reference Bank's 5-Year SORA OIS Rate (with the relevant interest rate swap transaction commencing on the Reset Date on which the Reset Interest Period to which such Reset Determination Date relates commences and being in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market) as at the Relevant Time on the Business Day immediately following such Reset Determination Date; and
- (b) if at least three such quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); or
- (c) if only two such quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; or
- (d) if only one such quotation is provided, the Reset Reference Bank Rate will be the quotation provided; or
- (e) if no such quotations are provided, the Reset Reference Bank Rate will be (i) if such Reset Determination Date is in relation to any Reset Interest Period other than the Reset Interest Period commencing on the First Call Date, the Reference Rate in respect of the immediately preceding Reset Interest Period, or (ii) if such Reset Determination Date is in relation to the Reset Interest Period commencing on the First Call Date, 2.966 per cent. per annum.

**"Reset Reference Banks"** means five major banks in the Singapore interbank market, as selected by the Issuer after consultation with the Calculation Agent.

**"Restructuring Proceedings"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Reviewed Interim Measurement"** means an interim measurement of the CET1 Ratio, with respect to which the Auditor has performed procedures in accordance with the International Standard on Related Services (and relevant Swiss standards and practices) applicable to agreed-upon procedures engagements.

**"Scheduled Due Date"** has the meaning assigned to such term in the definition of the term "Relevant Date".

**"Securities"** means any shares in the capital of UBS Group AG, or any options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of UBS Group AG, excluding all Other Tier 1 Contingent Convertible Capital Notes (and each a "Security").

**"Senior Obligations"** means all obligations of the Issuer that are unsubordinated or that are subordinated and do not constitute either Junior Obligations or Parity Obligations.

**"Settlement Agency Agreement"** means the Settlement Agency Agreement dated as of the Issue Date, between the Issuer and the Settlement Agent, as amended, supplemented or otherwise modified from time to time.

**"Settlement Agent"** means UBS AG, in its capacity as settlement agent for the Notes, and includes any successor settlement agent for the Notes appointed in accordance with these Terms and Conditions.

**"Settlement Share Depository"** means SIX SIS; *provided, however*, that, if on or prior to any date when a function ascribed to the Settlement Share Depository in these Terms and Conditions is required to be performed the Issuer appoints another reputable independent financial institution, clearing institution, trust company or similar entity to perform such functions, who will hold Ordinary Shares in a designated trust account for the benefit of the Holders and otherwise on terms consistent with these Terms and Conditions, then "Settlement Share Depository" will mean such entity so appointed.

**"Settlement Shares Offer"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Offer Agent"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"SGD"** means Singapore dollars.

**"Share Creation Date"** means, in relation to Ordinary Shares to be issued and delivered on Conversion, the date falling after the relevant Trigger Event Notice or Viability Event Notice, as the case may be, and on or prior to the applicable Conversion Date on which as a matter of Swiss law the relevant Ordinary Shares are paid up.

**"Shareholders"** means the holders of Ordinary Shares.

**"Singapore Overnight Rate Average Overnight Indexed Swap"** means a fixed-for-floating SGD interest rate swap transaction with a semi-annual fixed leg (calculated on the same day count basis as the Day Count Fraction) and a floating leg based on six-month daily compounded Singapore Overnight Rate Average (SORA) (payable in arrear) rate (calculated on the same day count basis as the Day Count Fraction).

**"SIX SIS"** means SIX SIS Ltd and any successor thereto.

**"Substitute Issuer"** has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

**"Substitution Documents"** has the meaning assigned to such term in subclause (a)(iv) of Condition 15 (*Issuer Substitution*).

**"Substitution or Amendment Effective Date"** has the meaning assigned to such term in subclause (b)(iii) of Condition 13 (*Meeting of Holders; Substitution and Amendment*).

**"Swiss Banking Act"** means the Swiss Federal Act on Banks and Savings Institutions of 8 November 1934, as amended and as may be further amended from time to time.

**"Swiss Code"** means the Swiss Code of Obligations of 30 March 1911, as amended and as may be further amended from time to time.

**"Swiss Resolution Power"** means any statutory power of FINMA that it may exercise during Restructuring Proceedings as set forth in article 28 et seqq. of the Swiss Banking Act or in any implementing ordinance or successor Swiss law or regulation or analogous Swiss law or regulation applicable to bank holding companies incorporated under the laws of Switzerland such as UBS Group AG, including, without limitation, the power to (i) transfer the assets of the entity subject to such Restructuring Proceedings, or portions thereof, together with such entity's debt, other liabilities and contracts, or portions thereof, to another entity, (ii) stay (for a maximum of two business days) the termination of, or the exercise of (w) rights to terminate, (x) netting rights,

(y) rights to enforce or dispose of certain types of collateral or (z) rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Restructuring Proceedings is a party, (iii) partially or fully convert the debt of the entity subject to such Restructuring Proceedings into equity, and/or (iv) partially or fully write-down the obligations of the entity subject to such Restructuring Proceedings.

**"Tax Event"** has the meaning assigned to such term in subclause (ii) of Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*).

**"Tax Jurisdiction"** means Switzerland.

**"Taxes"** has the meaning assigned to such term in clause (a) of Condition 10 (*Taxation*).

**"Threshold Ratio"** means 7 per cent.

**"Tier 1 Capital"** means Additional Tier 1 Capital or any item that qualifies as common equity tier 1 capital pursuant to National Regulations.

**"Tier 1 Instruments"** means any and all (i) securities or other obligations (other than Tier 1 Shares) issued by UBS Group AG or (ii) shares, securities, participation securities or other obligations (other than Tier 1 Shares) issued by a subsidiary of UBS Group AG and having the benefit of a guarantee, credit support agreement or similar undertaking of UBS Group AG, each of which shares, securities, participation securities or other obligations described in clauses (i) and (ii) of this definition qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of the Group and/or UBS Group AG (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Tier 1 Shares"** means all classes of share capital and participation certificates (if any) of UBS Group AG or any subsidiary of UBS Group AG that qualify as common equity tier 1 capital of the Group and/or UBS Group AG under National Regulations on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Trigger Breach Determination Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger CET1 Ratio"** means, as of any Publication Date, (i) the sum of (x) the CET1 Capital as of the relevant Balance Sheet Date and (y) the Higher-Trigger Amount as of such Publication Date, divided by (ii) the BIS Risk Weighted Assets as of the relevant Balance Sheet Date, expressed as a percentage.

**"Trigger Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(a) (*Trigger Event and Viability Event – Trigger Event*).

**"Trigger Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice Date"** means an Ordinary Trigger Event Notice Date or an Extraordinary Trigger Event Notice Date, as the case may be.

**"US"** or **"United States"** means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

**"USD"** means United States dollars.

**"Viability Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Viability Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

"**Viability Event Notice**" has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

"**Volume Weighted Average Price**" means, in respect of an Ordinary Share or other Security on any dealing day, the order book volume-weighted average price (rounded to the same number of decimal places as the initial Conversion Price) of an Ordinary Share or such other Security, as the case may be, published on or by or derived from (i) in the case of an Ordinary Share, the relevant Bloomberg page, or (ii) in the case of a Security other than Ordinary Shares, the principal stock exchange or securities market on which such Security is then listed or quoted or dealt in, if any, or, in the case of each of clauses (i) and (ii), such other source as an Independent Adviser determines to be appropriate, on such dealing day, *provided* that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or such other Security, as the case may be, in respect of such dealing day shall be (i) the Volume Weighted Average Price, determined as provided above, on the most recently preceding dealing day on which the same can be so determined, or (ii) determined in such other manner as an Independent Adviser determines to be appropriate.

## 2. **AMOUNT AND DENOMINATION; FORM AND TRANSFER**

### (a) *Amount and denomination*

The initial aggregate principal amount of the Notes will be SGD 500,000,000. The Notes will be issued to Holders in minimum denominations of SGD 250,000 and integral multiples of SGD 250,000 in excess thereof. The Notes may be held and transferred only in minimum denominations of SGD 250,000 and integral multiples of SGD 250,000 in excess thereof.

### (b) *Form and transfer*

The Notes are issued in uncertificated form as uncertificated securities (*einfache Wertrechte*) in accordance with article 973c of the Swiss Code. The uncertificated securities (*einfache Wertrechte*) will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtebuch*). Such uncertificated securities will then be entered into the main register (*Hauptregister*) of SIX SIS or any other intermediary (*Verwahrungsstelle*) in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIX SIS or any such other intermediary, the "**Intermediary**"). Once the uncertificated securities are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) within the meaning of the FISA ("**Intermediated Securities**").

So long as the Notes are Intermediated Securities, the Notes may only be transferred by the entry of the transferred Notes in a securities account of the transferee, as set out in the provisions of the FISA.

The records of the Intermediary will determine the number of Notes held through each participant in the Intermediary.

Neither the Issuer nor any Holder nor any other Person will at any time have the right to effect or demand the conversion of the Notes into, or the delivery of, a global note (*Globalurkunde*) or individually certificated securities (*Wertpapiere*).

## 3. **RESERVED**

## 4. **STATUS AND SUBORDINATION**

### (a) *Status*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer under the Notes are subordinated as described in clause (b) of this Condition 4.

(b) *Subordination*

In the event of (i) a Bankruptcy Event or (ii) an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer (except, in any such case, a solvent liquidation or winding-up of the Issuer solely for purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business to the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved by a valid resolution of the Holders and (y) do not provide that the Notes shall become redeemable in accordance with these Terms and Conditions),

- (i) if such event occurs prior to the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes will, subject to any obligations that are mandatorily preferred by law, rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) *pari passu* with the rights and claims of holders of Parity Obligations, and (C) senior to the rights and claims of holders of Junior Obligations; *provided, however*, that, if a Trigger Event or a Viability Event subsequently occurs while such Bankruptcy Event or liquidation or winding-up, as the case may be, is continuing, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank as set forth in subclause (ii) below; or
- (ii) if such event occurs on or after the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) junior to the rights and claims of holders of Parity Obligations, and (C) *pari passu* with the rights and claims of holders of Junior Obligations.

(c) *Claims subject to a Conversion*

Any claim of any Holder in respect of or arising under the Notes (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer subject to enforcement by any Holder pursuant to Condition 12 (*Events of Default*) or in relation to the occurrence of any other Event of Default) will be subject to, and superseded by, Condition 8 (*Conversion*), irrespective of whether the relevant Trigger Event or Viability Event, as applicable, has occurred, or, in the case of a Viability Event, the relevant Viability Event Notice has been given, prior to or after the occurrence of an Event of Default or any other event.

5. **INTEREST**

(a) *Interest Payment Dates*

- (i) Subject to Condition 8 (*Conversion*) and clause (h) of this Condition 5, the Notes will bear interest on their principal amount (A) from (and including) the Issue Date to (but excluding) the First Call Date, at the Fixed Interest Rate, and (B) thereafter, at the applicable Reset Interest Rate.
- (ii) Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, interest on the Notes will be payable semi-annually in arrear on 21 June and 21 December of each year (each, an "**Interest Payment Date**"), commencing on 21 December 2024.

(b) *Determination of the Reference Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*

With respect to each Reset Interest Period and subject to clause (c) of this Condition 5, the Calculation Agent will, as soon as practicable after the Relevant Time on the Reset

Determination Date in relation to such Reset Interest Period, determine the Reference Rate and the Reset Interest Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period (each, a "**Reset Interest Amount**").

(c) *Benchmark replacement*

If the Issuer (in consultation with the Calculation Agent) determines prior to any Reset Determination Date that (x) the rate referred to in clause (a) of the definition of the term "Reference Rate" (the "**Existing Benchmark Rate**") has been discontinued or (y) there has been a public statement or publication of information by the administrator of the Existing Benchmark Rate (or any component thereof) or the regulatory supervisor for the administrator of the Existing Benchmark Rate (or any component thereof) announcing that the Existing Benchmark Rate (or such component) is no longer representative, then the following provisions shall apply (subject to the subsequent operation of this clause (c)):

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine in the Independent Adviser's discretion, in accordance with subclause (iv) below, an alternative rate to the Existing Benchmark Rate (the "**Alternative Benchmark Rate**") no later than three Business Days prior to the Reset Determination Date relating to the next succeeding Reset Interest Period (such Business Day, the "**Independent Adviser Determination Cut-off Date**", and such next succeeding Reset Interest Period, the "**Affected Reset Interest Period**") for purposes of determining the Reference Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (ii) if prior to the Independent Adviser Determination Cut-off Date the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to determine an Alternative Benchmark Rate in accordance with subclause (iv) below, then the Issuer (in consultation with the Calculation Agent) may determine in its discretion, in accordance with subclause (iv) below, the Alternative Benchmark Rate for purposes of determining the Reference Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (iii) if subclause (ii) above applies and the Issuer is unable or unwilling to determine the Alternative Benchmark Rate prior to the Reset Determination Date relating to the Affected Reset Interest Period in accordance with subclause (iv) below, the Reference Rate in respect of the Affected Reset Interest Period will be equal to the Reference Rate in respect of the immediately preceding Reset Interest Period (or, if there is no preceding Reset Interest Period, the Reset Interest Rate applicable to the Affected Reset Interest Period will be equal to the Fixed Interest Rate); *provided, however*, that, if this subclause (iii) applies to the Affected Reset Interest Period, the Reset Interest Rate for all succeeding Reset Interest Periods will be the Reset Interest Rate applicable to the Affected Reset Interest Period as determined in accordance with this subclause (iii) unless (A) the Issuer, in its sole discretion, elects to determine an Alternative Benchmark Rate in respect of any such succeeding Reset Interest Period and all Reset Interest Periods thereafter in accordance with the processes set out in this clause (c), and (B) an Alternative Benchmark Rate is so determined;
- (iv) in the case of any determination of an Alternative Benchmark Rate pursuant to subclause (i) or (ii) above, such Alternative Benchmark Rate will be such rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent), as applicable, determines in its reasonable discretion has replaced the Existing Benchmark Rate in customary market usage, or, if the Independent Adviser or the Issuer, as applicable, determines in its reasonable discretion that there is no such rate, such other rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent) determines in its reasonable discretion is most comparable to the Existing Benchmark Rate; and



- (v) if the Independent Adviser or the Issuer determines an Alternative Benchmark Rate in accordance with the above provisions of this clause (c),
  - (A) the Independent Adviser (in the case of subclause (2) below, in consultation with the Issuer) or, following consultation with the Calculation Agent, the Issuer (as the case may be) shall also determine in its reasonable discretion (1) the method for obtaining such Alternative Benchmark Rate, including the page on or source from which such Alternative Benchmark Rate appears or is obtained (the "**Alternative Reference Rate Page**"), and the time at which such Alternative Benchmark Rate appears on, or is obtained from, the Alternative Reference Rate Page (the "**Alternative Relevant Time**"), (2) whether to apply an Adjustment Spread to such Alternative Benchmark Rate and, if so, the Adjustment Spread, which Adjustment Spread must be recognised or acknowledged as being in customary market usage in international debt capital markets transactions that reference the Existing Benchmark Rate, where such rate has been replaced by such Alternative Benchmark Rate, and (3) any alternative method for determining the Reference Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date, which alternative method shall be consistent with any Alternative Benchmark Rate that has broad market support;
  - (B) for the Affected Reset Interest Period and all Reset Interest Periods thereafter, (1) clause (a) of the definition of the term "Reference Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(1) above and any Adjustment Spread determined pursuant to subclause (A)(2) above, and (2) clause (b) of the definition of the term "Reference Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(3) above;
  - (C) references to the Reference Rate Page and the Relevant Time in these Terms and Conditions will be deemed to be references to the Alternative Reference Rate Page and the Alternative Relevant Time, respectively;
  - (D) if any changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" are necessary in order to implement the amendments described in subclause (B) above, such definitions shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to reflect such changes; and
  - (E) the Issuer shall promptly give notice to the Holders in accordance with Condition 14 (*Notices*) specifying such Alternative Benchmark Rate (including any Adjustment Spread determined pursuant to subclause (A)(2) above and any alternative method for determining the Reference Rate described in subclause (A)(3) above), the Alternative Reference Rate Page, the Alternative Relevant Time, and any amendments implemented pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) as described in subclauses (B) and (D) above.

Any determination that is made by an Independent Adviser or by the Issuer for purposes of this clause (c) will be made in good faith and in a commercially reasonable manner.

- (d) *Publication of Reset Interest Rate and interest amount payable upon redemption*

With respect to each Reset Interest Period, as soon as practicable after such determination but in any event no later than the relevant Reset Date, the Calculation Agent will cause

(i) the relevant Reset Interest Rate and the relevant Reset Interest Amount determined by it, together with the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Issuer and the Paying Agents and (ii) the relevant Reset Interest Rate determined by it to be notified to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*).

The Calculation Agent shall calculate any interest amount payable on any Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) and cause such interest amount to be notified to Issuer and the Paying Agents and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*) no later than two Business Days prior to such Redemption Date.

(e) *Calculation of amount of interest payable per Calculation Amount*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5:

- (i) the amount of interest payable per Calculation Amount on each Interest Payment Date falling on or before the First Call Date will be calculated by:
  - (A) applying the Fixed Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards); and
- (ii) if interest is required to be paid in respect of a Note on any other date (including, for the avoidance of doubt, the Reset Interest Amount), the amount of interest payable per Calculation Amount on such date will be calculated by:
  - (A) applying the applicable Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(f) *Calculation of amount of interest payable per Note*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, the amount of interest payable in respect of a Note will be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Calculation Amount is required to be multiplied to equal the denomination of such Note.

(g) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for purposes of this Condition 5, whether by the Reset Reference Banks (or any of them) or the Calculation Agent or the Independent Adviser, will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Reset Reference Banks (or any of them), the Calculation Agent or the Independent Adviser in connection with the exercise or non-exercise by the Calculation Agent or the Independent Adviser of its powers, duties and discretions under this Condition 5.

- (h) *Accrual of interest in the case of redemption or a Trigger Event or a Viability Event*
- (i) Subject to Condition 8 (*Conversion*), if the Notes are to be redeemed pursuant to Condition 6(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*) or Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*), interest on the Notes will accrue to (but excluding) the relevant Redemption Date, and will cease to accrue on such Redemption Date; *provided, however*, that if the payment with respect to any Note is improperly withheld or refused on such Redemption Date, interest will continue to accrue on the principal amount of such Note (both before and after judgment) at the relevant Interest Rate to the Relevant Date.
  - (ii) Upon the occurrence of a Trigger Event or a Viability Event, interest on the Notes will cease to accrue from (and including) the date on which such Trigger Event or Viability Event occurs.
- (i) *Cancellation of interest; prohibited interest*
- (i) The Issuer may, in its sole discretion, elect to cancel all or part of any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) that is otherwise scheduled to be paid on an Interest Payment Date. This subclause (i)(i) is without prejudice to the provisions of subclause (i)(ii) of this Condition 5. Non-payment of any amount of interest by the Issuer to the Principal Paying Agent will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.  
  
If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) pursuant to this subclause (i)(i) to the Holders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Holders any rights as a result of such failure.
  - (ii) The Issuer will be prohibited from making, in whole or in part, any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) on the relevant Interest Payment Date if and to the extent that:
    - (A) the amount of Distributable Items as at such Interest Payment Date is less than the sum of (1) the amount of such interest payment, plus (2) all other payments (other than redemption payments) made by UBS Group AG on or in respect of the Notes or any Parity Obligations or Junior Obligations since the balance sheet date of the Relevant Accounts and prior to such Interest Payment Date, plus (3) all payments (other than redemption payments) payable by UBS Group AG on such Interest Payment Date on or in respect of any Parity Obligations or Junior Obligations, in the case of each of subclauses (1), (2) and (3), excluding any portion of such payments already accounted for in determining the amount of such Distributable Items; and/or
    - (B) UBS Group AG is not, or will not immediately after the relevant payment of interest be, in compliance with all applicable minimum capital adequacy requirements of the National Regulations on a consolidated (*Finanzgruppe*) basis (for the avoidance of doubt, it being understood that such minimum requirements will reflect any reduction in such requirements granted by FINMA to the Group pursuant to the Capital Adequacy Ordinance); and/or

(C) FINMA has required the Issuer not to make such interest payment.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Principal Paying Agent and shall give notice in accordance with Condition 14 (*Notices*) to the Holders, in each case as soon as practicable following any determination that interest is required to be cancelled pursuant to this subclause (i)(ii) or, where no such prior determination is made, promptly following any Interest Payment Date on which interest was scheduled to be paid if such interest is being cancelled in accordance with this subclause (i)(ii), to such effect setting out brief details as to the amount of interest being cancelled and the reason therefor. Failure to provide such certificate and notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or give any Holder any rights as a result of such failure.

(iii) If, on any Interest Payment Date, any payment of interest scheduled to be made on such date is not made in full pursuant to subclause (i)(i) or subclause (i)(ii) of this Condition 5, UBS Group AG shall not, directly or indirectly,

(A) recommend to Shareholders that any dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) be paid or made on any Ordinary Shares; or

(B) redeem, purchase or otherwise acquire any Ordinary Shares other than as a Permitted Transaction,

in each case unless and until (x) the interest payment due and payable on the Notes on any subsequent Interest Payment Date has been paid in full (or an amount equal to the same has been paid in full to a designated third party trust account for the benefit of the Holders prior to payment by the trustee thereof to the Holders on such subsequent Interest Payment Date) or, if earlier, (y) all outstanding Notes have been cancelled in accordance with these Terms and Conditions.

(iv) Payments of interest on the Notes are not cumulative. Notwithstanding any other provision in these Terms and Conditions, the cancellation or non-payment of any interest amount by virtue of this Condition 5(i) will not constitute a default for any purpose (including, without limitation, Condition 12 (*Events of Default*)) on the part of the Issuer. Any interest payment not paid by virtue of this Condition 5(i) will not accumulate or be payable at any time thereafter, and Holders will have no right thereto.

(v) If UBS Group AG determines, after consultation with FINMA, that the Notes do not, or will cease to, fully qualify as Additional Tier 1 Capital, (A) the Issuer shall not, to the extent permitted under National Regulations, exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments due on the Notes on any Interest Payment Date following the occurrence of such determination, and (B) the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after such determination stating that the Issuer may no longer exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments as from the date of such notice.

## 6. REDEMPTION AND PURCHASE

(a) *No fixed redemption date*

The Notes are perpetual securities in respect of which there is no fixed redemption date. Unless previously redeemed (including by way of Conversion pursuant to Condition 8 (*Conversion*)) or purchased and cancelled in accordance with this Condition 6 and subject to Condition 8 (*Conversion*), the Notes are perpetual and may only be redeemed or purchased in accordance with this Condition 6.

(b) *Redemption at the option of the Issuer*

Subject to clause (e) of this Condition 6, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the First Call Date or any Interest Payment Date thereafter at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) the relevant Redemption Date.

(c) *Redemption due to a Tax Event*

(i) Subject to clause (e) of this Condition 6, upon the occurrence of a Tax Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

(ii) A "**Tax Event**" will have occurred if the Issuer in making any payments on the Notes (A) has paid, or will or would on the next payment date be required to pay, Additional Amounts, or (B) has paid, or will or would be required to pay, any additional Tax in respect of the Notes, in the case of each of subclauses (A) and (B), under the laws or regulations of a Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws (including, without limitation, a decision of any court or tribunal, any generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any relevant tax authority), and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

(d) *Redemption due to a Regulatory Event*

(i) Subject to clause (e) of this Condition 6, upon the occurrence of a Regulatory Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

(ii) A "**Regulatory Event**" will have occurred if any of the Notes ceases to be eligible in full to be (A) treated as Additional Tier 1 Capital, and/or (B) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both).

(e) *Conditions for redemption*

(i) If the Issuer elects to redeem the Notes pursuant to clause (b), (c) or (d) of this Condition 6, then the Issuer shall give the Holders not less than 15 and not more than 60 days' prior notice in accordance with Condition 14 (*Notices*) (a "**Redemption Notice**"), which notice shall, subject to subclauses (ii) and (iii) below, be irrevocable and specify (x) the clause of this Condition 6 pursuant to which the redemption is to be made, and (y) the date (which date, in the case of a redemption pursuant to clause (c) or (d) of this Condition 6, shall be a Payment Business Day) on which the Issuer will redeem the Notes pursuant to such clause of this Condition 6 (such specified date, the "**Redemption Date**").

(ii) The Issuer may only redeem the Notes pursuant to clause (b) or (c) of this Condition 6 on the relevant Redemption Date if FINMA has approved such redemption on or prior to such Redemption Date, if such approval is then required under applicable Swiss laws and regulations.

(iii) The Issuer may only redeem the Notes pursuant to any clause of this Condition 6 on the relevant Redemption Date if no Trigger Event or Viability Event has occurred prior to such Redemption Date.

- (iv) If the Issuer elects to redeem the Notes pursuant to clause (c) or (d) of this Condition 6, then prior to the publication of the Redemption Notice pursuant to subclause (i) above, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem under clause (c) or (d), as applicable, of this Condition 6 is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) in the case of a redemption pursuant to clause (c) of this Condition 6 only, an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right of redemption under clause (c) of this Condition 6 have arisen.

(f) *Purchases*

The Issuer or any other member of the Group or any of their respective affiliates may at any time purchase Notes at any price in the open market or otherwise, *provided* that (i) such purchase complies with any limits or conditions to which any member of the Group is subject under applicable banking laws and regulations at the time of such purchase, (ii) other than in the case of purchases made in connection with stabilisation measures in compliance with applicable law or in connection with any market making in the Notes, FINMA has approved such purchase (if such approval is then required under applicable Swiss laws and regulations) on or prior to the date of such purchase, and (iii) no Trigger Event or Viability Event has occurred prior to the date of such purchase. Any Notes so purchased may, at the option of the Issuer, be held, reissued, resold or cancelled.

(g) *Cancellation*

All Notes redeemed in accordance with this Condition 6 or by way of Conversion pursuant to Condition 8 (*Conversion*) will be cancelled and may not be reissued or resold; *provided, however*, that, in the case of Notes redeemed by way of Conversion, the Issuer will not take any action to cause such Notes to be removed from the main register (*Hauptregister*) of the Intermediary prior to the later of (i) the Conversion Date and (ii) the date on which the relevant Ordinary Shares and/or cash proceeds to be delivered by the Settlement Share Depository or the Settlement Shares Offer Agent, as the case may be, to the relevant Holders pursuant to Condition 8 (*Conversion*) have been delivered.

(h) *Redemption of other instruments*

For the avoidance of doubt, it is understood that, if, upon the occurrence of a Tax Event or a Regulatory Event, the Issuer does not elect to redeem the Notes pursuant to this Condition 6, nothing in this Condition 6 or any other provision of these Terms and Conditions will prohibit the Issuer from redeeming (whether early, at maturity or otherwise) any other instruments issued by any member of the Group pursuant to the terms thereof.

7. **TRIGGER EVENT AND VIABILITY EVENT**

(a) *Trigger Event*

- (i) Upon the occurrence of a Trigger Event, a Conversion will occur on the applicable Trigger Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Trigger Event**" will have occurred if the Issuer gives the Holders a Trigger Event Notice in accordance with clause (b) of this Condition 7.

(b) *Trigger Event Notice*

- (i) If, with respect to any Publication Date, the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, the Issuer shall, subject to subclauses (ii) and (iii) below, give a notice (a "**Trigger Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) (x) if such Publication Date is an Ordinary Publication Date, within five Business Days of such Ordinary



Publication Date (such fifth Business Day, the "**Trigger Breach Determination Date**", and the date of such notice, the "**Ordinary Trigger Event Notice Date**"), and (y) if such Publication Date is an Extraordinary Publication Date, on such Extraordinary Publication Date (the "**Extraordinary Trigger Event Notice Date**"), which notice shall:

- (A) state that the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, and a Conversion will take place;
  - (B) specify the date on which the Conversion will take place, which date shall, subject to postponement pursuant to subclause (ii) below, be no more than 20 Business Days after the date of such notice (the "**Trigger Event Conversion Date**");
  - (C) specify the Conversion Price in effect on the date of such Trigger Event Notice; and
  - (D) specify the details of the arrangement for the settlement of the Conversion (including whether or not the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer and, if the Settlement Share Depository is not SIX SIS, the details of the Settlement Share Depository).
- (ii) If a Trigger Event Notice is required to be given pursuant to subclause (i) above, and on the relevant Publication Date any Higher-Trigger Contingent Capital is outstanding with respect to which either (x) no Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date or (y) a Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date, but the Trigger Event Conversion Date is scheduled to occur prior to the relevant Higher-Trigger Write-down/Conversion Date,
- (A) in the case of subclause (x) above, the giving of such Trigger Event Notice will be postponed until the date on which a Higher-Trigger Write-down/Conversion Notice has been given with respect to all such outstanding Higher-Trigger Contingent Capital and such date will be deemed to be the Trigger Event Notice Date; and
  - (B) in the case of subclauses (x) and (y) above, if the Trigger Event Conversion Date is scheduled to occur prior to the Higher-Trigger Write-down/Conversion Date (or, in the case of more than one Higher-Trigger Write-down/Conversion Date, the latest Higher-Trigger Write-down/Conversion Date), the Trigger Event Conversion Date will be postponed to the Higher-Trigger Write-down/Conversion Date (or the latest Higher-Trigger Write-down/Conversion Date, as applicable) and such postponement shall be specified in such Trigger Event Notice.
- (iii) If (A) a Trigger Event Notice is required to be given pursuant to subclause (i) above in relation to an Ordinary Publication Date, and (B) prior to the earlier of the Ordinary Trigger Event Notice Date and the Trigger Breach Determination Date, FINMA, upon the request of UBS Group AG, has agreed in writing that a Conversion is not required as a result of actions taken by the Group or circumstances or events, in each case, that have had, or imminently will have, the effect of restoring the CET1 Ratio as of the Balance Sheet Date relating to the relevant Ordinary Publication Date, after giving pro forma effect to such actions, circumstances or events, to a level above the Threshold Ratio that FINMA and UBS Group AG deem, in their sole discretion, to be adequate at such time, (x) the Issuer shall not give such Trigger Event Notice pursuant to subclause (i) above in relation to the relevant Ordinary Publication Date, and (y) the Issuer shall give notice to the Holders on or prior to the Trigger Breach Determination Date in accordance with Condition 14 (Notices), which notice shall state that no Conversion will occur in relation to the relevant Ordinary Publication Date.

(c) *Viability Event*

- (i) Subject to clause (e) of this Condition 7, upon the occurrence of a Viability Event:
- (A) the Issuer shall give notice (a "**Viability Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) within three days of the date on which such Viability Event occurred, which notice shall:
    - (1) state that a Viability Event has occurred and a Conversion will take place;
    - (2) specify the date on which the Conversion will take place, which date shall be no more than 20 Business Days following the occurrence of the Viability Event (the "**Viability Event Conversion Date**");
    - (3) specify the Conversion Price in effect on the date of such Viability Event Notice; and
    - (4) specify the details of the arrangements for the settlement of the Conversion (including, if the Settlement Share Depository is not SIX SIS, the details of the Settlement Share Depository); and
  - (B) a Conversion will occur on the applicable Viability Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Viability Event**" will have occurred if prior to an Alternative Loss Absorption Date (if any):
- (A) FINMA has notified UBS Group AG in writing that it has determined a conversion or write-down, as applicable, of holders' claims in respect of the Notes and all other capital instruments issued by, or other capital obligations (whether qualifying fully or partially for capital treatment) of, any member of the Group that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is, because customary measures to improve the Group Holding Company's capital adequacy are at the time inadequate or infeasible, an essential requirement to prevent the Group Holding Company from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business; or
  - (B) customary measures to improve the Group Holding Company's capital adequacy being at the time inadequate or infeasible, the Group Holding Company has received an irrevocable commitment of direct or indirect extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving the Group Holding Company's capital adequacy and without which, in the determination of (and as notified in writing by) FINMA, the Group Holding Company would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.

For the avoidance of doubt, it is understood that a Viability Event may occur irrespective of whether or not a Trigger Event has occurred or whether any of the conditions to the issuance of a Trigger Event Notice have been met.

(d) *Determination of CET1 Ratio and Trigger CET1 Ratio*

With respect to any Publication Date, (i) the CET1 Ratio as of the relevant Balance Sheet Date, (ii) the Trigger CET1 Ratio as of such Publication Date and (iii) the components of both of the foregoing, in each case, as published on such Publication Date, will be final for purposes of this Condition 7, and any revisions, restatements or adjustments to any of the calculations described in subclauses (i) through (iii) above subsequently published will have no effect for purposes of this Condition 7.

(e) *Alternative loss absorption*

In the event of the implementation of any new, or amendment to or change in the interpretation of any existing, laws or components of National Regulations, in each case occurring after the Issue Date, that alone or together with any other law(s) or regulation(s) has, in the joint determination of UBS Group AG and FINMA, the effect that clause (c) of this Condition 7 could cease to apply to the Notes without giving rise to a Regulatory Event, then the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) no later than five Business Days after such joint determination stating that such provisions will cease to apply from the date of such notice (the "**Alternative Loss Absorption Date**"), and from the date of such notice, such provisions will cease to apply to the Notes.

8. **CONVERSION**

(a) *Conversion upon a Trigger Event or a Viability Event*

If the Issuer has given a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*), then:

- (i) each Note shall, subject to and as provided in this Condition 8, be redeemed and settled (the "**Conversion**") on the applicable Conversion Date by (x) the delivery of new fully paid Ordinary Shares to the Settlement Share Depository on behalf of the Holders, and (y) the cancellation of any accrued and unpaid interest on the Notes (whether or not due and payable); and
- (ii) receipt by the Settlement Share Depository of such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares in respect of the Conversion on the applicable Conversion Date shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes.

In the case of the Ordinary Shares to be delivered upon Conversion, as from the applicable Share Creation Date for such Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares into Notes.

(b) *Recourse for Ordinary Shares*

Holders shall have recourse only to the Issuer for the issue and delivery of Ordinary Shares to the Settlement Share Depository pursuant to these Terms and Conditions. After such delivery to the Settlement Share Depository, Holders shall have recourse only to the Settlement Share Depository (or any relevant intermediary) for the delivery to them of such Ordinary Shares or, in the circumstances described in clause (h) of this Condition 8, any cash amounts to which such Holders are entitled under clause (h) of this Condition 8.

(c) *Conversion Price and determination of number of Ordinary Shares*

- (i) Upon the occurrence of a Trigger Event or a Viability Event, as at the date on which the relevant Trigger Event Notice or Viability Event Notice is published, each Holder shall be deemed to have accepted, and hereby accepts and agrees, (A) to the conversion of its holding of Notes into Ordinary Shares at the Conversion Price provided for herein and that, where necessary under Swiss law, the Settlement Agent shall effect such conversion on such Holder's behalf, and

(B) that its obligation to pay up the Ordinary Shares to be issued shall be set off against its claim for repayment of the principal amount upon redemption of the Notes, which claim shall be deemed to be due and payable immediately prior to the time on the Share Creation Date when, as a matter of Swiss law, the relevant Ordinary Shares are paid up. Such Ordinary Shares shall be paid up and issued on the Share Creation Date whereupon the Holders shall cease as a matter of Swiss law to be treated for all purposes under Swiss law as Holders and shall instead as of such date be treated for all purposes under Swiss law as Shareholders.

- (ii) Subject to clause (g) of this Condition 8, the Issuer, with the assistance of the Settlement Agent, where necessary under Swiss law, shall issue and deliver to the Settlement Share Depository on the applicable Conversion Date such number of Ordinary Shares in respect of each Holder as is determined by the Settlement Agent by dividing the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date by the Conversion Price in effect on the date of relevant Trigger Event Notice or Viability Event Notice, as the case may be. The Settlement Agent shall determine such number of Ordinary Shares in accordance with this subclause (ii) as soon as practicable after publication of the relevant Trigger Event Notice or Viability Event Notice, as applicable.
- (iii) The initial Conversion Price per Ordinary Share in respect of the Notes is specified in the definition thereof. The Conversion Price is subject to adjustment to (and including) the date of the relevant Trigger Event Notice or Viability Event Notice, as the case may be, in the circumstances described in clause (d) of this Condition 8.

(d) *Anti-dilution adjustment of the Conversion Price*

- (i) Upon the occurrence of any of the events described below after 18 June 2024, the Conversion Price will be adjusted by the Issuer as follows:
  - (A) If there is a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares that alters the number of Ordinary Shares in issue, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment will become effective on the date on which the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

- (B) If UBS Group AG issues any Ordinary Shares to Shareholders as a class credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (x) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Distribution that the Shareholders would or could otherwise have elected to receive, (y) where the Shareholders may elect to receive a Cash Distribution in lieu of such

Ordinary Shares or (z) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Distribution equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (C) If UBS Group AG makes or pays an Extraordinary Distribution to Shareholders, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{B}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and

B is the portion of the aggregate Extraordinary Distribution attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Distribution by the number of Ordinary Shares entitled to receive the relevant Extraordinary Distribution. If the Extraordinary Distribution shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (C), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-the Extraordinary Distribution on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (C).

- (D) If UBS Group AG issues Ordinary Shares to Shareholders as a class by way of rights or UBS Group AG or any other member of the Group or (at the direction or request or pursuant to arrangements with UBS Group AG or any other member of the Group) any other Person issues or grants to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities that by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities

so issued), in each case at a price per Ordinary Share that is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares that the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and
- C is the number of Ordinary Shares to be issued or the maximum number of Ordinary Shares that may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate, as the case may be,

*provided* that, if on the Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this subclause (D), "C" will be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (D), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (D).

For purposes of any calculation of the consideration receivable or price pursuant to this subclause (D), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities will be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made

available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights will be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights that are attributed by UBS Group AG to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of subclauses (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights, and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights will be the aggregate consideration or price referred to in subclause (x) or (y) above (as the case may be), divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (3) if the consideration or price determined pursuant to subclause (1) or (2) above (or any component thereof) is expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of subclause (1) above) or the relevant date of first public announcement (in the case of subclause (2) above);
  - (4) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
  - (5) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to UBS Group AG or another entity.
- (E) If UBS Group AG determines, in its sole discretion, that, notwithstanding subclauses (A) to (D) above, a reduction to the Conversion Price should be made as a result of one or more events or circumstances not referred to in this subclause (i) that would require an adjustment to the Conversion Price in order to comply with Swiss mandatory law on the protection of holders of instruments that may convert into shares issued out of capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) or Conversion Capital, the Conversion Price will be reduced (either generally or for a specified period) in such manner and with effect from such date as UBS Group AG shall determine and the Issuer shall notify to the Holders in accordance with Condition 14 (*Notices*).



(ii) Notwithstanding subclause (i) above:

(A) where

- (1) the events or circumstances giving rise to any adjustment to the Conversion Price have resulted or will result in an adjustment to the Conversion Price; or
- (2) more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time,

that, in the opinion of UBS Group AG, a modification to the operation of the adjustment provisions set forth in this clause (d) is required to give the intended result, such modification will be made to the operation of the adjustment provisions set forth in this clause (d) as may be determined by an Independent Adviser to be in its opinion appropriate to give the intended result, including to ensure that (x) an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (y) the economic effect of an Extraordinary Distribution is not taken into account more than once, and (z) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency;

- (B) any adjustment to the Conversion Price will be subject to such Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time such adjustment becomes effective at the then-prevailing exchange rate as determined by the Issuer) not being less than the par value of an Ordinary Share at such time;
- (C) UBS Group AG shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time of such action at the then-prevailing exchange rate as determined by the Issuer) to below the par value of an Ordinary Share then in effect;
- (D) if any doubt arises as to whether an adjustment is to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may in its sole discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof will (in the absence of wilful default, bad faith and manifest error) be conclusive and binding on the Issuer and the Holders;
- (E) no adjustment will be made to the Conversion Price where Ordinary Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of UBS Group AG or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme; and
- (F) on any adjustment, if the resultant Conversion Price has more decimal places than the initial Conversion Price, it will be rounded to the same number of decimal places as the initial Conversion Price. No adjustment will be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required

to be made, and/or any amount by which the Conversion Price has been rounded down, will be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment will be made on the basis that the adjustment not required to be made had been made at the relevant time and/or that the relevant rounding down had not been made, as the case may be.

- (iii) The Issuer shall give notice of any adjustments to the Conversion Price made pursuant to this clause (d) to the Holders in accordance with Condition 14 (*Notices*) promptly after the determination thereof.
- (iv) References in these Terms and Conditions to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

(e) *Qualifying Relevant Event*

- (i) Upon the occurrence of a Relevant Event that is a Qualifying Relevant Event, then:
  - (A) upon the occurrence of a Trigger Event or a Viability Event where the applicable Conversion Date falls on or after the New Conversion Condition Effective Date,
    - (1) the Notes shall be converted on such Conversion Date into, or be exchanged on such Conversion Date for, as the case may be, Relevant Shares of the Approved Entity, *mutatis mutandis* as provided in accordance with this Condition 8, at a Conversion Price that shall be the New Conversion Price; and
    - (2) the Issuer shall procure the issue and/or delivery of the relevant number of Relevant Shares of the Approved Entity in the manner provided in this Condition 8 (as may be amended as described in the definition of the term New Conversion Condition); and
  - (B) the New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 8 for the adjustment of the Conversion Price (if necessary with such amendments as an Independent Adviser shall determine to be appropriate) and the Issuer shall give notice in accordance with Condition 14 (*Notices*) to the Holders of the New Conversion Price and of any such amendments thereafter.
- (ii) Upon the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Holders in accordance with Condition 14 (*Notices*) within 10 Business Days following the occurrence of such Relevant Event, which notice shall:
  - (A) specify the identity of the Acquiror;
  - (B) specify whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event;
  - (C) in the case of a Qualifying Relevant Event, specify the New Conversion Price; and
  - (D) if applicable, specify the New Conversion Condition Effective Date.
- (iii) For the avoidance of doubt, upon the occurrence of a Relevant Event that is a Non-Qualifying Relevant Event, the provisions of this clause (e) shall (subject to

the subsequent operation of this clause (e) upon the occurrence of a subsequent Relevant Event) not apply, and the Notes will continue to be convertible into Ordinary Shares pursuant to and in accordance with the other provisions of this Condition 8 (*Conversion*), if and when the Issuer gives a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*).

(iv) For purposes of these Terms and Conditions:

**"Acquiror"** means the Person (including a Governmental Entity) that, following a Relevant Event, controls UBS Group AG.

**"Approved Entity"** means an Acquiror that is body corporate that is incorporated or established under the laws of an OECD member state and that, on the occurrence of the Relevant Event, has in issue Relevant Shares.

**"Governmental Entity"** means (x) the Swiss Confederation, (y) an agency of the Swiss Confederation or (z) a person or entity (other than a body corporate) controlled by the Swiss Confederation or any such agency referred to in clause (y) of this definition; *provided, however*, that, if UBS Group AG is at any time organised in a jurisdiction outside of Switzerland, references in this definition to "the Swiss Confederation" shall be read as references to the government of such other jurisdiction.

The **"New Conversion Condition"** shall be satisfied in respect of a Relevant Event if, by no later than seven days following the occurrence of such Relevant Event, (x) UBS Group AG has, to the satisfaction of UBS Group AG, entered into arrangements with the Approved Entity that provide for delivery of Relevant Shares of the Approved Entity on Conversion on terms *mutatis mutandis* as provided in the provisions of this Condition 8, and (y) the Issuer has entered into such agreements and arrangements, and made such amendments to these Terms and Conditions, as may be required to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall, following the occurrence of a Trigger Event or a Viability Event, be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 8 (as may be so amended) at the New Conversion Price; *provided, however*, that, any failure to enter into the arrangements and agreements and/or make the amendments described in clauses (x) and (y) of this definition shall not constitute a default or an Event of Default under these Terms and Conditions.

**"New Conversion Condition Effective Date"** means the date with effect from which the New Conversion Condition has been satisfied.

**"New Conversion Price"** means, in respect of any Conversion Date falling on or after the New Conversion Condition Effective Date, the amount determined by the Issuer in accordance with the following formula:

$$NCP = ECP \times \frac{VWAPRS}{VWAPOS}$$

where:

|        |                                                                                                                                                                                                                                   |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NCP    | is the New Conversion Price.                                                                                                                                                                                                      |
| ECP    | is the Conversion Price in effect on the last dealing day prior to the New Conversion Condition Effective Date.                                                                                                                   |
| VWAPRS | is the average of the Volume Weighted Average Price of the Relevant Shares of the Approved Entity (translated, if necessary, into SGD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending |

on the last dealing day prior to the date on which the Relevant Event occurred (and where references in the definition of "Volume Weighted Average Price" to "Ordinary Shares" shall be construed as a reference to the Relevant Shares of the Approved Entity and in the definition of "dealing day", references to the "Relevant Stock Exchange" shall be to the primary Recognised Stock Exchange on which the Relevant Shares of the Approved Entity are then listed, admitted to trading or accepted for dealing).

VWAPOS is the average of the Volume Weighted Average Price of the Ordinary Shares (translated, if necessary, into SGD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred.

**"Non-Qualifying Relevant Event"** means a Relevant Event that is not a Qualifying Relevant Event.

**"Qualifying Relevant Event"** means a Relevant Event where:

- (A) the Acquiror is an Approved Entity; and
- (B) the New Conversion Condition is satisfied.

A **"Relevant Event"** will have occurred if, at any time after the Issue Date, any Person or Persons acting in concert acquires control of UBS Group AG (other than as a result of an Exempt Reorganisation). For the purposes of this definition "Relevant Event", **"control"** means the acquisition or holding of legal or beneficial ownership of more than 95 per cent. of the issued Ordinary Shares of UBS Group AG (whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise) and, as a consequence thereof, the Ordinary Shares are no longer admitted to trading on any Recognised Stock Exchange, and **"controlled"** shall be construed accordingly.

**"Relevant Shares"** means, in respect of an Acquiror, ordinary share capital of such Acquiror that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) that is listed and admitted to trading on a Recognised Stock Exchange.

(f) *Procedure for settlement and delivery of Ordinary Shares on Conversion*

Ordinary Shares to be issued on Conversion shall be delivered subject to and as provided below.

(g) *Fractions*

Fractions of Ordinary Shares will not be issued or delivered pursuant to these Terms and Conditions on Conversion and no cash payment will be made in lieu thereof. The number of Ordinary Shares to be issued and delivered to the Settlement Share Depository for the benefit of each Holder in respect of a Conversion shall be calculated by the Settlement Agent on the basis of the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date and rounded down, if necessary, to the nearest whole number of Ordinary Shares.

(h) *Procedure for delivery in respect of a Conversion*

- (i) UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, shall on or prior to the applicable Conversion Date issue and deliver to the Settlement Share Depository such number of Ordinary Shares as is

required to satisfy in full its obligation to deliver Ordinary Shares to the Holders in respect of the Conversion on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes.

- (ii) Subject to the making of a Settlement Shares Offer and as otherwise provided herein, the Settlement Agent shall give instructions to the Settlement Share Depository for the relevant Ordinary Shares to be delivered by the Settlement Share Depository on the applicable Conversion Date to the Holders, and the Settlement Share Depository shall take such actions as are customary to effect such delivery of such Ordinary Shares to the Holders on the applicable Conversion Date.
- (iii) In respect of a Conversion as a result of the occurrence of a Trigger Event only, following receipt by the Settlement Share Depository of the Ordinary Shares and the resulting good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (i) above, the Issuer may, in its sole discretion, appoint a placement agent (the "**Settlement Shares Offer Agent**") acting on behalf, and for the accounts, of the Holders to conduct an offering of the Ordinary Shares to which the Holders are otherwise entitled (a "**Settlement Shares Offer**"). In the relevant Trigger Event Notice, the Issuer shall notify the Holders whether it will appoint such Settlement Shares Offer Agent to conduct such a Settlement Shares Offer. If it does so appoint a Settlement Shares Offer Agent, it will instruct the Settlement Share Depository to deliver the relevant Ordinary Shares to or to the order of the Settlement Shares Offer Agent for this purpose prior to the end of the Offer Settlement Period. Such Settlement Shares Offer shall be made (x) in the currency of the Issuer's choosing and at a cash price per Ordinary Share (such price translated, if necessary, into SGD at the prevailing exchange rate on the date of the Trigger Event Notice as determined by the Issuer) equal to the Conversion Price in effect on the date of the Trigger Event Notice, and (y) to some or, subject to applicable laws and regulations and to such an offer being practicable in the opinion of the Issuer in the Offer Settlement Period, all Shareholders on the record date of the Trigger Event Notice then eligible to participate in such offer. Any such Settlement Shares Offer shall be completed no later than 20 Business Days after the occurrence of the Trigger Event (the "**Offer Settlement Period**"). Neither the Issuer nor the Settlement Share Depository shall incur any liability whatsoever to the Holders in respect of the appointment of such Settlement Shares Offer Agent or its conduct, save for cases of gross negligence or wilful intent.

If the Settlement Shares Offer is fully subscribed by or before the end of the Offer Settlement Period, the Holders shall, pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into SGD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards). If the Settlement Shares Offer is only partially subscribed by the end of the Offer Settlement Period, the Holders shall (x) pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into SGD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards), and (y) be entitled to receive their *pro rata* share of the number of

Ordinary Shares not subscribed pursuant to the Settlement Shares Offer (rounded down to the nearest whole number of such Ordinary Shares) within the period specified below from the Settlement Share Depository. If no Ordinary Shares are subscribed in the Settlement Shares Offer, Holders shall be entitled to receive the relevant Ordinary Shares within the period specified below from the Settlement Share Depository.

In relation to any Ordinary Shares not sold pursuant to a Settlement Shares Offer, the Settlement Agent shall give instructions to the Settlement Shares Offer Agent for such Ordinary Shares to be delivered by the Settlement Shares Offer Agent to the relevant Holders within five Business Days after the end of the Offer Settlement Period.

(i) *Taxes and duties*

None of the Issuer, any other member of the Group, any Agent and the Settlement Share Depository will pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of Ordinary Shares to the Settlement Share Depository or to any Holder. A Holder must pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of the Ordinary Shares to the Settlement Share Depository or to such Holder and such Holder must pay all, if any, such taxes and duties arising by reference to any disposal or deemed disposal of such Holder's Notes or interest therein. Any capital, stamp, issue, registration, transfer or other taxes or duties arising on delivery or transfer of Ordinary Shares to a purchaser in any Settlement Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

(j) *Delivery of Ordinary Shares*

UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, will issue and deliver the Ordinary Shares required to be issued and delivered on Conversion to the Settlement Share Depository on behalf of the Holder of the relevant Note(s). Receipt by the Settlement Share Depository of such Ordinary Shares will be a good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (h)(i) of this Condition 8.

Such Ordinary Shares will be delivered to Holders in uncertificated form through SIX SIS or any other appropriate settlement organisations. Where such Ordinary Shares are to be delivered through SIX SIS or any other appropriate intermediary (*Verwahrungsstelle*) in Switzerland, the Settlement Agent shall request that the Settlement Share Depository deliver such Ordinary Shares to the account(s) in which the relevant Note(s) is/are held, on the applicable Conversion Date or such other date as is specified for the delivery. At the time of such delivery of the Ordinary Shares, the then-valid share registration rules of UBS Group AG will apply, and UBS Group AG does not offer any assurance or guarantee that any Holder will be accepted as a Shareholder with voting rights in the share register of UBS Group AG.

(k) *Ordinary Shares*

The Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Share Creation Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Holder will not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Creation Date.

(l) *Purchase or redemption of Ordinary Shares*

UBS Group AG or any of its subsidiaries may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or securities of UBS Group AG (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Holders.

(m) *Determinations to be made by an Independent Adviser*

In the case of any determination that is required to be made by an Independent Adviser for purposes of this Condition 8, the Issuer shall use reasonable endeavours to appoint an Independent Adviser to make such determination; *provided, however*, that, notwithstanding the other provisions of these Terms and Conditions, if the Issuer is unable to so appoint an Independent Adviser or the Independent Adviser so appointed by the Issuer fails to make such determination, the Issuer, acting in good faith and a commercially reasonable manner, will make such determination.

Any determination that is made by an Independent Adviser for purposes of this Condition 8 will be made in the sole discretion of such Independent Adviser acting in good faith and in a commercially reasonable manner.

(n) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by an Independent Adviser or the Settlement Agent for purposes of this Condition 8 will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Independent Adviser or the Settlement Agent in connection with the exercise or non-exercise by the Independent Adviser or the Settlement Agent of its powers, duties and discretions under this Condition 8.

9. **PAYMENTS; AGENTS**

- (a) All payments required to be made under the Notes will be made available in good time in freely disposable funds in SGD, which will be placed at the free disposal of the Principal Paying Agent on behalf of the Holders. If the Scheduled Due Date for any payment (whether in respect of principal, interest or otherwise) in respect of the Notes is not a Payment Business Day, then the Holders will not be entitled to payment thereof until the first Payment Business Day following the Scheduled Due Date, and the Holders will not be entitled to any additional sum in relation to such payment. All payments required to be made under the Notes (including, for the avoidance of doubt, any Additional Amounts) shall be made to the Holders in SGD without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality.
- (b) The receipt by the Principal Paying Agent of the due and punctual payment of funds in SGD will release the Issuer from its obligations under the Notes to the extent of such payment.
- (c) Subject to clause (d) of this Condition 9, the Issuer reserves the right to terminate the appointment of any Agent, as well as to appoint or, after any such appointment, to terminate the appointment of, one or more other paying agents to carry out any payment or other similar functions in respect of the Notes (each, a "**Paying Agent**", which term includes the Principal Paying Agent), *provided* that (i) so long as any Note is outstanding, there will at all times be a Principal Paying Agent, a Calculation Agent and a Settlement Agent, (ii) for so long as the Notes are listed on the SIX Swiss Exchange and if then required by the regulations of the SIX Swiss Exchange, the Issuer shall maintain a Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities dealer subject to supervision by FINMA, to perform the functions of a Swiss paying agent, and (iii) any successor Calculation Agent must be



a leading bank or financial institution that is experienced in the calculations and determinations to be made by the Calculation Agent.

- (d) Any appointment or termination of appointment of, or resignation by, any Agent may take place at any time, *provided* that the Issuer promptly notifies the Holders of any such appointment, termination or resignation in accordance with Condition 14 (*Notices*).
- (e) If at any time the Calculation Agent fails to (i) determine the Reference Rate or the Reset Interest Rate or duly calculate the Reset Interest Amount for any Reset Interest Period or the interest amount payable on the relevant Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) or (ii) comply with any other requirement in relation to the Notes, then the Issuer will terminate the appointment of the Calculation Agent in accordance with the Agency Agreement and appoint a successor Calculation Agent.

## 10. TAXATION

- (a) All payments to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, unless withholding, deduction or accounting for such Taxes is required by law.
- (b) In the event that any payment to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) is subject to any withholding or deduction for, or on account of, any Taxes by requirement of law in a Tax Jurisdiction (as determined by the relevant tax authority of or in such Tax Jurisdiction), the Issuer shall pay such additional amounts as will result in the Holders receiving the amounts that they would have received in respect of the Notes if no such withholding or deduction had been required ("**Additional Amounts**").
- (c) No Additional Amounts will be payable pursuant to clause (b) of this Condition 10 in relation to any Note:
  - (i) if the relevant Holder is liable for such Taxes on such Note as a result of having some connection with the relevant Tax Jurisdiction other than its mere ownership or possession of such Note or the receipt of principal or interest in respect thereof; or
  - (ii) with respect to any Tax collected pursuant to the provisions of, or any laws or an agreement with any Tax Jurisdiction relating to, Sections 1471 through 1474 of the US Internal Revenue Code, as amended and as may be further amended from time to time (commonly referred to as "FATCA"); or
  - (iii) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of 3 April 2020, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a Person other than the issuer is required to withhold tax on any interest payments; or
  - (iv) to the extent any combination of subclauses (i) through (iii) above applies.
- (d) Any reference in these Terms and Conditions to amounts payable by the Issuer in respect of the Notes includes (i) any Additional Amount payable pursuant to this Condition 10 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this Condition 10.

11. **STATUTE OF LIMITATIONS**

In accordance with Swiss law, (a) claims for interest payments under the Notes will become time-barred after the five-year period and (b) claims for the repayment or redemption of Notes will become time-barred after the 10-year period, in each case, commencing on the date on which such payments, repayment or redemption become due and payable.

12. **EVENTS OF DEFAULT**

(a) If any of the following events occurs, such occurrence will constitute an "**Event of Default**":

- (i) the Issuer fails to pay the principal amount of any Note if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
- (ii) the Issuer fails to pay any interest on the Notes if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
- (iii) the Issuer fails to observe or perform any other covenant, condition, or agreement contained in these Terms and Conditions, and such failure continues unremedied for a period of 60 days after written notice thereof from any Holder to the Issuer; or
- (iv) a Bankruptcy Event;

*provided, however*, that, notwithstanding subclauses (i) to (iv) above, neither (A) the opening of Restructuring Proceedings with respect to the Issuer nor (B) the exercise of any Swiss Resolution Power with respect to the Issuer during any such Restructuring Proceedings nor (C) the ordering of any Protective Measures with respect to the Issuer that are ordered or confirmed upon the opening of or during any such Restructuring Proceedings will constitute a default or an Event of Default.

- (b) Upon the occurrence of an Event of Default relating to any failure of the Issuer to meet any payment obligation under these Terms and Conditions and subject to Condition 8 (*Conversion*), (i) such payment obligation (and such payment obligation only) will be immediately deemed a due and payable (*fällige*) payment obligation of the Issuer, and (ii) if (A) the relevant Holder has formally requested payment of such payment obligation, (B) such payment obligation has not been fulfilled within the statutory period under Swiss law commencing after the date of such formal request and (C) a writ of payment (*Zahlungsbefehl*) has been issued with respect to such payment obligation pursuant to the DEBA, the relevant Holder may institute proceedings against the Issuer in Switzerland (but not elsewhere) to enforce its rights with respect to such payment obligation under the DEBA.
- (c) If a debt collection or insolvency proceeding with respect to the Issuer is instituted in Switzerland in accordance with clause (b) of this Condition 12, the Issuer shall not (i) after having received the writ of payment (*Zahlungsbefehl*) relating to the relevant payment obligation, argue or plead that such payment obligation is not due and payable by the Issuer, or (ii) prior to the declaration of bankruptcy (or similar proceeding under Swiss insolvency laws), make any payment to the relevant Holder under or in connection with the Notes.
- (d) In the case of any Event of Default arising under subclause (a)(iii) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may seek specific performance or damages with respect to such Event of Default pursuant to the Swiss Code if so entitled thereunder. Any such damage claim of any Holder will rank junior to the rights and claims of all holders of Senior Obligations.
- (e) In the case of any Event of Default arising under subclause (a)(iv) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may, by written notice to the Issuer,

declare the principal amount of any of its Notes, together with any accrued and unpaid interest thereon, immediately due and payable, without presentment, demand, protest or other notice of any kind.

- (f) No remedy against the Issuer other than those described in this Condition 12 will be available to the Holders in connection with the Issuer's obligations under these Terms and Conditions, whether for the recovery of amounts owing under these Terms and Conditions or in respect of any breach by the Issuer of any of its other obligations under these Terms and Conditions or otherwise. In particular, no Holder may declare (i) the principal amount of any Notes due and payable prior to any Redemption Date, or (ii) any interest on any Notes due and payable prior to the relevant Interest Payment Date, except, in the case of each of subclauses (i) and (ii), pursuant to clause (e) of this Condition 12.

### 13. MEETINGS OF HOLDERS; SUBSTITUTION AND AMENDMENT

- (a) Except as otherwise specified in this Condition 13, the provisions of bondholder meetings contained in article 1157 et seqq. of the Swiss Code apply in relation to meetings of Holders.
- (b) If a Tax Event or a Regulatory Event has occurred, the Issuer may, without the consent of the Holders, either substitute all, but not some only, of the Notes for, or amend these Terms and Conditions so that they remain or become, Compliant Securities, *provided* that:
  - (i) neither a Tax Event nor a Regulatory Event arises as a result of such substitution or amendment;
  - (ii) FINMA has approved such substitution or amendment (if such approval is then required under applicable Swiss laws and regulations);
  - (iii) the Issuer has given the Holders not less than 30 days' notice of such substitution or amendment in accordance with Condition 14 (*Notices*), which notice will, subject to subclause (v) below, be irrevocable, and state the date on which such substitution or amendment will be effective (the "**Substitution or Amendment Effective Date**");
  - (iv) prior to the publication of any notice pursuant to subclause (iii) above, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to substitute or amend the terms of the Notes, as applicable, pursuant to this clause (b) is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right to substitute or amend the terms of the Notes, as applicable, pursuant to this clause (b) have arisen; and
  - (v) no Trigger Event or Viability Event has occurred prior to the relevant Substitution or Amendment Effective Date.

In connection with any substitution or amendment in accordance with this clause (b), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- (c) In addition to its rights under clause (b) of this Condition 13, the Issuer may, without the consent of the Holders, make any amendment to these Terms and Conditions that it considers to be (i) necessary or desirable to give effect to (A) any Alternative Benchmark Rate determined in accordance with Condition 5(c) (*Interest – Benchmark replacement*) (including any Adjustment Spread determined in accordance with subclause (v)(A)(2) thereof and any alternative method for determining the Reference Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date determined in accordance with subclause (v)(A)(3) thereof), and any related changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" determined to be necessary

in accordance with subclause (v)(D) thereof, or (B) the provisions of clause (a) of Condition 15 (*Issuer Substitution*) (including, without limitation, (x) if the Substitute Issuer is organised and/or resident for tax purposes in a jurisdiction other than Switzerland, any amendments to any references to the jurisdiction of "Switzerland" contained herein, including, without limitation, amendments to the definition of the term "Bankruptcy Event", the definition of the term "Business Day", the governing law of the subordination provisions set forth in Condition 4 (*Status and Subordination*) and the provisions of Condition 12 (*Events of Default*), and (y) any amendments to reflect UBS Group AG's guarantee described in subclause (a)(iii) of Condition 15 (*Issuer Substitution*)), or (C) the provisions of subclause (i)(B) and/or subclause (iii) of Condition 8(e) (*Conversion – Qualifying Relevant Event*), or (ii) formal, minor or technical in nature, or (iii) necessary to correct a manifest error, or (iv) not materially prejudicial to the interests of the Holders.

- (d) The Issuer shall notify the Holders of any amendments made pursuant to clause (c) of this Condition 13 in accordance with Condition 14 (*Notices*), which notice shall state the date on which such amendment will be effective.
- (e) Any amendment made pursuant to this Condition 13 will be binding on the Holders in accordance with its terms.

#### 14. NOTICES

- (a) So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Issuer (i) by means of electronic publication on the internet website of SIX Exchange Regulation Ltd (<https://www.ser-ag.com>), where notices are as at the Issue Date published under the address [https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/,](https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notice will be validly given on the date of such publication or, if published more than once, on the date of the first such publication.
- (b) If the Notes are for any reason no longer listed on the SIX Swiss Exchange, notices to Holders will be given by the Issuer to the Intermediary for forwarding to the Holders. Any such notice will be validly given on the date of delivery to the Intermediary.

#### 15. ISSUER SUBSTITUTION

- (a) The Issuer (for purposes of this Condition 15, the "**Current Issuer**") may, without the consent of the Holders, substitute any entity (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the "**Substitute Issuer**") for itself as principal debtor under the Notes upon giving no more than 30 and no less than 10 days' notice to the Holders in accordance with Condition 14 (*Notices*), *provided that*:
  - (i) the Substitute Issuer is UBS Group AG or at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by UBS Group AG;
  - (ii) the Current Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;
  - (iii) if the Substitute Issuer is not UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the Holders, pursuant to article 111 of the Swiss Code and on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), (A) the due and punctual payment of principal and interest and all other amounts due and payable by the Substitute Issuer under, or in respect of, the Notes upon receipt of the written request for payment of the relevant amount, and (B) upon the occurrence of a Conversion, the due delivery of the Ordinary Shares required to be delivered pursuant to Condition 8 (*Conversion*), and on the terms whereby subclause (iii) of Condition 5(i) (*Interest – Cancellation of interest; prohibited interest*), subclause (ii)(C) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), Condition 10 (*Taxation*), Condition 12 (*Events of Default*)

and Condition 20 (*No Set-off by Holders*) apply to UBS Group AG and to its obligations under such guarantee either by making the necessary consequential amendments to such Conditions or including such Conditions applicable to UBS Group AG and to its obligations under such guarantee in such guarantee itself, as applicable;

- (iv) the Current Issuer and the Substitute Issuer (A) have entered into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which the Substitute Issuer has (x) undertaken in favour of each Holder to be bound by these Terms and Conditions as the principal debtor (on a subordinated basis corresponding to Condition 4 (*Status and Subordination*)) under the Notes in place of the Current Issuer and (y) assumed the obligations of the Current Issuer under the Agency Agreement, and (B) procure that all action, conditions and things required to be taken, fulfilled and done (including, without limitation, the obtaining of any necessary consents) to ensure that the Substitution Documents represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;
  - (v) if the Substitute Issuer is resident for tax purposes in a jurisdiction (the "**New Residence**") other than that in which the Current Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Substitution Documents contain an undertaking by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Holder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10 (*Taxation*) in relation to the payment of all amounts due and payable under, or in respect of, the Notes and in relation to the guarantee referred to in subclause (iii) above, with, in the case of the Notes but not such guarantee, the substitution of references to the Former Residence with references to the New Residence, and an undertaking by the Substitute Issuer to indemnify each Holder against any Tax that is imposed on it by (or by any authority in or of) the New Residence and, if different, the jurisdiction of the Substitute Issuer's organisation with respect to any Note and that would not have been so imposed had the substitution not been made, as well as against any Tax, and any cost or expense, relating to such substitution;
  - (vi) if the Substitute Issuer is not UBS Group AG, FINMA has approved such substitution (if such approval is then required under applicable Swiss laws and regulations), and the Current Issuer and the Substitute Issuer have obtained all other necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents;
  - (vii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes;
  - (viii) such substitution does not give rise to a Tax Event or a Regulatory Event; and
  - (ix) the Substitute Issuer has appointed a Paying Agent in Switzerland that is a participant in the Intermediary.
- (b) Upon any substitution pursuant to clause (a) of this Condition 15, (i) the Substitute Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Current Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Terms and Conditions, and (ii) the Current Issuer will be released from its obligations under the Notes.
- (c) After giving effect to any substitution pursuant to clause (a) of this Condition 15, (i) references to the "Issuer" in the Notes and these Terms and Conditions will be references to the Substitute Issuer, and (ii) references to the "Tax Jurisdiction" in the Notes and these Terms and Conditions will be read and construed as

including the jurisdiction of establishment of the Substitute Issuer and, if different, the jurisdiction in which the Substitute Issuer is resident for tax purposes instead of or in addition to (as the case may be) references to the jurisdiction of establishment of the Issuer and Switzerland.

16. **RESERVED**

17. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders issue further notes and, *provided* that such notes have the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and/or the first date on which interest is paid), such further notes will be consolidated and form a single series with the Notes. If the Issuer issues any such further notes pursuant to this Condition 17, references in these Terms and Conditions to "Notes" include such further notes, unless the context otherwise requires.

18. **CURRENCY INDEMNITY**

Any amount received or recovered by any Holder in a currency other than SGD (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) under the Notes will only constitute a discharge of the Issuer to the extent of the amount in SGD that such Holder is able to purchase with the amount so received or recovered in such other currency on the date of such receipt or recovery (or, if it is not practicable to purchase SGD with such amount on such date, on the first date on which it is practicable to do so). If the amount of SGD that such Holder is able to purchase is less than the amount owed by the Issuer to such Holder under the Notes, the Issuer shall indemnify such Holder against any loss sustained by it as a result. In addition, the Issuer shall indemnify such Holder for the costs of making such purchase. For purposes of this Condition 18, it is sufficient for the relevant Holder to demonstrate that it would have suffered a loss had an actual purchase been made. The indemnities under this Condition 18 will (a) constitute a separate and independent obligation from the Issuer's other obligations hereunder, (b) give rise to a separate and independent cause of action, (c) apply irrespective of any indulgence granted by any Holder and (d) continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any amount due under the Notes or any other judgment or order.

19. **RESERVED**

20. **NO SET-OFF BY HOLDERS**

Subject to applicable law, each Holder, by acceptance of any direct or beneficial interest in a Note, agrees that it will not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention with respect to any amount owed to it by the Issuer in respect of, or arising in connection with, the Notes.

21. **GOVERNING LAW AND JURISDICTION**

- (a) The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by and construed in accordance with the laws of Switzerland.
- (b) The courts of the Canton of Zurich (venue being the City of Zurich) shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, including any non-contractual obligation arising out of or in connection with the Notes.

## **Annex B**

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## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Tier 1 Capital Notes issued by UBS Group AG are as follows:

### 1. DEFINITIONS

**"5-Year SORA OIS Rate"** means the offered rate for the semi-annual fixed leg of a Singapore Overnight Rate Average Overnight Indexed Swap for a term of five years.

**"Acquiror"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Additional Amounts"** has the meaning assigned to such term in clause (b) of Condition 10 (*Taxation*).

**"Additional Tier 1 Capital"** means, at any time, any item that qualifies as additional tier 1 capital (*zusätzliches Kernkapital*) under National Regulations at such time.

**"Adjustment Spread"** means, with respect to any Alternative Benchmark Rate determined in accordance with the provisions of clause (c) of Condition 5 (*Interest*), a spread (which may be positive or negative), or a formula or methodology for calculating such a spread, applied to such Alternative Benchmark Rate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Existing Benchmark Rate with such Alternative Benchmark Rate.

**"Affected Reset Interest Period"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Agency Agreement"** means the Agency Agreement dated as of the Issue Date, among the Issuer, the Principal Paying Agent, the Calculation Agent and the other agents from time to time party thereto, as amended, supplemented or otherwise modified from time to time.

**"Agents"** means the Principal Paying Agent, any other Paying Agent, the Calculation Agent, any other agent from time to time appointed pursuant to the terms of the Agency Agreement, and the Settlement Agent.

**"Alternative Benchmark Rate"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Alternative Loss Absorption Date"** has the meaning assigned to such term in Condition 7(e) (*Trigger Event and Viability Event – Alternative loss absorption*).

**"Alternative Reference Rate Page"** has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Alternative Relevant Time"** has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Approved Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Auditor"** means the accounting firm (i) appointed by the Board of Directors of the Group Holding Company or the shareholders of the Group Holding Company, as the case may be, to provide, among other things, audit and/or review opinions on the Group Holding Company's financial statements, and (ii) approved by FINMA in accordance with the Financial Market Supervisory Act (*Finanzmarktaufsichtsgesetz*) of 22 June 2007, as amended and as may be further amended from time to time.

**"Authorised Signatories"** means any two authorised officers of the Issuer signing jointly.

**"Balance Sheet Date"** means (i) with respect to any Ordinary Publication Date, the cut-off date for the measurement of the CET1 Ratio in the Quarterly Financial Accounts published on such Ordinary Publication Date, and (ii) with respect to any Extraordinary Publication Date, the cut-

off date for the Reviewed Interim Measurement published upon the instruction of FINMA on such Extraordinary Publication Date.

**"Bankruptcy Event"** means any of the following events with respect to the Issuer: (i) the adjudication of bankruptcy (*Konkurseröffnung*) pursuant to articles 171, 189, 190, 191 or 192 of the DEBA, (ii) the opening of restructuring proceedings (*Sanierungsverfahren*) pursuant to articles 28 to 32 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such proceedings, **"Restructuring Proceedings"**), and/or (iii) the ordering of liquidation proceedings (*Liquidation*) pursuant to articles 33 to 37g of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG; *provided, however*, that none of the following will constitute a Bankruptcy Event: (x) mere debt collection proceedings (*Betreibungsverfahren*) pursuant to article 38 *et seq.* of the DEBA, (y) proceedings in connection with a freezing order (*Arrestverfahren*) pursuant to article 271 *et seq.* of the DEBA, and/or (z) the ordering of protective measures (*Schutzmassnahmen*) pursuant to article 26 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such measures, **"Protective Measures"**), including, in the case of each of subclauses (x), (y) and (z), any steps (other than any steps described in clauses (i) through (iii) of this definition) taken under or in connection therewith.

**"BIS Regulations"** means, at any time, the capital adequacy standards and guidelines promulgated by the Basel Committee on Banking Supervision, as implemented by FINMA in Switzerland at such time.

**"BIS Risk Weighted Assets"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of risk-weighted assets of the Group as of such Balance Sheet Date, as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term **"risk-weighted assets"** as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

**"Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in (i) for purposes of the definitions of the terms "Extraordinary Publication Date", "Higher-Trigger Amount" and "Ordinary Publication Date", Zurich, and (ii) otherwise, Singapore and Zurich.

**"Calculation Agent"** means UBS AG, in its capacity as calculation agent for the Notes, and includes any successor calculation agent for the Notes appointed in accordance with the terms of the Agency Agreement.

**"Calculation Amount"** means SGD 250,000.

**"Capital Adequacy Ordinance"** means the Swiss Ordinance concerning Capital Adequacy and Risk Diversification for Banks and Securities Firms of 1 June 2012, as amended and as may be further amended from time to time, or any successor Swiss law or regulation.

**"Cash Distribution"** means any dividend or distribution in respect of the Ordinary Shares that is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including any cash distribution or payment to Shareholders upon or in connection with a reduction of capital. For the avoidance of doubt, the term "Cash Distribution" does not include consideration paid or any other payments made by UBS Group AG or any of its affiliates in connection with the repurchase of Ordinary Shares in connection with any share buyback programme.

**"CET1 Capital"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of items that constitute common equity tier 1 capital of the Group as of such Balance Sheet Date, less any deductions from common equity tier 1 capital required to be made, in each case as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term **"common equity tier 1 capital"** as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

**"CET1 Ratio"** means, as of any Balance Sheet Date, the CET1 Capital as of such Balance Sheet Date, divided by the BIS Risk Weighted Assets as of such Balance Sheet Date, expressed as a percentage, such ratio (or the components thereof) as determined by the Group Holding Company, and (i) as disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) constituting (or as disclosed in) the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable.

**"Compliant Securities"** means securities issued by UBS Group AG or any of its subsidiaries that have economic terms not materially less favourable to a Holder than these Terms and Conditions (as reasonably determined by the Issuer), *provided that*:

- (a) such securities (i) include terms that provide for the same interest rate and principal from time to time applying to the Notes, (ii) rank *pari passu* with the Notes and (iii) preserve any existing rights under these Terms and Conditions to any accrued and unpaid interest that has not been satisfied;
- (b) where such securities are issued by a subsidiary of UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the holders of such securities, on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), the due and punctual payment of all amounts due and payable by such subsidiary under, or in respect of, such securities pursuant to article 111 of the Swiss Code;
- (c) where the Notes that have been substituted or amended were listed immediately prior to their substitution or amendment, such securities are listed on (i) the SIX Swiss Exchange or (ii) such other internationally recognised stock exchange selected by the Issuer; and
- (d) where the Notes that have been substituted or amended were rated by a rating agency immediately prior to such substitution or amendment, each such rating agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to such securities.

**"Conversion"** has the meaning given to it in Condition 8(a) (*Conversion – Conversion upon a Trigger Event or a Viability Event*), and **"convert"** and **"converted"** shall be construed accordingly.

**"Conversion Capital"** means conversion capital (*Wandlungskapital*) within the meaning of the Swiss Banking Act.

**"Conversion Date"** means, with respect to any Conversion, the Trigger Event Conversion Date or the Viability Event Conversion Date, as applicable.

**"Conversion Price"** means SGD 37.77, subject to any adjustment in accordance with Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

**"Current Issuer"** has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

**"Current Market Price"** means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five

consecutive dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), 10 consecutive dealing days) ending on the dealing day immediately preceding such date (such period, the "**Reference Period**"), *provided* that, if at any time during the Reference Period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of the Reference Period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued and delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
- (b) if the Ordinary Shares to be issued and delivered do rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if on each of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period the Volume Weighted Average Price was based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) that has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices that are available in the Reference Period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the Reference Period, the Current Market Price shall be determined by an Independent Adviser.

**"Day Count Fraction"** means, in respect of any period, the number of days from (and including) the first day of such period to (but excluding) the last day of such period, divided by 365.

**"dealing day"** means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares or other securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

**"DEBA"** means the Swiss Federal Debt Enforcement and Bankruptcy Act of 11 April 1889, as amended and as may be further amended from time to time.

**"Distributable Items"** means, in respect of any Interest Payment Date, the aggregate of (i) net profits carried forward and (ii) freely distributable reserves, in each case, less any amounts that must be contributed to legal reserves under applicable law, all in UBS Group AG's reporting currency and as appearing in the Relevant Accounts.

**"EEA Regulated Market"** means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets on financial instruments.

**"Effective Date"** has the meaning assigned to such term in subclause (i)(C) or (i)(D), as applicable, of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

**"Event of Default"** has the meaning assigned to such term in clause (a) of Condition 12 (*Events of Default*).

**"Exempt Reorganisation"** means a Reorganisation where, immediately after completion of the relevant proceedings, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other Recognised Stock Exchange as UBS Group AG or Newco may determine.

**"Existing Benchmark Rate"** has the meaning assigned to such term in Condition 5(c) (*Interest – Benchmark replacement*).

**"Existing Shareholders"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Extraordinary Distribution"** means any Cash Distribution (i) that is expressly declared by UBS Group AG to be an extraordinary or special dividend or an extraordinary or special distribution to Shareholders as a class or any analogous or similar term, and (ii) the amount of which exceeds the arithmetic average of the ordinary dividend per Ordinary Share paid by UBS Group AG in the three most recently preceding calendar years (each such ordinary dividend translated, if necessary, into the currency in which the applicable Cash Distribution is expressed at the Prevailing Rate on the date on which such ordinary dividend was paid) by more than 25 per cent.

**"Extraordinary Publication Date"** means the Business Day on which a Reviewed Interim Measurement is published upon the instruction of FINMA, after FINMA has determined that the conditions for issuing a Trigger Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*) have been met.

**"Extraordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Fair Market Value"** means, with respect to any property on any date (the **"Relevant Valuation Date"**), the fair market value of that property as determined by an Independent Adviser, *provided* that:

- (a) the Fair Market Value of a cash amount shall be the amount of such cash;
- (b) where securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by an Independent Adviser), the Fair Market Value (i) of such securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of each of subclauses (i) and (ii), during the period of five dealing days on the relevant stock exchange or securities market commencing on the later of (x) the applicable Relevant Valuation Date and (y) the first dealing day on which such securities, options, warrants or other rights are publicly traded, or such shorter period as such securities, options, warrants or other rights are publicly traded; and

- (c) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such securities, options, warrants or other rights shall be determined by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Any amounts determined pursuant to the above shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on the Relevant Valuation Date. In addition, in the case of clause (a) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

**"FINMA"** means the Swiss Financial Market Supervisory Authority FINMA and any successor thereto.

**"First Call Date"** means 21 December 2029.

**"FISA"** means the Swiss Federal Intermediated Securities Act of 3 October 2008, as amended and as may be further amended from time to time.

**"Fixed Interest Rate"** means 5.600 per cent. per annum.

**"Former Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"Going-Concern LR Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the leverage ratio (*Höchstverschuldungsquote*) of such bank.

**"Going-Concern RWA Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the risk weighted assets (*risikogewichtete Positionen*) of such bank.

**"Governmental Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Group"** means, at any time, the Group Holding Company and all its subsidiaries and other entities that are included in the Group Holding Company's consolidated capital adequacy reports prepared pursuant to National Regulations.

**"Group Holding Company"** means, at any time, the top Swiss holding company at such time of the financial group to which UBS Group AG belongs for purposes of preparing consolidated capital adequacy reports pursuant to National Regulations. As at the Issue Date, the Group Holding Company is UBS Group AG.

**"Higher-Trigger Amount"** means, as of any Publication Date, the sum of (i) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, outstanding on the relevant Balance Sheet Date that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, and (ii) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, issued after the relevant Balance Sheet Date, but prior to such Publication Date, that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital,

if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, in the case of each of clauses (i) and (ii), as determined by UBS Group AG. For purposes of clause (ii) of this definition and, in the case of an Extraordinary Publication Date, clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable prevailing exchange rate on the last Business Day preceding the relevant Publication Date, as determined by UBS Group AG. In the case of an Ordinary Publication Date, for purposes of clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable exchange rate used for such purposes in the relevant Quarterly Financial Accounts.

**"Higher-Trigger Contingent Capital"** means any instrument issued by, or any other obligation of, any member of the Group that (i) is issued or owed to holders that are not members of the Group and (ii) is required pursuant to its terms to be converted into equity and/or fully or partially written down, or otherwise operating to increase the CET1 Capital, when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a threshold that is higher than the Threshold Ratio (with respect to the relevant Higher-Trigger Contingent Capital, its **"Higher-Trigger Threshold Ratio"**).

**"Higher-Trigger Threshold Ratio"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Contingent Capital".

**"Higher-Trigger Write-down/Conversion Date"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Write-down/Conversion Notice".

**"Higher-Trigger Write-down/Conversion Notice"** means a notice delivered pursuant to the terms of any Higher-Trigger Contingent Capital that notifies the holders thereof that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio and, consequently, that such Higher-Trigger Contingent Capital will be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, as applicable, as of a particular date (such date, the **"Higher-Trigger Write-down/Conversion Date"**). For the avoidance of doubt, if the terms and conditions of such Higher-Trigger Contingent Capital permit FINMA to waive the conversion into equity and/or write-down of such Higher-Trigger Contingent Capital notwithstanding the fact that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio, the non-issuance of such a waiver by FINMA between the relevant Publication Date and the Trigger Event Notice Date will be deemed equivalent to the delivery of a Higher-Trigger Write-down/Conversion Notice for purposes of subclause (ii) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Holder"** means, with respect to any Note, the Person or Persons holding such Note in a securities account (*Effektenkonto*) that is in its or their name, or, in the case of intermediaries (*Verwahrungsstellen*), the intermediary or intermediaries holding such Note for its or their own account in a securities account (*Effektenkonto*) that is in its or their name.

**"Independent Adviser"** means an independent financial institution of international repute or an independent adviser of recognised standing and expertise, in either case, appointed by the Issuer at its own expense to make any determination that is required to be made, or may be made, by an Independent Adviser under these Terms and Conditions.

**"Independent Adviser Determination Cut-off Date"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Interest Payment Date"** has the meaning assigned to such term in subclause (ii) of Condition 5(a) (*Interest – Interest Payment Dates*).

**"Interest Period"** means each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next Interest Payment Date.



**"Interest Rate"** means the Fixed Interest Rate and/or Reset Interest Rate, as the case may be.

**"Intermediary"** has the meaning assigned to such term in Condition 2(b) (*Amount and Denomination; Form and Transfer – Form and transfer*).

**"Intermediated Securities"** has the meaning assigned to such term in Condition 2(b) (*Amount and Denomination; Form and Transfer – Form and transfer*).

**"Issue Date"** means 24 June 2024.

**"Issuer"** means UBS Group AG in its capacity as issuer of the Notes.

**"Junior Obligations"** means (i) all classes of share capital and participation securities (if any) of the Issuer and (ii) all other obligations of the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation.

**"Margin"** means 2.634 per cent. per annum.

**"National Regulations"** means, at any time, (i) the Swiss national banking and capital adequacy laws, and (ii) the capital adequacy regulations promulgated by the Swiss Federal Council (*Bundesrat*) or FINMA and the interpretation thereof by FINMA or any other competent Swiss authority, in the case of each of clauses (i) and (ii), directly applicable to UBS Group AG (and/or, if different, the Group Holding Company) and/or the Group at such time.

**"New Conversion Condition"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Condition Effective Date"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Price"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"Newco"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Non-Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Notes"** means the SGD 175,000,000 5.600 per cent. Tier 1 Capital Notes issued by the Issuer on 10 July 2024.

**"OECD"** means the Organisation for Economic Co-operation and Development.

**"Offer Settlement Period"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Ordinary Publication Date"** means each Business Day on which Quarterly Financial Accounts are published.

**"Ordinary Shares"** means the registered ordinary shares of UBS Group AG, which as of the Issue Date have a par value of USD 0.10 each. The Ordinary Shares deliverable on Conversion will be newly issued from the capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) and/or Conversion Capital of UBS Group AG, and rank *pari passu* with all other registered ordinary shares of UBS Group AG for any and all distributions payable on them on or after the relevant Share Creation Date.

**"Ordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Other Tier 1 Contingent Convertible Capital Note"** means any capital instrument (other than the Notes) that:

- (a) is eligible in full to be (i) treated as Additional Tier 1 Capital and (ii) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both); and
- (b) subject to the terms and conditions thereof, is to be converted into Ordinary Shares when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a certain threshold and/or a Viability Event (or equivalent event described in the terms and conditions thereof) occurs.

**"Parity Obligations"** means (i) all obligations of the Issuer in respect of Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes), and (ii) any other securities or obligations (including, without limitation, any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with claims in respect of the Notes and/or any Parity Obligation.

**"Paying Agent"** has the meaning assigned to such term in clause (c) of Condition 9 (*Payments; Agents*).

**"Payment Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in Singapore.

**"Permitted Transactions"** means:

- (a) repurchases, redemptions or other acquisitions of any Ordinary Shares in connection with (x) any employment contract, benefit plan or similar arrangement with, or for the benefit of, any employees, officers, directors or consultants of any member of the Group, (y) a dividend reinvestment or shareholder share purchase plan or (z) the issuance of any Ordinary Shares (or securities convertible into, or exercisable for, Ordinary Shares) as consideration for an acquisition consummated by any member of the Group;
- (b) market-making in Ordinary Shares as part of the securities business of any member of the Group;
- (c) purchases of fractional interests in any Ordinary Shares pursuant to the conversion or exchange provisions of (x) such Ordinary Shares or (y) any security convertible into, or exercisable for, Ordinary Shares;
- (d) redemptions or repurchases of Ordinary Shares pursuant to any shareholders' rights plan; and
- (e) distributions in cash or in kind on, or repurchases, redemptions or other acquisitions of, any Ordinary Shares as a part of any solvent reorganisation, reconstruction, amalgamation or merger of any member of the Group, so long as such member (or the successor entity resulting from such reorganisation, reconstruction, amalgamation or merger) continues to be a member of the Group.

**"Person"** means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organisation or government or any agency or political subdivision thereof.

**"Presentation Currency"** means (i) with respect to any Quarterly Financial Accounts, the presentation currency of such Quarterly Financial Accounts, and (ii) with respect to any Reviewed Interim Measurement, the Presentation Currency of the Quarterly Financial Accounts that will be prepared for the relevant financial quarterly or annual period in which the relevant Extraordinary Publication Date falls.

**"Prevailing Rate"** means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (New York City time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (New York City time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Adviser determines to be appropriate.

**"Principal Paying Agent"** means UBS AG, in its capacity as principal paying agent for the Notes, and includes any successor principal paying agent for the Notes appointed in accordance with the terms of the Agency Agreement.

**"Protective Measures"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Public Sector"** means the government of, or a governmental agency or the central bank in, the country of incorporation of the Group Holding Company.

**"Publication Date"** means an Ordinary Publication Date or an Extraordinary Publication Date, as the case may be.

**"Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Quarterly Financial Accounts"** means (i) the financial statements of the Group (including, without limitation, the notes thereto) in respect of a financial quarter published by the Group Holding Company, which have been reviewed by the Auditor in accordance with the International Standards on Auditing; *provided, however*, that, if the financial statements of the Group in respect of the last quarter of any year are not so reviewed, the term "Quarterly Financial Accounts" in respect of such quarter will mean instead the annual financial statements of the Group (including, without limitation, the notes thereto) in respect of such year, which have been audited by the Auditor in accordance with the International Standards on Auditing and are published in the annual report of the Group Holding Company for such year, or (ii) in the event that the Group does not publish quarterly financial statements as described in clause (i) of this definition, the financial disclosures published by the Group pursuant to and in compliance with FINMA Circular 2016/01 "Capital Adequacy Disclosures Banks", as amended and as may be further amended from time to time, or pursuant to and in compliance with any successor circular or regulation applicable to the Group Holding Company, *provided* that such financial disclosures are published for each financial quarter and the interim earnings included in such disclosures have been reviewed by the Auditor in accordance with International Standards on Auditing.

**"Recognised Stock Exchange"** means an EEA Regulated Market, a regulated, regularly operating, recognised stock exchange in Switzerland or any other regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

**"Redemption Date"** has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

**"Redemption Notice"** has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

**"Reference Period"** has the meaning assigned to such term in the definition of the term "Current Market Price".

**"Reference Rate"** means, in relation to any Reset Interest Period:

- (a) the 5-Year SORA OIS Rate as at the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period appearing on the Reference Rate Page on such Reset Determination Date; or

- (b) if such 5-Year SORA OIS Rate does not appear on the Reference Rate Page on such Reset Determination Date, the Reset Reference Bank Rate in relation to such Reset Determination Date.

**"Reference Rate Page"** means the "OTC SGD OIS" page on Bloomberg (or (i) such other page as may replace that page on Bloomberg, or (ii) if there is no such replacement page on Bloomberg, such other page on such other information service that is the generally accepted page used by market participants at that time for purposes of observing the 5-Year SORA OIS Rate, in the case of each of clauses (i) and (ii), as determined by the Issuer after consultation with the Calculation Agent). As of the Issue Date, the 5-Year SORA OIS Rate appears on the Reference Rate Page under the column headed "Ask" within the section headed "OIS BGN", but may appear on the Reference Rate Page under such other column and/or section as may apply from time to time.

**"Regulatory Event"** has the meaning assigned to such term in subclause (ii) of Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*).

**"Relevant Accounts"** means, in respect of any Interest Payment Date, the most recently published audited unconsolidated annual financial statements of UBS Group AG prepared in accordance with the Swiss Code.

**"Relevant Currency"** means USD or, if at the relevant time or for the purposes of the relevant calculation or determination there is a Relevant Stock Exchange but the New York Stock Exchange is not the Relevant Stock Exchange (or is the Relevant Stock Exchange but the Ordinary Shares are not quoted or dealt in thereon in USD), the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

**"Relevant Date"** means, with respect to any payment, (i) the date on which such payment first becomes due under the Notes (the **"Scheduled Due Date"**), or (ii) if the full amount of the money payable on the Scheduled Due Date has not been received by the Principal Paying Agent on or before the Scheduled Due Date, the date on which the full amount of the money due on the Scheduled Due Date has been received by the Principal Paying Agent.

**"Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Relevant Page"** means the page on Bloomberg or such other information service provider that displays the relevant information.

**"Relevant Shares"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Relevant Stock Exchange"** means the New York Stock Exchange or, if at the relevant time the Ordinary Shares are not listed and admitted to trading on the New York Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing (if any).

**"Relevant Time"** means 4:00 p.m. (Singapore time).

**"Reorganisation"** means proceedings that effect the interposition of a corporation or other limited liability company ("**Newco**") between the Shareholders immediately prior to such proceedings (the "**Existing Shareholders**") and UBS Group AG, *provided* that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders, (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco or the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, as the case may be, are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings, (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned subsidiaries of Newco are) the only shareholder of UBS Group AG, (iv) all subsidiaries of UBS Group AG immediately prior to such proceedings (other than Newco, if Newco is then a subsidiary of UBS Group AG) are subsidiaries of UBS Group AG (or of Newco).

immediately after completion of such proceedings, and (v) immediately after completion of such proceedings, UBS Group AG (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those subsidiaries as was held by UBS Group AG immediately prior to such proceedings.

**"Reset Date"** means the First Call Date and each day that falls on the fifth anniversary of the immediately preceding Reset Date.

**"Reset Determination Date"** means, in relation to any Reset Interest Period, the day falling two Business Days prior to the Reset Date on which such Reset Interest Period commences.

**"Reset Interest Amount"** has the meaning assigned to such term in Condition 5(b) (*Interest – Determination of the Reference Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*).

**"Reset Interest Period"** means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date.

**"Reset Interest Rate"** means, in relation to any Reset Interest Period, the sum of the Margin and the Reference Rate in relation to such Reset Interest Period.

**"Reset Reference Bank Rate"** means, in relation to any Reset Determination Date, the percentage rate (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent as follows:

- (a) the Calculation Agent will request the principal Singapore office of each of the Reset Reference Banks to provide it with a quotation for such Reset Reference Bank's 5-Year SORA OIS Rate (with the relevant interest rate swap transaction commencing on the Reset Date on which the Reset Interest Period to which such Reset Determination Date relates commences and being in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market) as at the Relevant Time on the Business Day immediately following such Reset Determination Date; and
- (b) if at least three such quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); or
- (c) if only two such quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; or
- (d) if only one such quotation is provided, the Reset Reference Bank Rate will be the quotation provided; or
- (e) if no such quotations are provided, the Reset Reference Bank Rate will be (i) if such Reset Determination Date is in relation to any Reset Interest Period other than the Reset Interest Period commencing on the First Call Date, the Reference Rate in respect of the immediately preceding Reset Interest Period, or (ii) if such Reset Determination Date is in relation to the Reset Interest Period commencing on the First Call Date, 2.966 per cent. per annum.

**"Reset Reference Banks"** means five major banks in the Singapore interbank market, as selected by the Issuer after consultation with the Calculation Agent.

**"Restructuring Proceedings"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Reviewed Interim Measurement"** means an interim measurement of the CET1 Ratio, with respect to which the Auditor has performed procedures in accordance with the International Standard on Related Services (and relevant Swiss standards and practices) applicable to agreed-upon procedures engagements.

**"Scheduled Due Date"** has the meaning assigned to such term in the definition of the term "Relevant Date".

**"Securities"** means any shares in the capital of UBS Group AG, or any options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of UBS Group AG, excluding all Other Tier 1 Contingent Convertible Capital Notes (and each a "Security").

**"Senior Obligations"** means all obligations of the Issuer that are unsubordinated or that are subordinated and do not constitute either Junior Obligations or Parity Obligations.

**"Settlement Agency Agreement"** means the Settlement Agency Agreement dated as of the Issue Date, between the Issuer and the Settlement Agent, as amended, supplemented or otherwise modified from time to time.

**"Settlement Agent"** means UBS AG, in its capacity as settlement agent for the Notes, and includes any successor settlement agent for the Notes appointed in accordance with these Terms and Conditions.

**"Settlement Share Depository"** means SIX SIS; *provided, however*, that, if on or prior to any date when a function ascribed to the Settlement Share Depository in these Terms and Conditions is required to be performed the Issuer appoints another reputable independent financial institution, clearing institution, trust company or similar entity to perform such functions, who will hold Ordinary Shares in a designated trust account for the benefit of the Holders and otherwise on terms consistent with these Terms and Conditions, then "Settlement Share Depository" will mean such entity so appointed.

**"Settlement Shares Offer"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Offer Agent"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"SGD"** means Singapore dollars.

**"Share Creation Date"** means, in relation to Ordinary Shares to be issued and delivered on Conversion, the date falling after the relevant Trigger Event Notice or Viability Event Notice, as the case may be, and on or prior to the applicable Conversion Date on which as a matter of Swiss law the relevant Ordinary Shares are paid up.

**"Shareholders"** means the holders of Ordinary Shares.

**"Singapore Overnight Rate Average Overnight Indexed Swap"** means a fixed-for-floating SGD interest rate swap transaction with a semi-annual fixed leg (calculated on the same day count basis as the Day Count Fraction) and a floating leg based on six-month daily compounded Singapore Overnight Rate Average (SORA) (payable in arrear) rate (calculated on the same day count basis as the Day Count Fraction).

**"SIX SIS"** means SIX SIS Ltd and any successor thereto.

**"Substitute Issuer"** has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

**"Substitution Documents"** has the meaning assigned to such term in subclause (a)(iv) of Condition 15 (*Issuer Substitution*).

**"Substitution or Amendment Effective Date"** has the meaning assigned to such term in subclause (b)(iii) of Condition 13 (*Meeting of Holders; Substitution and Amendment*).

**"Swiss Banking Act"** means the Swiss Federal Act on Banks and Savings Institutions of 8 November 1934, as amended and as may be further amended from time to time.

"**Swiss Code**" means the Swiss Code of Obligations of 30 March 1911, as amended and as may be further amended from time to time.

"**Swiss Resolution Power**" means any statutory power of FINMA that it may exercise during Restructuring Proceedings as set forth in article 28 et seqq. of the Swiss Banking Act or in any implementing ordinance or successor Swiss law or regulation or analogous Swiss law or regulation applicable to bank holding companies incorporated under the laws of Switzerland such as UBS Group AG, including, without limitation, the power to (i) transfer the assets of the entity subject to such Restructuring Proceedings, or portions thereof, together with such entity's debt, other liabilities and contracts, or portions thereof, to another entity, (ii) stay (for a maximum of two business days) the termination of, or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of certain types of collateral or (z) rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Restructuring Proceedings is a party, (iii) partially or fully convert the debt of the entity subject to such Restructuring Proceedings into equity, and/or (iv) partially or fully write-down the obligations of the entity subject to such Restructuring Proceedings.

"**Tax Event**" has the meaning assigned to such term in subclause (ii) of Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*).

"**Tax Jurisdiction**" means Switzerland.

"**Taxes**" has the meaning assigned to such term in clause (a) of Condition 10 (*Taxation*).

"**Threshold Ratio**" means 7 per cent.

"**Tier 1 Capital**" means Additional Tier 1 Capital or any item that qualifies as common equity tier 1 capital pursuant to National Regulations.

"**Tier 1 Instruments**" means any and all (i) securities or other obligations (other than Tier 1 Shares) issued by UBS Group AG or (ii) shares, securities, participation securities or other obligations (other than Tier 1 Shares) issued by a subsidiary of UBS Group AG and having the benefit of a guarantee, credit support agreement or similar undertaking of UBS Group AG, each of which shares, securities, participation securities or other obligations described in clauses (i) and (ii) of this definition qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of the Group and/or UBS Group AG (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

"**Tier 1 Shares**" means all classes of share capital and participation certificates (if any) of UBS Group AG or any subsidiary of UBS Group AG that qualify as common equity tier 1 capital of the Group and/or UBS Group AG under National Regulations on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

"**Trigger Breach Determination Date**" has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

"**Trigger CET1 Ratio**" means, as of any Publication Date, (i) the sum of (x) the CET1 Capital as of the relevant Balance Sheet Date and (y) the Higher-Trigger Amount as of such Publication Date, divided by (ii) the BIS Risk Weighted Assets as of the relevant Balance Sheet Date, expressed as a percentage.

"**Trigger Event**" has the meaning assigned to such term in subclause (ii) of Condition 7(a) (*Trigger Event and Viability Event – Trigger Event*).

"**Trigger Event Conversion Date**" has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

"**Trigger Event Notice**" has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

"**Trigger Event Notice Date**" means an Ordinary Trigger Event Notice Date or an Extraordinary Trigger Event Notice Date, as the case may be.



"US" or "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"USD" means United States dollars.

"**Viability Event**" has the meaning assigned to such term in subclause (ii) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

"**Viability Event Conversion Date**" has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

"**Viability Event Notice**" has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

"**Volume Weighted Average Price**" means, in respect of an Ordinary Share or other Security on any dealing day, the order book volume-weighted average price (rounded to the same number of decimal places as the initial Conversion Price) of an Ordinary Share or such other Security, as the case may be, published on or by or derived from (i) in the case of an Ordinary Share, the relevant Bloomberg page, or (ii) in the case of a Security other than Ordinary Shares, the principal stock exchange or securities market on which such Security is then listed or quoted or dealt in, if any, or, in the case of each of clauses (i) and (ii), such other source as an Independent Adviser determines to be appropriate, on such dealing day, *provided* that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or such other Security, as the case may be, in respect of such dealing day shall be (i) the Volume Weighted Average Price, determined as provided above, on the most recently preceding dealing day on which the same can be so determined, or (ii) determined in such other manner as an Independent Adviser determines to be appropriate.

## 2. **AMOUNT AND DENOMINATION; FORM AND TRANSFER**

### (a) *Amount and denomination*

The initial aggregate principal amount of the Notes will be SGD 175,000,000. The Notes will be issued to Holders in minimum denominations of SGD 250,000 and integral multiples of SGD 250,000 in excess thereof. The Notes may be held and transferred only in minimum denominations of SGD 250,000 and integral multiples of SGD 250,000 in excess thereof.

### (b) *Form and transfer*

The Notes are issued in uncertificated form as uncertificated securities (*einfache Wertrechte*) in accordance with article 973c of the Swiss Code. The uncertificated securities (*einfache Wertrechte*) will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*). Such uncertificated securities will then be entered into the main register (*Hauptregister*) of SIX SIS or any other intermediary (*Verwahrungsstelle*) in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIX SIS or any such other intermediary, the "**Intermediary**"). Once the uncertificated securities are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) within the meaning of the FISA ("**Intermediated Securities**").

So long as the Notes are Intermediated Securities, the Notes may only be transferred by the entry of the transferred Notes in a securities account of the transferee, as set out in the provisions of the FISA.

The records of the Intermediary will determine the number of Notes held through each participant in the Intermediary.

Neither the Issuer nor any Holder nor any other Person will at any time have the right to effect or demand the conversion of the Notes into, or the delivery of, a global note (*Globalurkunde*) or individually certificated securities (*Wertpapiere*).

3. **RESERVED**

4. **STATUS AND SUBORDINATION**

(a) *Status*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer under the Notes are subordinated as described in clause (b) of this Condition 4.

(b) *Subordination*

In the event of (i) a Bankruptcy Event or (ii) an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer (except, in any such case, a solvent liquidation or winding-up of the Issuer solely for purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business to the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved by a valid resolution of the Holders and (y) do not provide that the Notes shall become redeemable in accordance with these Terms and Conditions),

(i) if such event occurs prior to the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes will, subject to any obligations that are mandatorily preferred by law, rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) *pari passu* with the rights and claims of holders of Parity Obligations, and (C) senior to the rights and claims of holders of Junior Obligations; *provided, however*, that, if a Trigger Event or a Viability Event subsequently occurs while such Bankruptcy Event or liquidation or winding-up, as the case may be, is continuing, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank as set forth in subclause (ii) below; or

(ii) if such event occurs on or after the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) junior to the rights and claims of holders of Parity Obligations, and (C) *pari passu* with the rights and claims of holders of Junior Obligations.

(c) *Claims subject to a Conversion*

Any claim of any Holder in respect of or arising under the Notes (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer subject to enforcement by any Holder pursuant to Condition 12 (*Events of Default*) or in relation to the occurrence of any other Event of Default) will be subject to, and superseded by, Condition 8 (*Conversion*), irrespective of whether the relevant Trigger Event or Viability Event, as applicable, has occurred, or, in the case of a Viability Event, the relevant Viability Event Notice has been given, prior to or after the occurrence of an Event of Default or any other event.

5. **INTEREST**

(a) *Interest Payment Dates*

- (i) Subject to Condition 8 (*Conversion*) and clause (h) of this Condition 5, the Notes will bear interest on their principal amount (A) from (and including) the Issue Date to (but excluding) the First Call Date, at the Fixed Interest Rate, and (B) thereafter, at the applicable Reset Interest Rate.
- (ii) Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, interest on the Notes will be payable semi-annually in arrear on 21 June and 21 December of each year (each, an "**Interest Payment Date**"), commencing on 21 December 2024.

(b) *Determination of the Reference Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*

With respect to each Reset Interest Period and subject to clause (c) of this Condition 5, the Calculation Agent will, as soon as practicable after the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period, determine the Reference Rate and the Reset Interest Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period (each, a "**Reset Interest Amount**").

(c) *Benchmark replacement*

If the Issuer (in consultation with the Calculation Agent) determines prior to any Reset Determination Date that (x) the rate referred to in clause (a) of the definition of the term "Reference Rate" (the "**Existing Benchmark Rate**") has been discontinued or (y) there has been a public statement or publication of information by the administrator of the Existing Benchmark Rate (or any component thereof) or the regulatory supervisor for the administrator of the Existing Benchmark Rate (or any component thereof) announcing that the Existing Benchmark Rate (or such component) is no longer representative, then the following provisions shall apply (subject to the subsequent operation of this clause (c)):

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine in the Independent Adviser's discretion, in accordance with subclause (iv) below, an alternative rate to the Existing Benchmark Rate (the "**Alternative Benchmark Rate**") no later than three Business Days prior to the Reset Determination Date relating to the next succeeding Reset Interest Period (such Business Day, the "**Independent Adviser Determination Cut-off Date**", and such next succeeding Reset Interest Period, the "**Affected Reset Interest Period**") for purposes of determining the Reference Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (ii) if prior to the Independent Adviser Determination Cut-off Date the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to determine an Alternative Benchmark Rate in accordance with subclause (iv) below, then the Issuer (in consultation with the Calculation Agent) may determine in its discretion, in accordance with subclause (iv) below, the Alternative Benchmark Rate for purposes of determining the Reference Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (iii) if subclause (ii) above applies and the Issuer is unable or unwilling to determine the Alternative Benchmark Rate prior to the Reset Determination Date relating to the Affected Reset Interest Period in accordance with subclause (iv) below, the Reference Rate in respect of the Affected Reset Interest Period will be equal to the Reference Rate in respect of the immediately preceding Reset Interest

Period (or, if there is no preceding Reset Interest Period, the Reset Interest Rate applicable to the Affected Reset Interest Period will be equal to the Fixed Interest Rate); *provided, however*, that, if this subclause (iii) applies to the Affected Reset Interest Period, the Reset Interest Rate for all succeeding Reset Interest Periods will be the Reset Interest Rate applicable to the Affected Reset Interest Period as determined in accordance with this subclause (iii) unless (A) the Issuer, in its sole discretion, elects to determine an Alternative Benchmark Rate in respect of any such succeeding Reset Interest Period and all Reset Interest Periods thereafter in accordance with the processes set out in this clause (c), and (B) an Alternative Benchmark Rate is so determined;

- (iv) in the case of any determination of an Alternative Benchmark Rate pursuant to subclause (i) or (ii) above, such Alternative Benchmark Rate will be such rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent), as applicable, determines in its reasonable discretion has replaced the Existing Benchmark Rate in customary market usage, or, if the Independent Adviser or the Issuer, as applicable, determines in its reasonable discretion that there is no such rate, such other rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent) determines in its reasonable discretion is most comparable to the Existing Benchmark Rate; and
- (v) if the Independent Adviser or the Issuer determines an Alternative Benchmark Rate in accordance with the above provisions of this clause (c),
  - (A) the Independent Adviser (in the case of subclause (2) below, in consultation with the Issuer) or, following consultation with the Calculation Agent, the Issuer (as the case may be) shall also determine in its reasonable discretion (1) the method for obtaining such Alternative Benchmark Rate, including the page on or source from which such Alternative Benchmark Rate appears or is obtained (the "**Alternative Reference Rate Page**"), and the time at which such Alternative Benchmark Rate appears on, or is obtained from, the Alternative Reference Rate Page (the "**Alternative Relevant Time**"), (2) whether to apply an Adjustment Spread to such Alternative Benchmark Rate and, if so, the Adjustment Spread, which Adjustment Spread must be recognised or acknowledged as being in customary market usage in international debt capital markets transactions that reference the Existing Benchmark Rate, where such rate has been replaced by such Alternative Benchmark Rate, and (3) any alternative method for determining the Reference Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date, which alternative method shall be consistent with any Alternative Benchmark Rate that has broad market support;
  - (B) for the Affected Reset Interest Period and all Reset Interest Periods thereafter, (1) clause (a) of the definition of the term "Reference Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(1) above and any Adjustment Spread determined pursuant to subclause (A)(2) above, and (2) clause (b) of the definition of the term "Reference Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(3) above;
  - (C) references to the Reference Rate Page and the Relevant Time in these Terms and Conditions will be deemed to be references to the Alternative Reference Rate Page and the Alternative Relevant Time, respectively;

- (D) if any changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" are necessary in order to implement the amendments described in subclause (B) above, such definitions shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to reflect such changes; and
- (E) the Issuer shall promptly give notice to the Holders in accordance with Condition 14 (*Notices*) specifying such Alternative Benchmark Rate (including any Adjustment Spread determined pursuant to subclause (A)(2) above and any alternative method for determining the Reference Rate described in subclause (A)(3) above), the Alternative Reference Rate Page, the Alternative Relevant Time, and any amendments implemented pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) as described in subclauses (B) and (D) above.

Any determination that is made by an Independent Adviser or by the Issuer for purposes of this clause (c) will be made in good faith and in a commercially reasonable manner.

(d) *Publication of Reset Interest Rate and interest amount payable upon redemption*

With respect to each Reset Interest Period, as soon as practicable after such determination but in any event no later than the relevant Reset Date, the Calculation Agent will cause (i) the relevant Reset Interest Rate and the relevant Reset Interest Amount determined by it, together with the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Issuer and the Paying Agents and (ii) the relevant Reset Interest Rate determined by it to be notified to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*).

The Calculation Agent shall calculate any interest amount payable on any Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) and cause such interest amount to be notified to Issuer and the Paying Agents and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*) no later than two Business Days prior to such Redemption Date.

(e) *Calculation of amount of interest payable per Calculation Amount*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5:

- (i) the amount of interest payable per Calculation Amount on each Interest Payment Date falling on or before the First Call Date will be calculated by:
  - (A) applying the Fixed Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards); and
- (ii) if interest is required to be paid in respect of a Note on any other date (including, for the avoidance of doubt, the Reset Interest Amount), the amount of interest payable per Calculation Amount on such date will be calculated by:
  - (A) applying the applicable Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(f) *Calculation of amount of interest payable per Note*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, the amount of interest payable in respect of a Note will be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Calculation Amount is required to be multiplied to equal the denomination of such Note.

(g) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for purposes of this Condition 5, whether by the Reset Reference Banks (or any of them) or the Calculation Agent or the Independent Adviser, will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Reset Reference Banks (or any of them), the Calculation Agent or the Independent Adviser in connection with the exercise or non-exercise by the Calculation Agent or the Independent Adviser of its powers, duties and discretions under this Condition 5.

(h) *Accrual of interest in the case of redemption or a Trigger Event or a Viability Event*

- (i) Subject to Condition 8 (*Conversion*), if the Notes are to be redeemed pursuant to Condition 6(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*) or Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*), interest on the Notes will accrue to (but excluding) the relevant Redemption Date, and will cease to accrue on such Redemption Date; *provided, however*, that if the payment with respect to any Note is improperly withheld or refused on such Redemption Date, interest will continue to accrue on the principal amount of such Note (both before and after judgment) at the relevant Interest Rate to the Relevant Date.
- (ii) Upon the occurrence of a Trigger Event or a Viability Event, interest on the Notes will cease to accrue from (and including) the date on which such Trigger Event or Viability Event occurs.

(i) *Cancellation of interest; prohibited interest*

- (i) The Issuer may, in its sole discretion, elect to cancel all or part of any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) that is otherwise scheduled to be paid on an Interest Payment Date. This subclause (i)(i) is without prejudice to the provisions of subclause (i)(ii) of this Condition 5. Non-payment of any amount of interest by the Issuer to the Principal Paying Agent will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.

If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) pursuant to this subclause (i)(i) to the Holders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Holders any rights as a result of such failure.

(ii) The Issuer will be prohibited from making, in whole or in part, any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) on the relevant Interest Payment Date if and to the extent that:

- (A) the amount of Distributable Items as at such Interest Payment Date is less than the sum of (1) the amount of such interest payment, plus (2) all other payments (other than redemption payments) made by UBS Group AG on or in respect of the Notes or any Parity Obligations or Junior Obligations since the balance sheet date of the Relevant Accounts and prior to such Interest Payment Date, plus (3) all payments (other than redemption payments) payable by UBS Group AG on such Interest Payment Date on or in respect of any Parity Obligations or Junior Obligations, in the case of each of subclauses (1), (2) and (3), excluding any portion of such payments already accounted for in determining the amount of such Distributable Items; and/or
- (B) UBS Group AG is not, or will not immediately after the relevant payment of interest be, in compliance with all applicable minimum capital adequacy requirements of the National Regulations on a consolidated (*Finanzgruppe*) basis (for the avoidance of doubt, it being understood that such minimum requirements will reflect any reduction in such requirements granted by FINMA to the Group pursuant to the Capital Adequacy Ordinance); and/or
- (C) FINMA has required the Issuer not to make such interest payment.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Principal Paying Agent and shall give notice in accordance with Condition 14 (*Notices*) to the Holders, in each case as soon as practicable following any determination that interest is required to be cancelled pursuant to this subclause (i)(ii) or, where no such prior determination is made, promptly following any Interest Payment Date on which interest was scheduled to be paid if such interest is being cancelled in accordance with this subclause (i)(ii), to such effect setting out brief details as to the amount of interest being cancelled and the reason therefor. Failure to provide such certificate and notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or give any Holder any rights as a result of such failure.

(iii) If, on any Interest Payment Date, any payment of interest scheduled to be made on such date is not made in full pursuant to subclause (i)(i) or subclause (i)(ii) of this Condition 5, UBS Group AG shall not, directly or indirectly,

- (A) recommend to Shareholders that any dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) be paid or made on any Ordinary Shares; or
- (B) redeem, purchase or otherwise acquire any Ordinary Shares other than as a Permitted Transaction,

in each case unless and until (x) the interest payment due and payable on the Notes on any subsequent Interest Payment Date has been paid in full (or an amount equal to the same has been paid in full to a designated third party trust account for the benefit of the Holders prior to payment by the trustee thereof to the Holders on such subsequent Interest Payment Date) or, if earlier, (y) all outstanding Notes have been cancelled in accordance with these Terms and Conditions.

(iv) Payments of interest on the Notes are not cumulative. Notwithstanding any other provision in these Terms and Conditions, the cancellation or non-payment of any interest amount by virtue of this Condition 5(i) will not constitute a



default for any purpose (including, without limitation, Condition 12 (*Events of Default*)) on the part of the Issuer. Any interest payment not paid by virtue of this Condition 5(i) will not accumulate or be payable at any time thereafter, and Holders will have no right thereto.

- (v) If UBS Group AG determines, after consultation with FINMA, that the Notes do not, or will cease to, fully qualify as Additional Tier 1 Capital, (A) the Issuer shall not, to the extent permitted under National Regulations, exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments due on the Notes on any Interest Payment Date following the occurrence of such determination, and (B) the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after such determination stating that the Issuer may no longer exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments as from the date of such notice.

## 6. **REDEMPTION AND PURCHASE**

- (a) *No fixed redemption date*

The Notes are perpetual securities in respect of which there is no fixed redemption date. Unless previously redeemed (including by way of Conversion pursuant to Condition 8 (*Conversion*)) or purchased and cancelled in accordance with this Condition 6 and subject to Condition 8 (*Conversion*), the Notes are perpetual and may only be redeemed or purchased in accordance with this Condition 6.

- (b) *Redemption at the option of the Issuer*

Subject to clause (e) of this Condition 6, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the First Call Date or any Interest Payment Date thereafter at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) the relevant Redemption Date.

- (c) *Redemption due to a Tax Event*

- (i) Subject to clause (e) of this Condition 6, upon the occurrence of a Tax Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

- (ii) A "**Tax Event**" will have occurred if the Issuer in making any payments on the Notes (A) has paid, or will or would on the next payment date be required to pay, Additional Amounts, or (B) has paid, or will or would be required to pay, any additional Tax in respect of the Notes, in the case of each of subclauses (A) and (B), under the laws or regulations of a Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws (including, without limitation, a decision of any court or tribunal, any generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any relevant tax authority), and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

- (d) *Redemption due to a Regulatory Event*

- (i) Subject to clause (e) of this Condition 6, upon the occurrence of a Regulatory Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date

at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

- (ii) A "**Regulatory Event**" will have occurred if any of the Notes ceases to be eligible in full to be (A) treated as Additional Tier 1 Capital, and/or (B) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both).

(e) *Conditions for redemption*

- (i) If the Issuer elects to redeem the Notes pursuant to clause (b), (c) or (d) of this Condition 6, then the Issuer shall give the Holders not less than 15 and not more than 60 days' prior notice in accordance with Condition 14 (*Notices*) (a "**Redemption Notice**"), which notice shall, subject to subclauses (ii) and (iii) below, be irrevocable and specify (x) the clause of this Condition 6 pursuant to which the redemption is to be made, and (y) the date (which date, in the case of a redemption pursuant to clause (c) or (d) of this Condition 6, shall be a Payment Business Day) on which the Issuer will redeem the Notes pursuant to such clause of this Condition 6 (such specified date, the "**Redemption Date**").
- (ii) The Issuer may only redeem the Notes pursuant to clause (b) or (c) of this Condition 6 on the relevant Redemption Date if FINMA has approved such redemption on or prior to such Redemption Date, if such approval is then required under applicable Swiss laws and regulations.
- (iii) The Issuer may only redeem the Notes pursuant to any clause of this Condition 6 on the relevant Redemption Date if no Trigger Event or Viability Event has occurred prior to such Redemption Date.
- (iv) If the Issuer elects to redeem the Notes pursuant to clause (c) or (d) of this Condition 6, then prior to the publication of the Redemption Notice pursuant to subclause (i) above, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem under clause (c) or (d), as applicable, of this Condition 6 is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) in the case of a redemption pursuant to clause (c) of this Condition 6 only, an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right of redemption under clause (c) of this Condition 6 have arisen.

(f) *Purchases*

The Issuer or any other member of the Group or any of their respective affiliates may at any time purchase Notes at any price in the open market or otherwise, *provided* that (i) such purchase complies with any limits or conditions to which any member of the Group is subject under applicable banking laws and regulations at the time of such purchase, (ii) other than in the case of purchases made in connection with stabilisation measures in compliance with applicable law or in connection with any market making in the Notes, FINMA has approved such purchase (if such approval is then required under applicable Swiss laws and regulations) on or prior to the date of such purchase, and (iii) no Trigger Event or Viability Event has occurred prior to the date of such purchase. Any Notes so purchased may, at the option of the Issuer, be held, reissued, resold or cancelled.

(g) *Cancellation*

All Notes redeemed in accordance with this Condition 6 or by way of Conversion pursuant to Condition 8 (*Conversion*) will be cancelled and may not be reissued or resold; *provided, however*, that, in the case of Notes redeemed by way of Conversion, the Issuer will not take any action to cause such Notes to be removed from the main

register (*Hauptregister*) of the Intermediary prior to the later of (i) the Conversion Date and (ii) the date on which the relevant Ordinary Shares and/or cash proceeds to be delivered by the Settlement Share Depository or the Settlement Shares Offer Agent, as the case may be, to the relevant Holders pursuant to Condition 8 (*Conversion*) have been delivered.

(h) *Redemption of other instruments*

For the avoidance of doubt, it is understood that, if, upon the occurrence of a Tax Event or a Regulatory Event, the Issuer does not elect to redeem the Notes pursuant to this Condition 6, nothing in this Condition 6 or any other provision of these Terms and Conditions will prohibit the Issuer from redeeming (whether early, at maturity or otherwise) any other instruments issued by any member of the Group pursuant to the terms thereof.

7. **TRIGGER EVENT AND VIABILITY EVENT**

(a) *Trigger Event*

- (i) Upon the occurrence of a Trigger Event, a Conversion will occur on the applicable Trigger Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Trigger Event**" will have occurred if the Issuer gives the Holders a Trigger Event Notice in accordance with clause (b) of this Condition 7.

(b) *Trigger Event Notice*

- (i) If, with respect to any Publication Date, the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, the Issuer shall, subject to subclauses (ii) and (iii) below, give a notice (a "**Trigger Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) (x) if such Publication Date is an Ordinary Publication Date, within five Business Days of such Ordinary Publication Date (such fifth Business Day, the "**Trigger Breach Determination Date**", and the date of such notice, the "**Ordinary Trigger Event Notice Date**"), and (y) if such Publication Date is an Extraordinary Publication Date, on such Extraordinary Publication Date (the "**Extraordinary Trigger Event Notice Date**"), which notice shall:
  - (A) state that the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, and a Conversion will take place;
  - (B) specify the date on which the Conversion will take place, which date shall, subject to postponement pursuant to subclause (ii) below, be no more than 20 Business Days after the date of such notice (the "**Trigger Event Conversion Date**");
  - (C) specify the Conversion Price in effect on the date of such Trigger Event Notice; and
  - (D) specify the details of the arrangement for the settlement of the Conversion (including whether or not the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer and, if the Settlement Share Depository is not SIX SIS, the details of the Settlement Share Depository).
- (ii) If a Trigger Event Notice is required to be given pursuant to subclause (i) above, and on the relevant Publication Date any Higher-Trigger Contingent Capital is outstanding with respect to which either (x) no Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date or (y) a Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date, but the Trigger Event Conversion Date is

scheduled to occur prior to the relevant Higher-Trigger Write-down/Conversion Date,

- (A) in the case of subclause (x) above, the giving of such Trigger Event Notice will be postponed until the date on which a Higher-Trigger Write-down/Conversion Notice has been given with respect to all such outstanding Higher-Trigger Contingent Capital and such date will be deemed to be the Trigger Event Notice Date; and
  - (B) in the case of subclauses (x) and (y) above, if the Trigger Event Conversion Date is scheduled to occur prior to the Higher-Trigger Write-down/Conversion Date (or, in the case of more than one Higher-Trigger Write-down/Conversion Date, the latest Higher-Trigger Write-down/Conversion Date), the Trigger Event Conversion Date will be postponed to the Higher-Trigger Write-down/Conversion Date (or the latest Higher-Trigger Write-down/Conversion Date, as applicable) and such postponement shall be specified in such Trigger Event Notice.
- (iii) If (A) a Trigger Event Notice is required to be given pursuant to subclause (i) above in relation to an Ordinary Publication Date, and (B) prior to the earlier of the Ordinary Trigger Event Notice Date and the Trigger Breach Determination Date, FINMA, upon the request of UBS Group AG, has agreed in writing that a Conversion is not required as a result of actions taken by the Group or circumstances or events, in each case, that have had, or imminently will have, the effect of restoring the CET1 Ratio as of the Balance Sheet Date relating to the relevant Ordinary Publication Date, after giving pro forma effect to such actions, circumstances or events, to a level above the Threshold Ratio that FINMA and UBS Group AG deem, in their sole discretion, to be adequate at such time, (x) the Issuer shall not give such Trigger Event Notice pursuant to subclause (i) above in relation to the relevant Ordinary Publication Date, and (y) the Issuer shall give notice to the Holders on or prior to the Trigger Breach Determination Date in accordance with Condition 14 (*Notices*), which notice shall state that no Conversion will occur in relation to the relevant Ordinary Publication Date.
- (c) *Viability Event*
  - (i) Subject to clause (e) of this Condition 7, upon the occurrence of a Viability Event:
    - (A) the Issuer shall give notice (a "**Viability Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) within three days of the date on which such Viability Event occurred, which notice shall:
      - (1) state that a Viability Event has occurred and a Conversion will take place;
      - (2) specify the date on which the Conversion will take place, which date shall be no more than 20 Business Days following the occurrence of the Viability Event (the "**Viability Event Conversion Date**");
      - (3) specify the Conversion Price in effect on the date of such Viability Event Notice; and
      - (4) specify the details of the arrangements for the settlement of the Conversion (including, if the Settlement Share Depository is not SIX SIS, the details of the Settlement Share Depository); and
    - (B) a Conversion will occur on the applicable Viability Event Conversion Date in accordance with Condition 8 (*Conversion*).

(ii) A "**Viability Event**" will have occurred if prior to an Alternative Loss Absorption Date (if any):

- (A) FINMA has notified UBS Group AG in writing that it has determined a conversion or write-down, as applicable, of holders' claims in respect of the Notes and all other capital instruments issued by, or other capital obligations (whether qualifying fully or partially for capital treatment) of, any member of the Group that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is, because customary measures to improve the Group Holding Company's capital adequacy are at the time inadequate or infeasible, an essential requirement to prevent the Group Holding Company from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business; or
- (B) customary measures to improve the Group Holding Company's capital adequacy being at the time inadequate or infeasible, the Group Holding Company has received an irrevocable commitment of direct or indirect extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving the Group Holding Company's capital adequacy and without which, in the determination of (and as notified in writing by) FINMA, the Group Holding Company would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.

For the avoidance of doubt, it is understood that a Viability Event may occur irrespective of whether or not a Trigger Event has occurred or whether any of the conditions to the issuance of a Trigger Event Notice have been met.

(d) *Determination of CET1 Ratio and Trigger CET1 Ratio*

With respect to any Publication Date, (i) the CET1 Ratio as of the relevant Balance Sheet Date, (ii) the Trigger CET1 Ratio as of such Publication Date and (iii) the components of both of the foregoing, in each case, as published on such Publication Date, will be final for purposes of this Condition 7, and any revisions, restatements or adjustments to any of the calculations described in subclauses (i) through (iii) above subsequently published will have no effect for purposes of this Condition 7.

(e) *Alternative loss absorption*

In the event of the implementation of any new, or amendment to or change in the interpretation of any existing, laws or components of National Regulations, in each case occurring after the Issue Date, that alone or together with any other law(s) or regulation(s) has, in the joint determination of UBS Group AG and FINMA, the effect that clause (c) of this Condition 7 could cease to apply to the Notes without giving rise to a Regulatory Event, then the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) no later than five Business Days after such joint determination stating that such provisions will cease to apply from the date of such notice (the "**Alternative Loss Absorption Date**"), and from the date of such notice, such provisions will cease to apply to the Notes.

## 8. **CONVERSION**

(a) *Conversion upon a Trigger Event or a Viability Event*

If the Issuer has given a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*), then:

- (i) each Note shall, subject to and as provided in this Condition 8, be redeemed and settled (the "**Conversion**") on the applicable Conversion Date by (x) the delivery of new fully paid Ordinary Shares to the Settlement Share Depository

on behalf of the Holders, and (y) the cancellation of any accrued and unpaid interest on the Notes (whether or not due and payable); and

- (ii) receipt by the Settlement Share Depository of such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares in respect of the Conversion on the applicable Conversion Date shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes.

In the case of the Ordinary Shares to be delivered upon Conversion, as from the applicable Share Creation Date for such Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares into Notes.

(b) *Recourse for Ordinary Shares*

Holders shall have recourse only to the Issuer for the issue and delivery of Ordinary Shares to the Settlement Share Depository pursuant to these Terms and Conditions. After such delivery to the Settlement Share Depository, Holders shall have recourse only to the Settlement Share Depository (or any relevant intermediary) for the delivery to them of such Ordinary Shares or, in the circumstances described in clause (h) of this Condition 8, any cash amounts to which such Holders are entitled under clause (h) of this Condition 8.

(c) *Conversion Price and determination of number of Ordinary Shares*

- (i) Upon the occurrence of a Trigger Event or a Viability Event, as at the date on which the relevant Trigger Event Notice or Viability Event Notice is published, each Holder shall be deemed to have accepted, and hereby accepts and agrees, (A) to the conversion of its holding of Notes into Ordinary Shares at the Conversion Price provided for herein and that, where necessary under Swiss law, the Settlement Agent shall effect such conversion on such Holder's behalf, and (B) that its obligation to pay up the Ordinary Shares to be issued shall be set off against its claim for repayment of the principal amount upon redemption of the Notes, which claim shall be deemed to be due and payable immediately prior to the time on the Share Creation Date when, as a matter of Swiss law, the relevant Ordinary Shares are paid up. Such Ordinary Shares shall be paid up and issued on the Share Creation Date whereupon the Holders shall cease as a matter of Swiss law to be treated for all purposes under Swiss law as Holders and shall instead as of such date be treated for all purposes under Swiss law as Shareholders.
- (ii) Subject to clause (g) of this Condition 8, the Issuer, with the assistance of the Settlement Agent, where necessary under Swiss law, shall issue and deliver to the Settlement Share Depository on the applicable Conversion Date such number of Ordinary Shares in respect of each Holder as is determined by the Settlement Agent by dividing the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date by the Conversion Price in effect on the date of relevant Trigger Event Notice or Viability Event Notice, as the case may be. The Settlement Agent shall determine such number of Ordinary Shares in accordance with this subclause (ii) as soon as practicable after publication of the relevant Trigger Event Notice or Viability Event Notice, as applicable.
- (iii) The initial Conversion Price per Ordinary Share in respect of the Notes is specified in the definition thereof. The Conversion Price is subject to adjustment to (and including) the date of the relevant Trigger Event Notice or Viability Event Notice, as the case may be, in the circumstances described in clause (d) of this Condition 8.

(d) *Anti-dilution adjustment of the Conversion Price*

(i) Upon the occurrence of any of the events described below after 18 June 2024, the Conversion Price will be adjusted by the Issuer as follows:

(A) If there is a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares that alters the number of Ordinary Shares in issue, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment will become effective on the date on which the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

(B) If UBS Group AG issues any Ordinary Shares to Shareholders as a class credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (x) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Distribution that the Shareholders would or could otherwise have elected to receive, (y) where the Shareholders may elect to receive a Cash Distribution in lieu of such Ordinary Shares or (z) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Distribution equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(C) If UBS Group AG makes or pays an Extraordinary Distribution to Shareholders, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:



$$\frac{A - B}{B}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and
- B is the portion of the aggregate Extraordinary Distribution attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Distribution by the number of Ordinary Shares entitled to receive the relevant Extraordinary Distribution. If the Extraordinary Distribution shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (C), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-the Extraordinary Distribution on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (C).

- (D) If UBS Group AG issues Ordinary Shares to Shareholders as a class by way of rights or UBS Group AG or any other member of the Group or (at the direction or request or pursuant to arrangements with UBS Group AG or any other member of the Group) any other Person issues or grants to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities that by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share that is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares that the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and

C is the number of Ordinary Shares to be issued or the maximum number of Ordinary Shares that may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate, as the case may be,

*provided* that, if on the Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this subclause (D), "C" will be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (D), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (D).

For purposes of any calculation of the consideration receivable or price pursuant to this subclause (D), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities will be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights will be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights that are attributed by UBS Group AG to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of subclauses (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights, and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights will be the aggregate consideration or price referred to in subclause (x) or (y) above (as the case may be), divided by the number of Ordinary Shares to be issued upon such conversion or

exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (3) if the consideration or price determined pursuant to subclause (1) or (2) above (or any component thereof) is expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of subclause (1) above) or the relevant date of first public announcement (in the case of subclause (2) above);
- (4) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (5) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to UBS Group AG or another entity.

(E) If UBS Group AG determines, in its sole discretion, that, notwithstanding subclauses (A) to (D) above, a reduction to the Conversion Price should be made as a result of one or more events or circumstances not referred to in this subclause (i) that would require an adjustment to the Conversion Price in order to comply with Swiss mandatory law on the protection of holders of instruments that may convert into shares issued out of capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) or Conversion Capital, the Conversion Price will be reduced (either generally or for a specified period) in such manner and with effect from such date as UBS Group AG shall determine and the Issuer shall notify to the Holders in accordance with Condition 14 (*Notices*).

(ii) Notwithstanding subclause (i) above:

(A) where

- (1) the events or circumstances giving rise to any adjustment to the Conversion Price have resulted or will result in an adjustment to the Conversion Price; or
- (2) more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time,

that, in the opinion of UBS Group AG, a modification to the operation of the adjustment provisions set forth in this clause (d) is required to give the intended result, such modification will be made to the operation of the adjustment provisions set forth in this clause (d) as may be determined by an Independent Adviser to be in its opinion appropriate to give the intended result, including to ensure that (x) an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (y) the economic effect of an Extraordinary Distribution is not taken into account more than once, and (z) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency;

- (B) any adjustment to the Conversion Price will be subject to such Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time such adjustment becomes effective at the then-prevailing exchange rate as determined by the Issuer) not being less than the par value of an Ordinary Share at such time;
  - (C) UBS Group AG shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time of such action at the then-prevailing exchange rate as determined by the Issuer) to below the par value of an Ordinary Share then in effect;
  - (D) if any doubt arises as to whether an adjustment is to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may in its sole discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof will (in the absence of wilful default, bad faith and manifest error) be conclusive and binding on the Issuer and the Holders;
  - (E) no adjustment will be made to the Conversion Price where Ordinary Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of UBS Group AG or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme; and
  - (F) on any adjustment, if the resultant Conversion Price has more decimal places than the initial Conversion Price, it will be rounded to the same number of decimal places as the initial Conversion Price. No adjustment will be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, will be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment will be made on the basis that the adjustment not required to be made had been made at the relevant time and/or that the relevant rounding down had not been made, as the case may be.
- (iii) The Issuer shall give notice of any adjustments to the Conversion Price made pursuant to this clause (d) to the Holders in accordance with Condition 14 (*Notices*) promptly after the determination thereof.
  - (iv) References in these Terms and Conditions to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

(e) *Qualifying Relevant Event*

- (i) Upon the occurrence of a Relevant Event that is a Qualifying Relevant Event, then:
  - (A) upon the occurrence of a Trigger Event or a Viability Event where the applicable Conversion Date falls on or after the New Conversion Condition Effective Date,
    - (1) the Notes shall be converted on such Conversion Date into, or be exchanged on such Conversion Date for, as the case may be, Relevant Shares of the Approved Entity, *mutatis mutandis* as provided in accordance with this Condition 8, at a Conversion Price that shall be the New Conversion Price; and
    - (2) the Issuer shall procure the issue and/or delivery of the relevant number of Relevant Shares of the Approved Entity in the manner provided in this Condition 8 (as may be amended as described in the definition of the term New Conversion Condition); and
  - (B) the New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 8 for the adjustment of the Conversion Price (if necessary with such amendments as an Independent Adviser shall determine to be appropriate) and the Issuer shall give notice in accordance with Condition 14 (*Notices*) to the Holders of the New Conversion Price and of any such amendments thereafter.
- (ii) Upon the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Holders in accordance with Condition 14 (*Notices*) within 10 Business Days following the occurrence of such Relevant Event, which notice shall:
  - (A) specify the identity of the Acquiror;
  - (B) specify whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event;
  - (C) in the case of a Qualifying Relevant Event, specify the New Conversion Price; and
  - (D) if applicable, specify the New Conversion Condition Effective Date.
- (iii) For the avoidance of doubt, upon the occurrence of a Relevant Event that is a Non-Qualifying Relevant Event, the provisions of this clause (e) shall (subject to the subsequent operation of this clause (e) upon the occurrence of a subsequent Relevant Event) not apply, and the Notes will continue to be convertible into Ordinary Shares pursuant to and in accordance with the other provisions of this Condition 8 (*Conversion*), if and when the Issuer gives a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*).
- (iv) For purposes of these Terms and Conditions:

"**Acquiror**" means the Person (including a Governmental Entity) that, following a Relevant Event, controls UBS Group AG.

"**Approved Entity**" means an Acquiror that is body corporate that is incorporated or established under the laws of an OECD member state and that, on the occurrence of the Relevant Event, has in issue Relevant Shares.

**"Governmental Entity"** means (x) the Swiss Confederation, (y) an agency of the Swiss Confederation or (z) a person or entity (other than a body corporate) controlled by the Swiss Confederation or any such agency referred to in clause (y) of this definition; *provided, however*, that, if UBS Group AG is at any time organised in a jurisdiction outside of Switzerland, references in this definition to "the Swiss Confederation" shall be read as references to the government of such other jurisdiction.

The **"New Conversion Condition"** shall be satisfied in respect of a Relevant Event if, by no later than seven days following the occurrence of such Relevant Event, (x) UBS Group AG has, to the satisfaction of UBS Group AG, entered into arrangements with the Approved Entity that provide for delivery of Relevant Shares of the Approved Entity on Conversion on terms *mutatis mutandis* as provided in the provisions of this Condition 8, and (y) the Issuer has entered into such agreements and arrangements, and made such amendments to these Terms and Conditions, as may be required to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall, following the occurrence of a Trigger Event or a Viability Event, be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 8 (as may be so amended) at the New Conversion Price; *provided, however*, that, any failure to enter into the arrangements and agreements and/or make the amendments described in clauses (x) and (y) of this definition shall not constitute a default or an Event of Default under these Terms and Conditions.

**"New Conversion Condition Effective Date"** means the date with effect from which the New Conversion Condition has been satisfied.

**"New Conversion Price"** means, in respect of any Conversion Date falling on or after the New Conversion Condition Effective Date, the amount determined by the Issuer in accordance with the following formula:

$$NCP = ECP \times \frac{VWAPRS}{VWAPOS}$$

where:

|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NCP    | is the New Conversion Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| ECP    | is the Conversion Price in effect on the last dealing day prior to the New Conversion Condition Effective Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| VWAPRS | is the average of the Volume Weighted Average Price of the Relevant Shares of the Approved Entity (translated, if necessary, into SGD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred (and where references in the definition of "Volume Weighted Average Price" to "Ordinary Shares" shall be construed as a reference to the Relevant Shares of the Approved Entity and in the definition of "dealing day", references to the "Relevant Stock Exchange" shall be to the primary Recognised Stock Exchange on which the Relevant Shares of the Approved Entity are then listed, admitted to trading or accepted for dealing). |
| VWAPOS | is the average of the Volume Weighted Average Price of the Ordinary Shares (translated, if necessary, into SGD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

dealing day prior to the date on which the Relevant Event occurred.

**"Non-Qualifying Relevant Event"** means a Relevant Event that is not a Qualifying Relevant Event.

**"Qualifying Relevant Event"** means a Relevant Event where:

- (A) the Acquiror is an Approved Entity; and
- (B) the New Conversion Condition is satisfied.

A **"Relevant Event"** will have occurred if, at any time after the Issue Date, any Person or Persons acting in concert acquires control of UBS Group AG (other than as a result of an Exempt Reorganisation). For the purposes of this definition "Relevant Event", **"control"** means the acquisition or holding of legal or beneficial ownership of more than 95 per cent. of the issued Ordinary Shares of UBS Group AG (whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise) and, as a consequence thereof, the Ordinary Shares are no longer admitted to trading on any Recognised Stock Exchange, and **"controlled"** shall be construed accordingly.

**"Relevant Shares"** means, in respect of an Acquiror, ordinary share capital of such Acquiror that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) that is listed and admitted to trading on a Recognised Stock Exchange.

(f) *Procedure for settlement and delivery of Ordinary Shares on Conversion*

Ordinary Shares to be issued on Conversion shall be delivered subject to and as provided below.

(g) *Fractions*

Fractions of Ordinary Shares will not be issued or delivered pursuant to these Terms and Conditions on Conversion and no cash payment will be made in lieu thereof. The number of Ordinary Shares to be issued and delivered to the Settlement Share Depository for the benefit of each Holder in respect of a Conversion shall be calculated by the Settlement Agent on the basis of the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date and rounded down, if necessary, to the nearest whole number of Ordinary Shares.

(h) *Procedure for delivery in respect of a Conversion*

- (i) UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, shall on or prior to the applicable Conversion Date issue and deliver to the Settlement Share Depository such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares to the Holders in respect of the Conversion on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes.
- (ii) Subject to the making of a Settlement Shares Offer and as otherwise provided herein, the Settlement Agent shall give instructions to the Settlement Share Depository for the relevant Ordinary Shares to be delivered by the Settlement Share Depository on the applicable Conversion Date to the Holders, and the Settlement Share Depository shall take such actions as are customary to effect such delivery of such Ordinary Shares to the Holders on the applicable Conversion Date.



- (iii) In respect of a Conversion as a result of the occurrence of a Trigger Event only, following receipt by the Settlement Share Depository of the Ordinary Shares and the resulting good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (i) above, the Issuer may, in its sole discretion, appoint a placement agent (the "**Settlement Shares Offer Agent**") acting on behalf, and for the accounts, of the Holders to conduct an offering of the Ordinary Shares to which the Holders are otherwise entitled (a "**Settlement Shares Offer**"). In the relevant Trigger Event Notice, the Issuer shall notify the Holders whether it will appoint such Settlement Shares Offer Agent to conduct such a Settlement Shares Offer. If it does so appoint a Settlement Shares Offer Agent, it will instruct the Settlement Share Depository to deliver the relevant Ordinary Shares to or to the order of the Settlement Shares Offer Agent for this purpose prior to the end of the Offer Settlement Period. Such Settlement Shares Offer shall be made (x) in the currency of the Issuer's choosing and at a cash price per Ordinary Share (such price translated, if necessary, into SGD at the prevailing exchange rate on the date of the Trigger Event Notice as determined by the Issuer) equal to the Conversion Price in effect on the date of the Trigger Event Notice, and (y) to some or, subject to applicable laws and regulations and to such an offer being practicable in the opinion of the Issuer in the Offer Settlement Period, all Shareholders on the record date of the Trigger Event Notice then eligible to participate in such offer. Any such Settlement Shares Offer shall be completed no later than 20 Business Days after the occurrence of the Trigger Event (the "**Offer Settlement Period**"). Neither the Issuer nor the Settlement Share Depository shall incur any liability whatsoever to the Holders in respect of the appointment of such Settlement Shares Offer Agent or its conduct, save for cases of gross negligence or wilful intent.

If the Settlement Shares Offer is fully subscribed by or before the end of the Offer Settlement Period, the Holders shall, pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into SGD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards). If the Settlement Shares Offer is only partially subscribed by the end of the Offer Settlement Period, the Holders shall (x) pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into SGD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards), and (y) be entitled to receive their *pro rata* share of the number of Ordinary Shares not subscribed pursuant to the Settlement Shares Offer (rounded down to the nearest whole number of such Ordinary Shares) within the period specified below from the Settlement Share Depository. If no Ordinary Shares are subscribed in the Settlement Shares Offer, Holders shall be entitled to receive the relevant Ordinary Shares within the period specified below from the Settlement Share Depository.

In relation to any Ordinary Shares not sold pursuant to a Settlement Shares Offer, the Settlement Agent shall give instructions to the Settlement Shares Offer Agent for such Ordinary Shares to be delivered by the Settlement Shares

Offer Agent to the relevant Holders within five Business Days after the end of the Offer Settlement Period.

(i) *Taxes and duties*

None of the Issuer, any other member of the Group, any Agent and the Settlement Share Depository will pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of Ordinary Shares to the Settlement Share Depository or to any Holder. A Holder must pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of the Ordinary Shares to the Settlement Share Depository or to such Holder and such Holder must pay all, if any, such taxes and duties arising by reference to any disposal or deemed disposal of such Holder's Notes or interest therein. Any capital, stamp, issue, registration, transfer or other taxes or duties arising on delivery or transfer of Ordinary Shares to a purchaser in any Settlement Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

(j) *Delivery of Ordinary Shares*

UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, will issue and deliver the Ordinary Shares required to be issued and delivered on Conversion to the Settlement Share Depository on behalf of the Holder of the relevant Note(s). Receipt by the Settlement Share Depository of such Ordinary Shares will be a good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (h)(i) of this Condition 8.

Such Ordinary Shares will be delivered to Holders in uncertificated form through SIX SIS or any other appropriate settlement organisations. Where such Ordinary Shares are to be delivered through SIX SIS or any other appropriate intermediary (*Verwahrungsstelle*) in Switzerland, the Settlement Agent shall request that the Settlement Share Depository deliver such Ordinary Shares to the account(s) in which the relevant Note(s) is/are held, on the applicable Conversion Date or such other date as is specified for the delivery. At the time of such delivery of the Ordinary Shares, the then-valid share registration rules of UBS Group AG will apply, and UBS Group AG does not offer any assurance or guarantee that any Holder will be accepted as a Shareholder with voting rights in the share register of UBS Group AG.

(k) *Ordinary Shares*

The Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Share Creation Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Holder will not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Creation Date.

(l) *Purchase or redemption of Ordinary Shares*

UBS Group AG or any of its subsidiaries may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or securities of UBS Group AG (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Holders.

(m) *Determinations to be made by an Independent Adviser*

In the case of any determination that is required to be made by an Independent Adviser for purposes of this Condition 8, the Issuer shall use reasonable endeavours to appoint an Independent Adviser to make such determination; *provided, however, that,*

notwithstanding the other provisions of these Terms and Conditions, if the Issuer is unable to so appoint an Independent Adviser or the Independent Adviser so appointed by the Issuer fails to make such determination, the Issuer, acting in good faith and a commercially reasonable manner, will make such determination.

Any determination that is made by an Independent Adviser for purposes of this Condition 8 will be made in the sole discretion of such Independent Adviser acting in good faith and in a commercially reasonable manner.

(n) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by an Independent Adviser or the Settlement Agent for purposes of this Condition 8 will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Independent Adviser or the Settlement Agent in connection with the exercise or non-exercise by the Independent Adviser or the Settlement Agent of its powers, duties and discretions under this Condition 8.

9. **PAYMENTS; AGENTS**

- (a) All payments required to be made under the Notes will be made available in good time in freely disposable funds in SGD, which will be placed at the free disposal of the Principal Paying Agent on behalf of the Holders. If the Scheduled Due Date for any payment (whether in respect of principal, interest or otherwise) in respect of the Notes is not a Payment Business Day, then the Holders will not be entitled to payment thereof until the first Payment Business Day following the Scheduled Due Date, and the Holders will not be entitled to any additional sum in relation to such payment. All payments required to be made under the Notes (including, for the avoidance of doubt, any Additional Amounts) shall be made to the Holders in SGD without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality.
- (b) The receipt by the Principal Paying Agent of the due and punctual payment of funds in SGD will release the Issuer from its obligations under the Notes to the extent of such payment.
- (c) Subject to clause (d) of this Condition 9, the Issuer reserves the right to terminate the appointment of any Agent, as well as to appoint or, after any such appointment, to terminate the appointment of, one or more other paying agents to carry out any payment or other similar functions in respect of the Notes (each, a "**Paying Agent**", which term includes the Principal Paying Agent), *provided* that (i) so long as any Note is outstanding, there will at all times be a Principal Paying Agent, a Calculation Agent and a Settlement Agent, (ii) for so long as the Notes are listed on the SIX Swiss Exchange and if then required by the regulations of the SIX Swiss Exchange, the Issuer shall maintain a Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities dealer subject to supervision by FINMA, to perform the functions of a Swiss paying agent, and (iii) any successor Calculation Agent must be a leading bank or financial institution that is experienced in the calculations and determinations to be made by the Calculation Agent.
- (d) Any appointment or termination of appointment of, or resignation by, any Agent may take place at any time, *provided* that the Issuer promptly notifies the Holders of any such appointment, termination or resignation in accordance with Condition 14 (*Notices*).
- (e) If at any time the Calculation Agent fails to (i) determine the Reference Rate or the Reset Interest Rate or duly calculate the Reset Interest Amount for any Reset Interest Period or the interest amount payable on the relevant Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) or (ii) comply with any

other requirement in relation to the Notes, then the Issuer will terminate the appointment of the Calculation Agent in accordance with the Agency Agreement and appoint a successor Calculation Agent.

#### 10. **TAXATION**

- (a) All payments to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, unless withholding, deduction or accounting for such Taxes is required by law.
- (b) In the event that any payment to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) is subject to any withholding or deduction for, or on account of, any Taxes by requirement of law in a Tax Jurisdiction (as determined by the relevant tax authority of or in such Tax Jurisdiction), the Issuer shall pay such additional amounts as will result in the Holders receiving the amounts that they would have received in respect of the Notes if no such withholding or deduction had been required ("**Additional Amounts**").
- (c) No Additional Amounts will be payable pursuant to clause (b) of this Condition 10 in relation to any Note:
  - (i) if the relevant Holder is liable for such Taxes on such Note as a result of having some connection with the relevant Tax Jurisdiction other than its mere ownership or possession of such Note or the receipt of principal or interest in respect thereof; or
  - (ii) with respect to any Tax collected pursuant to the provisions of, or any laws or an agreement with any Tax Jurisdiction relating to, Sections 1471 through 1474 of the US Internal Revenue Code, as amended and as may be further amended from time to time (commonly referred to as "FATCA"); or
  - (iii) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of 3 April 2020, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a Person other than the issuer is required to withhold tax on any interest payments; or
  - (iv) to the extent any combination of subclauses (i) through (iii) above applies.
- (d) Any reference in these Terms and Conditions to amounts payable by the Issuer in respect of the Notes includes (i) any Additional Amount payable pursuant to this Condition 10 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this Condition 10.

#### 11. **STATUTE OF LIMITATIONS**

In accordance with Swiss law, (a) claims for interest payments under the Notes will become time-barred after the five-year period and (b) claims for the repayment or redemption of Notes will become time-barred after the 10-year period, in each case, commencing on the date on which such payments, repayment or redemption become due and payable.

12. **EVENTS OF DEFAULT**

- (a) If any of the following events occurs, such occurrence will constitute an "**Event of Default**":
- (i) the Issuer fails to pay the principal amount of any Note if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (ii) the Issuer fails to pay any interest on the Notes if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (iii) the Issuer fails to observe or perform any other covenant, condition, or agreement contained in these Terms and Conditions, and such failure continues unremedied for a period of 60 days after written notice thereof from any Holder to the Issuer; or
  - (iv) a Bankruptcy Event;

*provided, however, that, notwithstanding subclauses (i) to (iv) above, neither (A) the opening of Restructuring Proceedings with respect to the Issuer nor (B) the exercise of any Swiss Resolution Power with respect to the Issuer during any such Restructuring Proceedings nor (C) the ordering of any Protective Measures with respect to the Issuer that are ordered or confirmed upon the opening of or during any such Restructuring Proceedings will constitute a default or an Event of Default.*

- (b) Upon the occurrence of an Event of Default relating to any failure of the Issuer to meet any payment obligation under these Terms and Conditions and subject to Condition 8 (*Conversion*), (i) such payment obligation (and such payment obligation only) will be immediately deemed a due and payable (*fällige*) payment obligation of the Issuer, and (ii) if (A) the relevant Holder has formally requested payment of such payment obligation, (B) such payment obligation has not been fulfilled within the statutory period under Swiss law commencing after the date of such formal request and (C) a writ of payment (*Zahlungsbefehl*) has been issued with respect to such payment obligation pursuant to the DEBA, the relevant Holder may institute proceedings against the Issuer in Switzerland (but not elsewhere) to enforce its rights with respect to such payment obligation under the DEBA.
- (c) If a debt collection or insolvency proceeding with respect to the Issuer is instituted in Switzerland in accordance with clause (b) of this Condition 12, the Issuer shall not (i) after having received the writ of payment (*Zahlungsbefehl*) relating to the relevant payment obligation, argue or plead that such payment obligation is not due and payable by the Issuer, or (ii) prior to the declaration of bankruptcy (or similar proceeding under Swiss insolvency laws), make any payment to the relevant Holder under or in connection with the Notes.
- (d) In the case of any Event of Default arising under subclause (a)(iii) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may seek specific performance or damages with respect to such Event of Default pursuant to the Swiss Code if so entitled thereunder. Any such damage claim of any Holder will rank junior to the rights and claims of all holders of Senior Obligations.
- (e) In the case of any Event of Default arising under subclause (a)(iv) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may, by written notice to the Issuer, declare the principal amount of any of its Notes, together with any accrued and unpaid interest thereon, immediately due and payable, without presentment, demand, protest or other notice of any kind.
- (f) No remedy against the Issuer other than those described in this Condition 12 will be available to the Holders in connection with the Issuer's obligations under these Terms and Conditions, whether for the recovery of amounts owing under these Terms and

Conditions or in respect of any breach by the Issuer of any of its other obligations under these Terms and Conditions or otherwise. In particular, no Holder may declare (i) the principal amount of any Notes due and payable prior to any Redemption Date, or (ii) any interest on any Notes due and payable prior to the relevant Interest Payment Date, except, in the case of each of subclauses (i) and (ii), pursuant to clause (e) of this Condition 12.

### 13. MEETINGS OF HOLDERS; SUBSTITUTION AND AMENDMENT

- (a) Except as otherwise specified in this Condition 13, the provisions of bondholder meetings contained in article 1157 et seqq. of the Swiss Code apply in relation to meetings of Holders.
- (b) If a Tax Event or a Regulatory Event has occurred, the Issuer may, without the consent of the Holders, either substitute all, but not some only, of the Notes for, or amend these Terms and Conditions so that they remain or become, Compliant Securities, *provided* that:
  - (i) neither a Tax Event nor a Regulatory Event arises as a result of such substitution or amendment;
  - (ii) FINMA has approved such substitution or amendment (if such approval is then required under applicable Swiss laws and regulations);
  - (iii) the Issuer has given the Holders not less than 30 days' notice of such substitution or amendment in accordance with Condition 14 (*Notices*), which notice will, subject to subclause (v) below, be irrevocable, and state the date on which such substitution or amendment will be effective (the "**Substitution or Amendment Effective Date**");
  - (iv) prior to the publication of any notice pursuant to subclause (iii) above, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to substitute or amend the terms of the Notes, as applicable, pursuant to this clause (b) is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right to substitute or amend the terms of the Notes, as applicable, pursuant to this clause (b) have arisen; and
  - (v) no Trigger Event or Viability Event has occurred prior to the relevant Substitution or Amendment Effective Date.

In connection with any substitution or amendment in accordance with this clause (b), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- (c) In addition to its rights under clause (b) of this Condition 13, the Issuer may, without the consent of the Holders, make any amendment to these Terms and Conditions that it considers to be (i) necessary or desirable to give effect to (A) any Alternative Benchmark Rate determined in accordance with Condition 5(c) (*Interest – Benchmark replacement*) (including any Adjustment Spread determined in accordance with subclause (v)(A)(2) thereof and any alternative method for determining the Reference Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date determined in accordance with subclause (v)(A)(3) thereof), and any related changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" determined to be necessary in accordance with subclause (v)(D) thereof, or (B) the provisions of clause (a) of Condition 15 (*Issuer Substitution*) (including, without limitation, (x) if the Substitute Issuer is organised and/or resident for tax purposes in a jurisdiction other than Switzerland, any amendments to any references to the jurisdiction of "Switzerland"

contained herein, including, without limitation, amendments to the definition of the term "Bankruptcy Event", the definition of the term "Business Day", the governing law of the subordination provisions set forth in Condition 4 (*Status and Subordination*) and the provisions of Condition 12 (*Events of Default*), and (y) any amendments to reflect UBS Group AG's guarantee described in subclause (a)(iii) of Condition 15 (*Issuer Substitution*)), or (C) the provisions of subclause (i)(B) and/or subclause (iii) of Condition 8(e) (*Conversion – Qualifying Relevant Event*), or (ii) formal, minor or technical in nature, or (iii) necessary to correct a manifest error, or (iv) not materially prejudicial to the interests of the Holders.

- (d) The Issuer shall notify the Holders of any amendments made pursuant to clause (c) of this Condition 13 in accordance with Condition 14 (*Notices*), which notice shall state the date on which such amendment will be effective.
- (e) Any amendment made pursuant to this Condition 13 will be binding on the Holders in accordance with its terms.

#### 14. **NOTICES**

- (a) So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Issuer (i) by means of electronic publication on the internet website of SIX Exchange Regulation Ltd (<https://www.ser-ag.com>), where notices are as at the Issue Date published under the address [https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/,](https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notice will be validly given on the date of such publication or, if published more than once, on the date of the first such publication.
- (b) If the Notes are for any reason no longer listed on the SIX Swiss Exchange, notices to Holders will be given by the Issuer to the Intermediary for forwarding to the Holders. Any such notice will be validly given on the date of delivery to the Intermediary.

#### 15. **ISSUER SUBSTITUTION**

- (a) The Issuer (for purposes of this Condition 15, the "**Current Issuer**") may, without the consent of the Holders, substitute any entity (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the "**Substitute Issuer**") for itself as principal debtor under the Notes upon giving no more than 30 and no less than 10 days' notice to the Holders in accordance with Condition 14 (*Notices*), *provided that*:
  - (i) the Substitute Issuer is UBS Group AG or at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by UBS Group AG;
  - (ii) the Current Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;
  - (iii) if the Substitute Issuer is not UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the Holders, pursuant to article 111 of the Swiss Code and on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), (A) the due and punctual payment of principal and interest and all other amounts due and payable by the Substitute Issuer under, or in respect of, the Notes upon receipt of the written request for payment of the relevant amount, and (B) upon the occurrence of a Conversion, the due delivery of the Ordinary Shares required to be delivered pursuant to Condition 8 (*Conversion*), and on the terms whereby subclause (iii) of Condition 5(i) (*Interest – Cancellation of interest; prohibited interest*), subclause (ii)(C) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), Condition 10 (*Taxation*), Condition 12 (*Events of Default*) and Condition 20 (*No Set-off by Holders*) apply to UBS Group AG and to its obligations under such guarantee either by making the necessary consequential amendments to such Conditions or including such Conditions



applicable to UBS Group AG and to its obligations under such guarantee in such guarantee itself, as applicable;

- (iv) the Current Issuer and the Substitute Issuer (A) have entered into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which the Substitute Issuer has (x) undertaken in favour of each Holder to be bound by these Terms and Conditions as the principal debtor (on a subordinated basis corresponding to Condition 4 (*Status and Subordination*)) under the Notes in place of the Current Issuer and (y) assumed the obligations of the Current Issuer under the Agency Agreement, and (B) procure that all action, conditions and things required to be taken, fulfilled and done (including, without limitation, the obtaining of any necessary consents) to ensure that the Substitution Documents represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;
  - (v) if the Substitute Issuer is resident for tax purposes in a jurisdiction (the "**New Residence**") other than that in which the Current Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Substitution Documents contain an undertaking by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Holder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10 (*Taxation*) in relation to the payment of all amounts due and payable under, or in respect of, the Notes and in relation to the guarantee referred to in subclause (iii) above, with, in the case of the Notes but not such guarantee, the substitution of references to the Former Residence with references to the New Residence, and an undertaking by the Substitute Issuer to indemnify each Holder against any Tax that is imposed on it by (or by any authority in or of) the New Residence and, if different, the jurisdiction of the Substitute Issuer's organisation with respect to any Note and that would not have been so imposed had the substitution not been made, as well as against any Tax, and any cost or expense, relating to such substitution;
  - (vi) if the Substitute Issuer is not UBS Group AG, FINMA has approved such substitution (if such approval is then required under applicable Swiss laws and regulations), and the Current Issuer and the Substitute Issuer have obtained all other necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents;
  - (vii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes;
  - (viii) such substitution does not give rise to a Tax Event or a Regulatory Event; and
  - (ix) the Substitute Issuer has appointed a Paying Agent in Switzerland that is a participant in the Intermediary.
- (b) Upon any substitution pursuant to clause (a) of this Condition 15, (i) the Substitute Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Current Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Terms and Conditions, and (ii) the Current Issuer will be released from its obligations under the Notes.
- (c) After giving effect to any substitution pursuant to clause (a) of this Condition 15, (i) references to the "Issuer" in the Notes and these Terms and Conditions will be references to the Substitute Issuer, and (ii) references to the "Tax Jurisdiction" in the Notes and these Terms and Conditions will be read and construed as including the jurisdiction of establishment of the Substitute Issuer and, if different, the jurisdiction in

which the Substitute Issuer is resident for tax purposes instead of or in addition to (as the case may be) references to the jurisdiction of establishment of the Issuer and Switzerland.

16. **RESERVED**

17. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders issue further notes and, *provided* that such notes have the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and/or the first date on which interest is paid), such further notes will be consolidated and form a single series with the Notes. If the Issuer issues any such further notes pursuant to this Condition 17, references in these Terms and Conditions to "Notes" include such further notes, unless the context otherwise requires.

18. **CURRENCY INDEMNITY**

Any amount received or recovered by any Holder in a currency other than SGD (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) under the Notes will only constitute a discharge of the Issuer to the extent of the amount in SGD that such Holder is able to purchase with the amount so received or recovered in such other currency on the date of such receipt or recovery (or, if it is not practicable to purchase SGD with such amount on such date, on the first date on which it is practicable to do so). If the amount of SGD that such Holder is able to purchase is less than the amount owed by the Issuer to such Holder under the Notes, the Issuer shall indemnify such Holder against any loss sustained by it as a result. In addition, the Issuer shall indemnify such Holder for the costs of making such purchase. For purposes of this Condition 18, it is sufficient for the relevant Holder to demonstrate that it would have suffered a loss had an actual purchase been made. The indemnities under this Condition 18 will (a) constitute a separate and independent obligation from the Issuer's other obligations hereunder, (b) give rise to a separate and independent cause of action, (c) apply irrespective of any indulgence granted by any Holder and (d) continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any amount due under the Notes or any other judgment or order.

19. **RESERVED**

20. **NO SET-OFF BY HOLDERS**

Subject to applicable law, each Holder, by acceptance of any direct or beneficial interest in a Note, agrees that it will not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention with respect to any amount owed to it by the Issuer in respect of, or arising in connection with, the Notes.

21. **GOVERNING LAW AND JURISDICTION**

- (a) The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by and construed in accordance with the laws of Switzerland.
- (b) The courts of the Canton of Zurich (venue being the City of Zurich) shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, including any non-contractual obligation arising out of or in connection with the Notes.

**High-trigger loss-absorbing additional tier 1 capital instrument**

|                          |                                                                                                                                              |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer</b>            | UBS Group AG                                                                                                                                 |
| <b>ISIN</b>              | US902613BN73 (144A) / USH42097EZ68 (Reg S)                                                                                                   |
| <b>Issue Date</b>        | 10.09.2024                                                                                                                                   |
| <b>Currency</b>          | USD                                                                                                                                          |
| <b>Nominal (million)</b> | 1,500                                                                                                                                        |
| <b>Interest Rate</b>     | 6.850% <sup>1</sup>                                                                                                                          |
| <b>Maturity Date</b>     | perpetual                                                                                                                                    |
| <b>Call Dates</b>        | any time during the six-month period from (and including) 10 September 2029 to (and including) 10 March 2030 or on any Reset Date thereafter |

<sup>1</sup> Rate subject to change after first reset date.

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Tier 1 Capital Notes issued by UBS Group AG are as follows:

### 1. DEFINITIONS

"**Acquiror**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

"**Additional Amounts**" has the meaning assigned to such term in clause (b) of Condition 10 (*Taxation*).

"**Additional Tier 1 Capital**" means, at any time, any item that qualifies as additional tier 1 capital (*zusätzliches Kernkapital*) under National Regulations at such time.

"**Adjustment Spread**" means, with respect to any Alternative Benchmark Rate determined in accordance with the provisions of Condition 5(c) (*Interest – Benchmark replacement*), a spread (which may be positive or negative), or a formula or methodology for calculating such a spread, applied to such Alternative Benchmark Rate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Existing Benchmark Rate with such Alternative Benchmark Rate.

"**Affected Reset Interest Period**" has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Agent Insolvency Event**" has the meaning assigned to such term in subclause (c)(ii) of Condition 9 (*Payments; Agents*).

"**Agents**" means the Fiscal Agent, the Registrar, the Calculation Agent, the Swiss Paying Agent and any other agent from time to time appointed pursuant to the terms of the Fiscal Agency Agreement, and the Settlement Agent.

"**Alternative Benchmark Rate**" has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Alternative Loss Absorption Date**" has the meaning assigned to such term in Condition 7(e) (*Trigger Event and Viability Event – Alternative loss absorption*).

"**Alternative MMSR Page**" has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Alternative Relevant Time**" has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Approved Entity**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

"**Auditor**" means the accounting firm (i) appointed by the Board of Directors of the Group Holding Company or the shareholders of the Group Holding Company, as the case may be, to provide, among other things, audit and/or review opinions on the Group Holding Company's financial statements, and (ii) approved by FINMA in accordance with the Financial Market Supervisory Act (*Finanzmarktaufsichtsgesetz*) of 22 June 2007, as amended and as may be further amended from time to time.

"**Authorised Signatories**" means any two authorised officers of the Issuer signing jointly.

"**Balance Sheet Date**" means (i) with respect to any Ordinary Publication Date, the cut-off date for the measurement of the CET1 Ratio in the Quarterly Financial Accounts published on such Ordinary Publication Date, and (ii) with respect to any Extraordinary Publication Date, the cut-off date for the Reviewed Interim Measurement published upon the instruction of FINMA on such Extraordinary Publication Date.

**"Bankruptcy Event"** means any of the following events with respect to the Issuer: (i) the adjudication of bankruptcy (*Konkurseröffnung*) pursuant to articles 171, 189, 190, 191 or 192 of the DEBA, (ii) the opening of restructuring proceedings (*Sanierungsverfahren*) pursuant to articles 28 to 32 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such proceedings, **"Restructuring Proceedings"**), and/or (iii) the ordering of liquidation proceedings (*Liquidation*) pursuant to articles 33 to 37g of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG; *provided, however*, that none of the following will constitute a Bankruptcy Event: (x) mere debt collection proceedings (*Betreibungsverfahren*) pursuant to article 38 *et seq.* of the DEBA, (y) proceedings in connection with a freezing order (*Arrestverfahren*) pursuant to article 271 *et seq.* of the DEBA, and/or (z) the ordering of protective measures (*Schutzmassnahmen*) pursuant to article 26 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such measures, **"Protective Measures"**), including, in the case of each of subclauses (x), (y) and (z), any steps (other than any steps described in clauses (i) through (iii) of this definition) taken under or in connection therewith.

**"BIS Regulations"** means, at any time, the capital adequacy standards and guidelines promulgated by the Basel Committee on Banking Supervision, as implemented by FINMA in Switzerland at such time.

**"BIS Risk Weighted Assets"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of risk-weighted assets of the Group as of such Balance Sheet Date, as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term **"risk-weighted assets"** as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

**"Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in (i) for purposes of the definitions of the terms "Extraordinary Publication Date", "Higher-Trigger Amount" and "Ordinary Publication Date", Zurich, and (ii) otherwise, New York City and Zurich.

**"Calculation Agent"** means UBS AG, in its capacity as calculation agent for the Notes, and includes any successor calculation agent for the Notes appointed in accordance with the terms of the Fiscal Agency Agreement.

**"Calculation Amount"** means USD 1,000.

**"Capital Adequacy Ordinance"** means the Swiss Ordinance concerning Capital Adequacy and Risk Diversification for Banks and Securities Firms of 1 June 2012, as amended and as may be further amended from time to time, or any successor Swiss law or regulation.

**"Cash Distribution"** means any dividend or distribution in respect of the Ordinary Shares that is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including any cash distribution or payment to Shareholders upon or in connection with a reduction of capital. For the avoidance of doubt, the term "Cash Distribution" does not include consideration paid or any other payments made by UBS Group AG or any of its affiliates in connection with the repurchase of Ordinary Shares in connection with any share buyback programme.

**"Certificate"** means a Global Certificate and/or a Definitive Certificate, as the case may be.

**"CET1 Capital"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of items that constitute common equity tier 1 capital of the Group as of such Balance

Sheet Date, less any deductions from common equity tier 1 capital required to be made, in each case as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term "**common equity tier 1 capital**" as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

"**CET1 Ratio**" means, as of any Balance Sheet Date, the CET1 Capital as of such Balance Sheet Date, divided by the BIS Risk Weighted Assets as of such Balance Sheet Date, expressed as a percentage, such ratio (or the components thereof) as determined by the Group Holding Company, and (i) as disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) constituting (or as disclosed in) the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable.

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.

"**Code**" has the meaning assigned to such term in subclause (c)(iii) of Condition 10 (*Taxation*).

"**Compliant Securities**" means securities issued by UBS Group AG or any of its subsidiaries that have economic terms not materially less favourable to a Holder than these Terms and Conditions (as reasonably determined by the Issuer), *provided that*:

- (a) such securities (i) include terms that provide for the same interest rate and principal from time to time applying to the Notes, (ii) rank *pari passu* with the Notes and (iii) preserve any existing rights under these Terms and Conditions to any accrued and unpaid interest that has not been satisfied;
- (b) where such securities are issued by a subsidiary of UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the holders of such securities, on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), the due and punctual payment of all amounts due and payable by such subsidiary under, or in respect of, such securities pursuant to article 111 of the Swiss Code;
- (c) where the Notes that have been substituted or amended were listed immediately prior to their substitution or amendment, such securities are listed on (i) the SIX Swiss Exchange or (ii) such other internationally recognised stock exchange selected by the Issuer; and
- (d) where the Notes that have been substituted or amended were rated by a rating agency immediately prior to such substitution or amendment, each such rating agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to such securities.

"**Conversion**" has the meaning given to it in Condition 8(a) (*Conversion – Conversion upon a Trigger Event or a Viability Event*), and "convert" and "converted" shall be construed accordingly.

"**Conversion Capital**" means conversion capital (*Wandlungskapital*) within the meaning of the Swiss Banking Act.

"**Conversion Date**" means, with respect to any Conversion, the Trigger Event Conversion Date or the Viability Event Conversion Date, as applicable.

"**Conversion Price**" means USD 26.48, subject to any adjustment in accordance with Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

"**Current Issuer**" has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

"**Current Market Price**" means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days (or, for the purposes of subclause (i)(D) of

Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), 10 consecutive dealing days) ending on the dealing day immediately preceding such date (such period, the "**Reference Period**"), *provided* that, if at any time during the Reference Period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of the Reference Period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued and delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
- (b) if the Ordinary Shares to be issued and delivered do rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if on each of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period the Volume Weighted Average Price was based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) that has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices that are available in the Reference Period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the Reference Period, the Current Market Price shall be determined by an Independent Adviser.

"**Day Count Fraction**" means, in respect of any period (the "**Calculation Period**"), the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;



"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

"**dealing day**" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares or other securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

"**DEBA**" means the Swiss Federal Debt Enforcement and Bankruptcy Act of 11 April 1889, as amended and as may be further amended from time to time.

"**Definitive Certificate**" has the meaning assigned to such term in subclause (i) of Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*).

"**Depository**" means DTC or any other Relevant Clearing System outside of Switzerland designated as Depository by the Issuer; *provided, however*, that, irrespective of the number of Regulation S Global Certificates and/or Rule 144A Global Certificates, as the case may be, outstanding, there will be no more than one Depository for the Notes at any time.

"**Distributable Items**" means, in respect of any Interest Payment Date, the aggregate of (i) net profits carried forward and (ii) freely distributable reserves, in each case, less any amounts that must be contributed to legal reserves under applicable law, all in UBS Group AG's reporting currency and as appearing in the Relevant Accounts.

"**Distribution Compliance Period**" means the 40-day period commencing on (and including) the later of (i) the day on which the Notes are first offered to Persons other than distributors (as defined in Regulation S under the US Securities Act), and (ii) the day on which the closing of the offering of the Notes occurs.

"**DTC**" means The Depository Trust Company.

"**EEA Regulated Market**" means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets on financial instruments.

"**Effective Date**" has the meaning assigned to such term in subclause (i)(C) or (i)(D), as applicable, of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Event of Default**" has the meaning assigned to such term in clause (a) of Condition 12 (*Events of Default*).

"**Exempt Reorganisation**" means a Reorganisation where, immediately after completion of the relevant proceedings, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other Recognised Stock Exchange as UBS Group AG or Newco may determine.

"**Existing Benchmark Rate**" has the meaning assigned to such term in Condition 5(c) (*Interest – Benchmark replacement*).

**"Existing Shareholders"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Extraordinary Distribution"** means any Cash Distribution (i) that is expressly declared by UBS Group AG to be an extraordinary or special dividend or an extraordinary or special distribution to Shareholders as a class or any analogous or similar term, and (ii) the amount of which exceeds the arithmetic average of the ordinary dividend per Ordinary Share paid by UBS Group AG in the three most recently preceding calendar years (each such ordinary dividend translated, if necessary, into the currency in which the applicable Cash Distribution is expressed at the Prevailing Rate on the date on which such ordinary dividend was paid) by more than 25 per cent.

**"Extraordinary Publication Date"** means the Business Day on which a Reviewed Interim Measurement is published upon the instruction of FINMA, after FINMA has determined that the conditions for issuing a Trigger Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*) have been met.

**"Extraordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Fair Market Value"** means, with respect to any property on any date (the **"Relevant Valuation Date"**), the fair market value of that property as determined by an Independent Adviser, *provided* that:

- (a) the Fair Market Value of a cash amount shall be the amount of such cash;
- (b) where securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by an Independent Adviser), the Fair Market Value (i) of such securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of each of subclauses (i) and (ii), during the period of five dealing days on the relevant stock exchange or securities market commencing on the later of (x) the applicable Relevant Valuation Date and (y) the first dealing day on which such securities, options, warrants or other rights are publicly traded, or such shorter period as such securities, options, warrants or other rights are publicly traded; and
- (c) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such securities, options, warrants or other rights shall be determined by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Any amounts determined pursuant to the above shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on the Relevant Valuation Date. In addition, in the case of clause (a) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

**"Final Cancellation Date"** means the date specified in the Trigger Event Notice or a Viability Event Notice, as applicable, as being the date on which any Notes in relation to which no valid Settlement Shares Settlement Notice has been received by the Settlement Share Depository (or its designated agent(s)) on or before the Settlement Notice Cut-off Date shall be cancelled, which date is expected to be no more than 12 Business Days following the Settlement Notice Cut-off Date.

**"FINMA"** means the Swiss Financial Market Supervisory Authority FINMA and any successor thereto.

**"First Reset Date"** means 10 March 2030.

**"Fiscal Agency Agreement"** means the fiscal agency agreement dated as of 10 February 2021, among the Issuer, the Fiscal Agent, the Registrar, the Calculation Agent, the Swiss Paying Agent and the other Agents from time to time party thereto, as may be amended, supplemented or otherwise modified from time to time.

**"Fiscal Agent"** means Deutsche Bank Trust Company Americas, in its capacity as fiscal agent for the Notes, and includes any successor fiscal agent for the Notes appointed in accordance with the terms of the Fiscal Agency Agreement.

**"Fixed Interest Rate"** means 6.850 per cent. per annum.

**"Former Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"Global Certificate"** means a Regulation S Global Certificate and/or Rule 144A Global Certificate, as the case may be.

**"Going-Concern LR Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the leverage ratio (*Höchstverschuldungsquote*) of such bank.

**"Going-Concern RWA Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the risk weighted assets (*risikogewichtete Positionen*) of such bank.

**"Governmental Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Group"** means, at any time, the Group Holding Company and all its subsidiaries and other entities that are included in the Group Holding Company's consolidated capital adequacy reports prepared pursuant to National Regulations.

**"Group Holding Company"** means, at any time, the top Swiss holding company at such time of the financial group to which UBS Group AG belongs for purposes of preparing consolidated capital adequacy reports pursuant to National Regulations. As at the Issue Date, the Group Holding Company is UBS Group AG.

**"Higher-Trigger Amount"** means, as of any Publication Date, the sum of (i) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, outstanding on the relevant Balance Sheet Date that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, and (ii) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, issued after the relevant Balance Sheet Date, but prior to such Publication Date, that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, in the case of each of clauses (i) and (ii), as determined by UBS Group AG. For purposes of clause (ii) of this definition and, in the case of an Extraordinary Publication Date, clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable prevailing exchange rate on the last Business Day preceding the relevant Publication Date, as determined by UBS Group AG. In the case of an Ordinary Publication Date, for purposes of clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable exchange rate used for such purposes in the relevant Quarterly Financial Accounts.

**"Higher-Trigger Contingent Capital"** means any instrument issued by, or any other obligation of, any member of the Group that (i) is issued or owed to holders that are not members of the Group and (ii) is required pursuant to its terms to be converted into equity and/or fully or partially written down, or otherwise operating to increase the CET1 Capital, when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a threshold that is higher than the Threshold Ratio (with respect to the relevant Higher-Trigger Contingent Capital, its **"Higher-Trigger Threshold Ratio"**).

**"Higher-Trigger Threshold Ratio"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Contingent Capital".

**"Higher-Trigger Write-down/Conversion Date"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Write-down/Conversion Notice".

**"Higher-Trigger Write-down/Conversion Notice"** means a notice delivered pursuant to the terms of any Higher-Trigger Contingent Capital that notifies the holders thereof that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio and, consequently, that such Higher-Trigger Contingent Capital will be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, as applicable, as of a particular date (such date, the **"Higher-Trigger Write-down/Conversion Date"**). For the avoidance of doubt, if the terms and conditions of such Higher-Trigger Contingent Capital permit FINMA to waive the conversion into equity and/or write-down of such Higher-Trigger Contingent Capital notwithstanding the fact that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio, the non-issuance of such a waiver by FINMA between the relevant Publication Date and the Trigger Event Notice Date will be deemed equivalent to the delivery of a Higher-Trigger Write-down/Conversion Notice for purposes of subclause (ii) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Holder"** means, with respect to any Note, the Person in whose name the Certificate representing such Note is registered in the Register. For the avoidance of doubt, with respect to Notes represented by a Global Certificate, no Indirect Holder or other Person will be a Holder for purposes of these Terms and Conditions or such Notes or have any rights, or be owed any obligations by the Issuer, under such Notes.

**"IBA"** means ICE Benchmark Administration® Limited (or any successor administrator of the USD SOFR ICE Swap Rate® (or any successor label)).

**"Independent Adviser"** means an independent financial institution of international repute or an independent adviser of recognised standing and expertise, in either case, appointed by the Issuer at its own expense to make any determination that is required to be made, or may be made, by an Independent Adviser under these Terms and Conditions.

**"Independent Adviser Determination Cut-off Date"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Indirect Holder"** means, with respect to any Note represented by a Global Certificate, any Person (other than the Holder) that owns a beneficial interest in such Notes through a bank, broker or other financial institution that (i) participates in the book-entry system of DTC, Euroclear, Clearstream, Luxembourg and/or any other clearing system (each, a **"Relevant Clearing System"**), or (ii) holds an interest in such Note through a participant in the book-entry system of any Relevant Clearing System. No Indirect Holder will have any rights, or be owed any obligations by the Issuer, under the Notes.

**"Interest Payment Date"** has the meaning assigned to such term in subclause (ii) of Condition 5(a) (*Interest – Interest Payment Dates*).

**"Interest Period"** means each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next Interest Payment Date.

**"Interest Rate"** means the Fixed Interest Rate and/or Reset Interest Rate, as the case may be.

**"Issue Date"** means 10 September 2024.

**"Issuer"** means UBS Group AG in its capacity as issuer of the Notes.

**"Junior Obligations"** means (i) all classes of share capital and participation securities (if any) of the Issuer and (ii) all other obligations of the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation.

**"Margin"** means 3.630 per cent. per annum.

**"Mid Market Swap Rate"** means, in relation to any Reset Interest Period:

- (a) the USD SOFR ICE Swap Rate on the Reset Determination Date in relation to such Reset Interest Period as it appears on the MMSR Page on such Reset Determination Date; or
- (b) if such USD SOFR ICE Swap Rate does not appear on the MMSR Page on such Reset Determination Date, the Reset Reference Bank Rate in relation to such Reset Interest Period.

**"Mid Market Swap Rate Quotation"** means, in relation to any Reset Interest Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/360 day count basis) of a fixed-for-floating USD interest rate swap transaction that:

- (a) has a term of five years commencing on the Reset Date on which such Reset Interest Period commences; and
- (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on SOFR compounded in arrear for 12 months (calculated on an Actual/360 day count basis).

**"MMSR Page"** means Bloomberg page USISSO05 Index (or (i) such other page as may replace that page on Bloomberg (or on any successor to Bloomberg), or (ii) if there is no such replacement page on Bloomberg (or on any successor to Bloomberg), such other page on such other information service, in the case of each of clauses (i) and (ii), on which the USD SOFR ICE Swap Rate is displayed and as selected by the Issuer after consultation with the Calculation Agent).

**"National Regulations"** means, at any time, (i) the Swiss national banking and capital adequacy laws, and (ii) the capital adequacy regulations promulgated by the Swiss Federal Council (*Bundesrat*) or FINMA and the interpretation thereof by FINMA or any other competent Swiss authority, in the case of each of clauses (i) and (ii), directly applicable to UBS Group AG (and/or, if different, the Group Holding Company) and/or the Group at such time.

**"New Conversion Condition"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Condition Effective Date"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Price"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"New York Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in New York City.

**"Newco"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Non-Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Notes"** means the USD 1,500,000,000 6.850 per cent. Tier 1 Capital Notes issued by the Issuer on the Issue Date.

**"OECD"** means the Organisation for Economic Co-operation and Development.

**"Offer Settlement Period"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Ordinary Publication Date"** means each Business Day on which Quarterly Financial Accounts are published.

**"Ordinary Shares"** means the registered ordinary shares of UBS Group AG, which as of the Issue Date have a par value of USD 0.10 each. The Ordinary Shares deliverable on Conversion will be newly issued from the capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) and/or Conversion Capital of UBS Group AG, and rank *pari passu* with all other registered ordinary shares of UBS Group AG for any and all distributions payable on them on or after the relevant Share Creation Date.

**"Ordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Other Tier 1 Contingent Convertible Capital Note"** means any capital instrument (other than the Notes) that:

- (a) is eligible in full to be (i) treated as Additional Tier 1 Capital and (ii) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both); and
- (b) subject to the terms and conditions thereof, is to be converted into Ordinary Shares when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a certain threshold and/or a Viability Event (or equivalent event described in the terms and conditions thereof) occurs.

**"Parity Obligations"** means (i) all obligations of the Issuer in respect of Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes), and (ii) any other securities or obligations (including, without limitation, any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with claims in respect of the Notes and/or any Parity Obligation.

**"Paying Agent"** has the meaning assigned to such term in subclause (c)(i) of Condition 9 (*Payments; Agents*).

**"Payment Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in New York City.

**"Permitted Transactions"** means:

- (a) repurchases, redemptions or other acquisitions of any Ordinary Shares in connection with (x) any employment contract, benefit plan or similar arrangement with, or for the benefit of, any employees, officers, directors or consultants of any member of the Group, (y) a dividend reinvestment or shareholder share purchase plan or (z) the issuance of any Ordinary Shares (or securities convertible into, or exercisable for, Ordinary Shares) as consideration for an acquisition consummated by any member of the Group;
- (b) market-making in Ordinary Shares as part of the securities business of any member of the Group;

- (c) purchases of fractional interests in any Ordinary Shares pursuant to the conversion or exchange provisions of (x) such Ordinary Shares or (y) any security convertible into, or exercisable for, Ordinary Shares;
- (d) redemptions or repurchases of Ordinary Shares pursuant to any shareholders' rights plan; and
- (e) distributions in cash or in kind on, or repurchases, redemptions or other acquisitions of, any Ordinary Shares as a part of any solvent reorganisation, reconstruction, amalgamation or merger of any member of the Group, so long as such member (or the successor entity resulting from such reorganisation, reconstruction, amalgamation or merger) continues to be a member of the Group.

**"Person"** means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organisation or government or any agency or political subdivision thereof.

**"Presentation Currency"** means (i) with respect to any Quarterly Financial Accounts, the presentation currency of such Quarterly Financial Accounts, and (ii) with respect to any Reviewed Interim Measurement, the Presentation Currency of the Quarterly Financial Accounts that will be prepared for the relevant financial quarterly or annual period in which the relevant Extraordinary Publication Date falls.

**"Prevailing Rate"** means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (New York City time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (New York City time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Adviser determines to be appropriate.

**"Protective Measures"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Public Sector"** means the government of, or a governmental agency or the central bank in, the country of incorporation of the Group Holding Company.

**"Publication Date"** means an Ordinary Publication Date or an Extraordinary Publication Date, as the case may be.

**"Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Quarterly Financial Accounts"** means (i) the financial statements of the Group (including, without limitation, the notes thereto) in respect of a financial quarter published by the Group Holding Company, which have been reviewed by the Auditor in accordance with the International Standards on Auditing; *provided, however*, that, if the financial statements of the Group in respect of the last quarter of any year are not so reviewed, the term "Quarterly Financial Accounts" in respect of such quarter will mean instead the annual financial statements of the Group (including, without limitation, the notes thereto) in respect of such year, which have been audited by the Auditor in accordance with the International Standards on Auditing and are published in the annual report of the Group Holding Company for such year, or (ii) in the event that the Group does not publish quarterly financial statements as described in clause (i) of this definition, the financial disclosures published by the Group pursuant to and in compliance with FINMA Circular 2016/01 "Capital Adequacy Disclosures Banks", as amended and as may be further amended from time to time, or pursuant to and in compliance with any successor circular or regulation applicable to the Group Holding Company, *provided* that such financial disclosures are published for each financial quarter and the interim earnings included in such disclosures have been reviewed by the Auditor in accordance with International Standards on Auditing.

**"QIB"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).



**"Recognised Stock Exchange"** means an EEA Regulated Market, a regulated, regularly operating, recognised stock exchange in Switzerland or any other regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

**"Record Date"** means, with respect to any Scheduled Due Date, the last Relevant Banking Day immediately preceding such Scheduled Due Date.

**"Redemption Date"** has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

**"Redemption Notice"** has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

**"Reference Period"** has the meaning assigned to such term in the definition of the term "Current Market Price".

**"Register"** means the register that the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement.

**"Registrar"** means Deutsche Bank Trust Company Americas, in its capacity as registrar for the Notes, and includes any successor registrar for the Notes appointed in accordance with the Fiscal Agency Agreement.

**"Regulation S Global Certificate"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

**"Regulatory Event"** has the meaning assigned to such term in subclause (ii) of Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*).

**"Relevant Accounts"** means, in respect of any Interest Payment Date, the most recently published audited unconsolidated annual financial statements of UBS Group AG prepared in accordance with the Swiss Code.

**"Relevant Banking Day"** means a day other than a Saturday or Sunday, on which banks are open for business in the place of the Specified Office of the Registrar and the Fiscal Agent.

**"Relevant Clearing System"** has the meaning assigned to such term in the definition of the term "Indirect Holder".

**"Relevant Currency"** means USD or, if at the relevant time or for the purposes of the relevant calculation or determination there is a Relevant Stock Exchange but the New York Stock Exchange is not the Relevant Stock Exchange (or is the Relevant Stock Exchange but the Ordinary Shares are not quoted or dealt in thereon in USD), the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

**"Relevant Date"** means, with respect to any payment, (i) the date on which such payment first becomes due under the Notes (the **"Scheduled Due Date"**), or (ii) if the full amount of the money payable on the Scheduled Due Date has not been received by the Fiscal Agent on or before the Scheduled Due Date, the date on which the full amount of the money due on the Scheduled Due Date has been received by the Fiscal Agent.

**"Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Relevant Page"** means the page on Bloomberg or such other information service provider that displays the relevant information.

**"Relevant Shares"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Relevant Stock Exchange"** means the New York Stock Exchange or, if at the relevant time the Ordinary Shares are not listed and admitted to trading on the New York Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing (if any).

**"Relevant Time"** means 11:00 a.m. (New York City time).

**"Reorganisation"** means proceedings that effect the interposition of a corporation or other limited liability company ("**Newco**") between the Shareholders immediately prior to such proceedings (the "**Existing Shareholders**") and UBS Group AG, *provided* that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders, (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco or the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, as the case may be, are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings, (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned subsidiaries of Newco are) the only shareholder of UBS Group AG, (iv) all subsidiaries of UBS Group AG immediately prior to such proceedings (other than Newco, if Newco is then a subsidiary of UBS Group AG) are subsidiaries of UBS Group AG (or of Newco) immediately after completion of such proceedings, and (v) immediately after completion of such proceedings, UBS Group AG (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those subsidiaries as was held by UBS Group AG immediately prior to such proceedings.

**"Reset Date"** means the First Reset Date and each day that falls on the fifth anniversary of the immediately preceding Reset Date.

**"Reset Determination Date"** means, in relation to any Reset Interest Period, the day falling two Business Days prior to the Reset Date on which such Reset Interest Period commences.

**"Reset Interest Amount"** has the meaning assigned to such term in Condition 5(b) (*Interest – Determination of the Mid Market Swap Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*).

**"Reset Interest Period"** means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date.

**"Reset Interest Rate"** means, in relation to any Reset Interest Period, the sum of the Margin and the Mid Market Swap Rate in relation to such Reset Interest Period.

**"Reset Reference Bank Rate"** means, in relation to any Reset Interest Period, the percentage rate (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent as follows:

- (a) the Calculation Agent will request each Reset Reference Bank to provide it with such Reset Reference Bank's Mid Market Swap Rate Quotation in relation to such Reset Interest Period as at the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period; and
- (b) if at least three such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the Mid Market Swap Rate Quotations provided, eliminating the highest Mid Market Swap Rate Quotation (or, in the event of equality, one of the highest) and the lowest Mid Market Swap Rate Quotation (or, in the event of equality, one of the lowest); or
- (c) if only two such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the Mid Market Swap Rate Quotations provided; or
- (d) if only one such Mid Market Swap Rate Quotation is provided, the Reset Reference Bank Rate will be the Mid Market Swap Rate Quotation provided; or
- (e) if no such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be (i) if such Reset Determination Date is in relation to any Reset Interest Period other than the Reset Interest Period commencing on the First Reset Date, the Mid Market Swap Rate in respect of the immediately preceding Reset Interest Period, or (ii) if such Reset Determination Date is in relation to the Reset Interest Period commencing on the First Reset Date, 3.220 per cent. per annum.

**"Reset Reference Banks"** means five major banks in the swap, money, securities or other market most closely connected with the Mid Market Swap Rate, as selected by the Issuer after consultation with the Calculation Agent.

**"Restructuring Proceedings"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Reviewed Interim Measurement"** means an interim measurement of the CET1 Ratio, with respect to which the Auditor has performed procedures in accordance with the International Standard on Related Services (and relevant Swiss standards and practices) applicable to agreed-upon procedures engagements.

**"Rule 144A"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

**"Rule 144A Global Certificate"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

**"Scheduled Due Date"** has the meaning assigned to such term in the definition of the term "Relevant Date".

**"Securities"** means any shares in the capital of UBS Group AG, or any options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of UBS Group AG, excluding all Other Tier 1 Contingent Convertible Capital Notes (and each a "Security").

**"Senior Obligations"** means all obligations of the Issuer that are unsubordinated or that are subordinated and do not constitute either Junior Obligations or Parity Obligations.

**"Settlement Agency Agreement"** means the Settlement Agency Agreement dated as of the Issue Date, between the Issuer and the Settlement Agent, as amended, supplemented or otherwise modified from time to time.

**"Settlement Agent"** means UBS AG, in its capacity as settlement agent for the Notes, and includes any successor settlement agent for the Notes appointed in accordance with these Terms and Conditions.

**"Settlement Date"** means:

- (a) with respect to any Note in relation to which a valid Settlement Shares Settlement Notice is received by the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) on or before the Settlement Notice Cut-off Date,
  - (i) if the Trigger Event Notice specified that the Issuer will not appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer or if the Issuer gave a Viability Event Notice, the date that is two Business Days after the date on which the relevant Settlement Shares Settlement Notice has been so received by the Settlement Share Depository (or such agent); or
  - (ii) if the Trigger Event Notice specified that the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, the date that is two Business Days after the later of (x) the date on which the Offer Settlement Period expires or is terminated and (y) the date on which the relevant Settlement Shares Settlement Notice has been so received by the Settlement Share Depository (or such agent); and
- (b) with respect to any Note in relation to which a valid Settlement Shares Settlement Notice is not received by the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) on or before the Settlement Notice Cut-off Date, the date on which the Settlement Share Depository delivers the relevant Ordinary Shares and/or cash proceeds of the Settlement Shares Offer, as applicable, to which the Holder of such Note is entitled pursuant to Condition 8 (*Conversion*) to such Holder.

**"Settlement Notice Cut-off Date"** means the date specified as such in the Trigger Event Notice or Viability Event Notice, as applicable, which date shall be at least 20 Business Days following the applicable Suspension Date.

**"Settlement Share Depository"** means a reputable independent financial institution, clearing institution, trust company or similar entity, to be appointed by the Issuer on or prior to any date when a function ascribed to the Settlement Share Depository in these Terms and Conditions is required to be performed to perform such functions, who will hold Ordinary Shares in a designated trust account for the benefit of the Holders and otherwise on terms consistent with these Terms and Conditions.

**"Settlement Shares Offer"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Offer Agent"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Settlement Notice"** has the meaning given to it in Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*).

**"Share Creation Date"** means, in relation to Ordinary Shares to be issued and delivered on Conversion, the date falling after the relevant Trigger Event Notice or Viability Event Notice, as the case may be, and on or prior to the applicable Conversion Date on which as a matter of Swiss law the relevant Ordinary Shares are paid up.

**"Shareholders"** means the holders of Ordinary Shares.

**"SOFR"** means the daily Secured Overnight Financing Rate provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate).

**"Specified Office"** means (i) in the case of Deutsche Bank Trust Company Americas, as Fiscal Agent, Paying Agent and Registrar, Trust and Agency Services, 1 Columbus Circle, 17th Floor, Mail Stop: NYC01-1710, New York, NY 10019, USA, Attn: Corporates Team, UBS Group AG, (ii) in the case of UBS AG, as Swiss Paying Agent, Calculation Agent and Settlement Agent, Bahnhofstrasse 45, 8001 Zurich, Switzerland, (iii) in the case of any other Agent, such office as is notified by the Issuer to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after the appointment of such Agent, and (iv) in the case of the Settlement Share Depository, the office designated as such in the relevant Trigger Event Notice or Viability Event Notice, as the case may be, or, in the case of each of clauses (i), (ii), (iii) and (iv), such other office as the relevant Agent or Settlement Share Depository may designate from time to time by providing notice to the Issuer and the Holders in accordance with Condition 14 (*Notices*).

**"Substitute Issuer"** has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

**"Substitution Documents"** has the meaning assigned to such term in subclause (a)(iv) of Condition 15 (*Issuer Substitution*).

**"Substitution or Amendment Effective Date"** has the meaning assigned to such term in subclause (b)(iii) of Condition 13 (*Meetings of Holders; Substitution and Amendment*).

**"Suspension Date"** means the date specified in the Trigger Event Notice or Viability Event Notice, as applicable, as the date on which the Depository is expected to suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures, which date is expected to be, if such Trigger Event Notice specifies that the Issuer will appoint

a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, as proximate to the expiration or termination of the Offer Settlement Period as is reasonably practicable in accordance with the rules and procedures of the Depositary; *provided, however*, that, for purposes of Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*) only, if the date on which the Depositary actually suspends such clearance and settlement is different from the date specified in the Trigger Event Notice or Viability Event Notice, as applicable, then "Suspension Date" will mean the date on which the Depositary actually suspends such clearance and settlement.

**"Swiss Banking Act"** means the Swiss Federal Act on Banks and Savings Institutions of 8 November 1934, as amended and as may be further amended from time to time.

**"Swiss Code"** means the Swiss Code of Obligations of 30 March 1911, as amended and as may be further amended from time to time.

**"Swiss Paying Agent"** has the meaning assigned to such term in subclause (c)(i) of Condition 9 (*Payments; Agents*).

**"Swiss Resolution Power"** means any statutory power of FINMA that it may exercise during Restructuring Proceedings as set forth in article 28 et seqq. of the Swiss Banking Act or in any implementing ordinance or successor Swiss law or regulation or analogous Swiss law or regulation applicable to bank holding companies incorporated under the laws of Switzerland such as UBS Group AG, including, without limitation, the power to (i) transfer the assets of the entity subject to such Restructuring Proceedings, or portions thereof, together with such entity's debt, other liabilities and contracts, or portions thereof, to another entity, (ii) stay (for a maximum of two business days) the termination of, or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of certain types of collateral or (z) rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Restructuring Proceedings is a party, (iii) partially or fully convert the debt of the entity subject to such Restructuring Proceedings into equity, and/or (iv) partially or fully write-down the obligations of the entity subject to such Restructuring Proceedings.

**"Tax Event"** has the meaning assigned to such term in subclause (ii) of Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*).

**"Tax Jurisdiction"** means Switzerland.

**"Taxes"** has the meaning assigned to such term in clause (a) of Condition 10 (*Taxation*).

**"Threshold Ratio"** means 7 per cent.

**"Tier 1 Capital"** means Additional Tier 1 Capital or any item that qualifies as common equity tier 1 capital pursuant to National Regulations.

**"Tier 1 Instruments"** means any and all (i) securities or other obligations (other than Tier 1 Shares) issued by UBS Group AG or (ii) shares, securities, participation securities or other obligations (other than Tier 1 Shares) issued by a subsidiary of UBS Group AG and having the benefit of a guarantee, credit support agreement or similar undertaking of UBS Group AG, each of which shares, securities, participation securities or other obligations described in clauses (i) and (ii) of this definition qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of the Group and/or UBS Group AG (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Tier 1 Shares"** means all classes of share capital and participation certificates (if any) of UBS Group AG or any subsidiary of UBS Group AG that qualify as common equity tier 1 capital of the Group and/or UBS Group AG under National Regulations on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Trigger Breach Determination Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger CET1 Ratio"** means, as of any Publication Date, (i) the sum of (x) the CET1 Capital as of the relevant Balance Sheet Date and (y) the Higher-Trigger Amount as of such Publication Date, divided by (ii) the BIS Risk Weighted Assets as of the relevant Balance Sheet Date, expressed as a percentage.

**"Trigger Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(a) (*Trigger Event and Viability Event – Trigger Event*).

**"Trigger Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice Date"** means an Ordinary Trigger Event Notice Date or an Extraordinary Trigger Event Notice Date, as the case may be.

**"US"** or **"United States"** means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

**"US Exchange Act"** means the US Securities Exchange Act of 1934, as amended and as may be further amended from time to time.

**"US Investment Company Act"** means the US Investment Company Act of 1940, as amended and as may be further amended from time to time.

**"US Securities Act"** means the US Securities Act of 1933, as amended and as may be further amended from time to time.

**"US Transfer Agent"** means Computershare Trust Company, N.A., in its capacity as US transfer agent for the Ordinary Shares, and includes any successor US transfer agent for the Ordinary Shares that may be appointed by UBS Group AG from time to time.

**"USD"** means United States dollars.

**"USD SOFR ICE Swap Rate"** means, on any Reset Determination Date, the USD SOFR ICE Swap Rate® (or any successor label for such rate applied by IBA) published by IBA that represents the annual mid rate as of the Relevant Time on such Reset Determination Date for USD swap transactions with a term of five years and a floating leg based on SOFR compounded in arrear for 12 months.

**"Viability Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Viability Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Viability Event Notice"** has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Volume Weighted Average Price"** means, in respect of an Ordinary Share or other Security on any dealing day, the order book volume-weighted average price (rounded to the same number of decimal places as the initial Conversion Price) of an Ordinary Share or such other Security, as the case may be, published on or by or derived from (i) in the case of an Ordinary Share, the relevant Bloomberg page, or (ii) in the case of a Security other than Ordinary Shares, the principal stock exchange or securities market on which such Security is then listed or quoted or dealt in, if any, or, in the case of each of clauses (i) and (ii), such other source as an Independent Adviser determines to be appropriate, on such dealing day, *provided* that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or such other Security, as the case may be, in respect of such dealing day shall be (i) the Volume Weighted Average Price, determined as provided above, on the most recently preceding dealing day on which the same can be so determined, or (ii) determined in such other manner as an Independent Adviser determines to be appropriate.

2. **AMOUNT, DENOMINATION AND FORM**

(a) *Amount and denomination*

The initial aggregate principal amount of the Notes will be USD 1,500,000,000. The Notes will be issued to Holders in minimum denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof. The Notes may be held and transferred only in minimum denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof.

(b) *Global Certificates*

(i) Notes that are initially sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A under the US Securities Act ("**Rule 144A**") are initially represented by one or more permanent registered global certificates (each, a "**Rule 144A Global Certificate**"), without interest coupons, deposited with the Fiscal Agent as custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Notes that are initially sold in an "offshore transaction" within the meaning of Regulation S of the US Securities Act are initially represented by one or more permanent registered global certificates (each, a "**Regulation S Global Certificate**"), without interest coupons, deposited with the Fiscal Agent as custodian for, and registered in the name of Cede & Co. as nominee for, DTC, *provided* that upon such Regulation S Global Certificate's deposit, all beneficial interests in the Notes represented thereby are maintained at or through Euroclear and/or Clearstream, Luxembourg until expiration of the Distribution Compliance Period. The form of Regulation S Global Certificate and the form of Rule 144A Global Certificate are set out in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.

(ii) The aggregate principal amount of the Notes represented by each of the Global Certificates may from time to time be increased or decreased by adjustments made on the records of the Registrar. Each Global Certificate shall have affixed a schedule for the purpose of recording adjustments in the aggregate principal amount thereof; *provided, however*, that, in the event of a discrepancy between the principal amounts recorded on such schedule and the amounts listed on the records of the Registrar, the principal amounts listed on the records of the Registrar will control. Any beneficial interest of an Indirect Holder in any Note represented by one of the Global Certificates that is transferred to a Person who takes delivery in the form of a beneficial interest in such Note represented by another Global Certificate will, upon transfer, cease to be a beneficial interest in such first Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Certificate for as long as it retains such an interest.

(iii) So long as the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, the Holder of a Global Certificate may grant proxies and otherwise authorise any Person, including, without limitation, participants of a Relevant Clearing System and Persons that may hold interests through such participants, to take any action that the Holder is entitled to take under these Terms and Conditions or the Notes (including, without limitation, delivery of a Settlement Shares Settlement Notice following a Trigger Event or a Viability Event in accordance with Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*)), and nothing in these Terms and Conditions will prevent the Issuer or the Agents or the Settlement Share Depositary (if any) or any of their respective agents from giving effect to any such proxies or other authorisations furnished by the Holder of a Global Certificate for purposes of



this subclause (b)(iii). Although the Holders are the only Persons entitled to participate in, and vote at, any meeting of Holders, so long as the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, the Holder of a Global Certificate shall (A) obtain instructions from the relevant Indirect Holders in respect of any meeting of Holders, (B) vote at such meeting in respect of each Note represented by such Global Certificate in accordance with the instructions received from the relevant Indirect Holder and (C) abstain from representing any Note represented by such Global Certificate at a meeting of Holders for which it has not received an instruction from the relevant Indirect Holder. Only the Notes represented by such Global Certificate for which the Holder received an instruction by the relevant Indirect Holder to take part at a meeting of Holders will be deemed to be present or represented at such meeting.

(c) *Definitive Certificates*

- (i) Definitive Notes in registered form (each, a "**Definitive Certificate**") shall be issued, and a Global Certificate will be exchanged, in whole, but not in part, for Definitive Certificates, if (and only if):
  - (A) the Depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to some or all of the Global Certificates, or ceases to be a "clearing agency" registered under the US Exchange Act; or
  - (B) at any time the Depositary is no longer eligible to act as such, or the Notes cease for any reason to be eligible for clearing through the Depositary, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility of the Depositary or of the Notes, as the case may be, from or on behalf of the Depositary; or
  - (C) issuance of the Definitive Certificates is required by Swiss or other applicable laws or regulations in connection with the enforcement of rights under the Notes; or
  - (D) the Issuer provides its consent.
- (ii) If a Global Certificate is to be exchanged for Definitive Certificates pursuant to subclause (i) above, the Issuer will procure the prompt delivery (free of charge) of Definitive Certificates to the Fiscal Agent, duly executed without interest coupons, registered in the names of the relevant Indirect Holders, addresses and denominations provided in a written notice to be given by the Depositary or the Issuer to the Fiscal Agent (which notice shall be given subject to the Depositary's procedures and also specify the taxpayer identification number, if any, of each Person in whose name such Definitive Certificates are to be registered). Upon written direction of the Issuer, the Fiscal Agent will deliver such Definitive Certificates to the Holders thereof no later than five Business Days after receipt by the Fiscal Agent of the written notice provided by the Depositary (or the Issuer, as applicable) referred to above (and any other necessary information as the Fiscal Agent may reasonably request from the Issuer at such time). The Fiscal Agent shall promptly cancel and deliver to the Issuer the surrendered Global Certificates. The form of Definitive Certificate that will be issued in exchange for a beneficial interest in a Note represented by a Rule 144A Global Certificate and the form of Definitive Certificate that will be issued in exchange for a beneficial interest in a Note represented by a Regulation S Global Certificate are set out in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.
- (iii) If Definitive Certificates have been issued pursuant to this Condition 2(c), any Definitive Certificate that is lost, stolen, mutilated, defaced or destroyed may be replaced, subject to applicable laws and regulations, at the Specified Office of the

Fiscal Agent upon payment by the claimant of the fees, costs and expenses incurred by the Fiscal Agent and the Issuer in connection therewith and on such terms as to evidence, security and indemnity (which may provide, among other things, that if the Definitive Certificate allegedly or actually lost, stole or destroyed is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Certificate subsequently presented) as the Issuer may require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

### 3. **TRANSFER**

#### (a) *General*

- (i) Subject to clauses (b) and (c) of this Condition 3, title to Notes will pass on transfer by assignment (*Zession*) and due registration in the Register. All transfers of Notes and entries on the Register will be made subject to the provisions concerning transfers of Notes set forth in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.
- (ii) Transfers of Notes, or of beneficial interests in Notes represented by Global Certificates, may be made only in accordance with the legend set forth upon the face of the applicable Global Certificate or Definitive Certificate, and the Registrar will not be required to accept for registration of transfer any Note or beneficial interests in Notes except upon presentation of evidence satisfactory to the Fiscal Agent and the Registrar that such transfer is being made in compliance with such legend.
- (iii) Transfers of Notes and the issue of new Global Certificates or Definitive Certificates, as the case may be, on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to the transfer (or the giving of such indemnity as the Fiscal Agent or the Registrar may require) by the Holder.
- (iv) No Holder may require the transfer of a Note to be registered (x) if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*), during the period of 15 days ending on (and including) the relevant Redemption Date, or (y) during the period of 15 days ending on (and including) the Record Date for any Interest Payment Date.
- (v) No Person (including any Indirect Holder) other than the Holder(s) will have any rights, or be owed any obligations by the Issuer, under the Notes. Payments of principal, interest or any other amount in respect of Notes will be made only to the Person shown on the Register as the registered holder of such Note (i.e., the Holder) at close of business on the relevant Record Date.

#### (b) *Transfer of Notes represented by a Global Certificate*

- (i) Global Certificates may be transferred only in whole, but not in part, and only to a Relevant Clearing System or any of their respective successors or nominees, in each case located outside of Switzerland, except as provided below. Beneficial interests of Indirect Holders in Notes represented by Global Certificates may be transferred only in accordance with the rules and procedures of such Relevant Clearing System, the provisions of the Fiscal Agency Agreement and this Condition 3(b).
- (ii) A beneficial interest in a Note represented by a Regulation S Global Certificate may be transferred to a Person who takes delivery in the form of a beneficial interest in a Note represented by a Rule 144A Global Certificate during the

Distribution Compliance Period, only if such exchange occurs in connection with a transfer of beneficial interests in the Notes pursuant to Rule 144A and the transferor first delivers to the Fiscal Agent and the Registrar a written certificate substantially in the form of a certificate available on request from the Registrar to the effect that the beneficial interests in the Notes are being transferred to a Person who the transferor reasonably believes is a QIB within the meaning of Rule 144A under the US Securities Act, purchasing the beneficial interests in the Notes for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

- (iii) A beneficial interest in a Note represented by a Rule 144A Global Certificate may be transferred to a Person who takes delivery in the form of a beneficial interest in a Note represented by a Regulation S Global Certificate, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the Fiscal Agent and the Registrar a written certificate substantially in the form of a certificate available on request from the Registrar to the effect that the transfer is being conducted in compliance with Rule 903 or Rule 904 of Regulation S under the US Securities Act.
- (iv) Until the termination of the Distribution Compliance Period, beneficial interests in any Regulation S Global Certificate may be held only through participants acting for and on behalf of Euroclear and/or Clearstream, Luxembourg, *provided* that this subclause (iv) shall not prohibit any transfer in accordance with subclause (ii) above.

(c) *Transfer of Notes represented by a Definitive Certificate*

- (i) If and when Definitive Certificates have been issued pursuant to Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*), one or more Notes may be transferred only in accordance with the legends set forth upon the face of the relevant Definitive Certificate and only upon the surrender (at the Specified Office of the Registrar) of the Definitive Certificate representing such Notes to be transferred, together with the form of transfer attached to such Definitive Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Fiscal Agent and the Registrar may reasonably require. A new Definitive Certificate shall be issued to the transferee in respect of the Notes that are the subject of the relevant transfer and, in the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate in respect of the balance of the Notes not transferred shall be issued to the transferor. In the case of a transfer of Notes to a Person who is already a Holder, a new Definitive Certificate representing the enlarged holding may be issued but only against surrender of the Definitive Certificate representing the existing holding of such Person.
- (ii) Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*) shall be available for delivery within three Relevant Banking Days of receipt of the form of transfer and surrender of the relevant Definitive Certificate. Delivery of new Definitive Certificate(s) will be made at the Specified Office of the Fiscal Agent to which delivery and surrender of such form of transfer and Definitive Certificate or, as the case may be, surrender of such Definitive Certificate, will have been made or, at the option of the relevant Holder and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Definitive Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the Fiscal Agent the costs of such other method of delivery and/or such insurance as it may specify.

(d) *Rule 144A*

Each Note that is initially sold in the United States to a QIB will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be sold, pledged or otherwise transferred, except (i) in accordance with Rule 144A to a Person that the Holder and any Person acting on its behalf reasonably believe is a QIB that is acquiring the Notes for its own account or for the account of one or more QIBs, (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the US Securities Act, (iii) pursuant to an exemption from registration under Rule 144 under the US Securities Act, or in accordance with another exemption from, or in a transaction not subject to, registration under the US Securities Act, if available, or (iv) pursuant to an effective registration statement under the US Securities Act, in each case, in accordance with any applicable securities laws of any state of the United States.

4. **STATUS AND SUBORDINATION**

(a) *Status*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer under the Notes are subordinated as described in clause (b) of this Condition 4.

(b) *Subordination*

In the event of (i) a Bankruptcy Event or (ii) an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer (except, in any such case, a solvent liquidation or winding-up of the Issuer solely for purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business to the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved by a valid resolution of the Holders and (y) do not provide that the Notes shall become redeemable in accordance with these Terms and Conditions),

(i) if such event occurs prior to the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes will, subject to any obligations that are mandatorily preferred by law, rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) *pari passu* with the rights and claims of holders of Parity Obligations, and (C) senior to the rights and claims of holders of Junior Obligations; *provided, however*, that, if a Trigger Event or a Viability Event subsequently occurs while such Bankruptcy Event or liquidation or winding-up, as the case may be, is continuing, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank as set forth in subclause (ii) below; or

(ii) if such event occurs on or after the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) junior to the rights and claims of holders of Parity Obligations, and (C) *pari passu* with the rights and claims of holders of Junior Obligations.

(c) *Claims subject to a Conversion*

Any claim of any Holder in respect of or arising under the Notes (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer subject to enforcement by any Holder pursuant to Condition 12 (*Events of Default*) or in relation to the occurrence of any other Event of Default) will be subject to, and superseded by, Condition 8 (*Conversion*), irrespective of whether the relevant Trigger Event or Viability Event, as applicable, has occurred, or, in the case of a Viability Event,

the relevant Viability Event Notice has been given, prior to or after the occurrence of an Event of Default or any other event.

## 5. INTEREST

### (a) *Interest Payment Dates*

- (i) Subject to Condition 8 (*Conversion*) and clause (h) of this Condition 5, the Notes will bear interest on their principal amount (A) from (and including) the Issue Date to (but excluding) the First Reset Date, at the Fixed Interest Rate, and (B) thereafter, at the applicable Reset Interest Rate.
- (ii) Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, interest on the Notes will be payable semi-annually in arrear on 10 March and 10 September of each year (each, an "**Interest Payment Date**"), commencing on 10 March 2025.

### (b) *Determination of the Mid Market Swap Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*

With respect to each Reset Interest Period and subject to clause (c) of this Condition 5, the Calculation Agent will, as soon as practicable after the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period, determine the Mid Market Swap Rate and the Reset Interest Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period (each, a "**Reset Interest Amount**").

### (c) *Benchmark replacement*

If the Issuer (in consultation with the Calculation Agent) determines prior to any Reset Determination Date that (x) the rate referred to in clause (a) of the definition of the term "Mid Market Swap Rate" (the "**Existing Benchmark Rate**") has been discontinued or (y) there has been a public statement or publication of information by the administrator of the Existing Benchmark Rate or the regulatory supervisor for the administrator of the Existing Benchmark Rate announcing that the Existing Benchmark Rate is no longer representative, then the following provisions shall apply (subject to the subsequent operation of this Condition 5(c)):

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine in the Independent Adviser's discretion, in accordance with subclause (iv) below, an alternative rate to the Existing Benchmark Rate (the "**Alternative Benchmark Rate**") no later than three Business Days prior to the Reset Determination Date relating to the next succeeding Reset Interest Period (such Business Day, the "**Independent Adviser Determination Cut-off Date**", and such next succeeding Reset Interest Period, the "**Affected Reset Interest Period**") for purposes of determining the Mid Market Swap Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (ii) if prior to the Independent Adviser Determination Cut-off Date the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to determine an Alternative Benchmark Rate in accordance with subclause (iv) below, then the Issuer (in consultation with the Calculation Agent) may determine in its discretion, in accordance with subclause (iv) below, the Alternative Benchmark Rate for purposes of determining the Mid Market Swap Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (iii) if subclause (ii) above applies and the Issuer is unable or unwilling to determine the Alternative Benchmark Rate prior to the Reset Determination Date relating to the Affected Reset Interest Period in accordance with subclause (iv) below, the Mid Market Swap Rate in respect of the Affected Reset Interest Period will be equal to the Mid Market Swap Rate in respect of the immediately

preceding Reset Interest Period (or, if there is no preceding Reset Interest Period, the Reset Interest Rate applicable to the Affected Reset Interest Period will be equal to the Fixed Interest Rate); *provided, however*, that, if this subclause (iii) applies to the Affected Reset Interest Period, the Reset Interest Rate for all succeeding Reset Interest Periods will be the Reset Interest Rate applicable to the Affected Reset Interest Period as determined in accordance with this subclause (iii) unless (A) the Issuer, in its sole discretion, elects to determine an Alternative Benchmark Rate in respect of any such succeeding Reset Interest Period and all Reset Interest Periods thereafter in accordance with the processes set out in this Condition 5(c), and (B) an Alternative Benchmark Rate is so determined;

- (iv) in the case of any determination of an Alternative Benchmark Rate pursuant to subclause (i) or (ii) above, such Alternative Benchmark Rate will be such rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent), as applicable, determines in its reasonable discretion has replaced the Existing Benchmark Rate in customary market usage, or, if the Independent Adviser or the Issuer, as applicable, determines in its reasonable discretion that there is no such rate, such other rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent) determines in its reasonable discretion is most comparable to the Existing Benchmark Rate; and
- (v) if the Independent Adviser or the Issuer determines an Alternative Benchmark Rate in accordance with the above provisions of this Condition 5(c),
  - (A) the Independent Adviser (in the case of subclause (2) below, in consultation with the Issuer) or, following consultation with the Calculation Agent, the Issuer (as the case may be) shall also determine in its reasonable discretion (1) the method for obtaining such Alternative Benchmark Rate, including the page on or source from which such Alternative Benchmark Rate appears or is obtained (the "**Alternative MMSR Page**"), and the time at which such Alternative Benchmark Rate appears on, or is obtained from, the Alternative MMSR Page (the "**Alternative Relevant Time**"), (2) whether to apply an Adjustment Spread to such Alternative Benchmark Rate and, if so, the Adjustment Spread, which Adjustment Spread must be recognised or acknowledged as being in customary market usage in international debt capital markets transactions that reference the Existing Benchmark Rate, where such rate has been replaced by such Alternative Benchmark Rate, and (3) any alternative method for determining the Mid Market Swap Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date, which alternative method shall be consistent with any Alternative Benchmark Rate that has broad market support;
  - (B) for the Affected Reset Interest Period and all Reset Interest Periods thereafter, (1) clause (a) of the definition of the term "Mid Market Swap Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(1) above and any Adjustment Spread determined pursuant to subclause (A)(2) above, and (2) clause (b) of the definition of the term "Mid Market Swap Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(3) above;
  - (C) references to the MMSR Page and the Relevant Time in these Terms and Conditions will be deemed to be references to the Alternative MMSR Page and the Alternative Relevant Time, respectively;
  - (D) if any changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" are necessary in order to implement the amendments described in subclause (B) above, such definitions shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to reflect such changes; and

- (E) the Issuer shall promptly give notice to the Holders in accordance with Condition 14 (*Notices*) specifying such Alternative Benchmark Rate (including any Adjustment Spread determined pursuant to subclause (A)(2) above and any alternative method for determining the Mid Market Swap Rate described in subclause (A)(3) above), the Alternative MMSR Page, the Alternative Relevant Time, and any amendments implemented pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) as described in subclauses (B) and (D) above.

Any determination that is made by an Independent Adviser or by the Issuer for purposes of this Condition 5(c) will be made in good faith and in a commercially reasonable manner.

(d) *Publication of Reset Interest Rate and interest amount payable upon redemption*

With respect to each Reset Interest Period, as soon as practicable after such determination but in any event no later than the relevant Reset Date, the Calculation Agent will cause (i) the relevant Reset Interest Rate and the relevant Reset Interest Amount determined by it, together with the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Issuer and the Paying Agents and (ii) the relevant Reset Interest Rate determined by it to be notified to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*).

The Calculation Agent shall calculate any interest amount payable on any Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) and cause such interest amount to be notified to Issuer and the Paying Agents and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*) no later than two Business Days prior to such Redemption Date.

(e) *Calculation of amount of interest payable per Calculation Amount*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5:

- (i) the amount of interest payable per Calculation Amount on each Interest Payment Date falling on or before the First Reset Date will be USD 34.25; and
- (ii) if interest is required to be paid in respect of a Note on any other date (including, for the avoidance of doubt, the Reset Interest Amount), the amount of interest payable per Calculation Amount on such date will be calculated by:
  - (A) applying the applicable Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(f) *Calculation of amount of interest payable per Note*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, the amount of interest payable in respect of a Note will be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Calculation Amount is required to be multiplied to equal the denomination of such Note.



(g) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for purposes of this Condition 5, whether by the Reset Reference Banks (or any of them) or the Calculation Agent or the Independent Adviser, will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Reset Reference Banks (or any of them), the Calculation Agent or the Independent Adviser in connection with the exercise or non-exercise by the Calculation Agent or the Independent Adviser of its powers, duties and discretions under this Condition 5.

(h) *Accrual of interest in the case of redemption or a Trigger Event or a Viability Event*

(i) Subject to Condition 8 (*Conversion*), if the Notes are to be redeemed pursuant to Condition 6(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*) or Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*), interest on the Notes will accrue to (but excluding) the relevant Redemption Date, and will cease to accrue on such Redemption Date; *provided, however*, that if the payment with respect to any Note is improperly withheld or refused on such Redemption Date, interest will continue to accrue on the principal amount of such Note (both before and after judgment) at the relevant Interest Rate to the Relevant Date.

(ii) Upon the occurrence of a Trigger Event or a Viability Event, interest on the Notes will cease to accrue from (and including) the date on which such Trigger Event or Viability Event occurs.

(i) *Cancellation of interest; prohibited interest*

(i) The Issuer may, in its sole discretion, elect to cancel all or part of any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) that is otherwise scheduled to be paid on an Interest Payment Date. This subclause (i)(i) is without prejudice to the provisions of subclause (i)(ii) of this Condition 5. Non-payment of any amount of interest by the Issuer to the Fiscal Agent will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.

If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) pursuant to this subclause (i)(i) to the Holders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Holders any rights as a result of such failure.

(ii) The Issuer will be prohibited from making, in whole or in part, any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) on the relevant Interest Payment Date if and to the extent that:

(A) the amount of Distributable Items as at such Interest Payment Date is less than the sum of (1) the amount of such interest payment, plus (2) all other payments (other than redemption payments) made by UBS Group AG on or in respect of the Notes or any Parity Obligations or Junior Obligations since the balance sheet date of the Relevant Accounts and prior to such Interest Payment Date, plus (3) all payments (other than redemption payments) payable by UBS Group AG on such Interest Payment Date on or in respect of any Parity Obligations or Junior Obligations, in the case of each of subclauses (1), (2) and (3), excluding any portion of such payments already accounted for in determining the amount of such Distributable Items; and/or

(B) UBS Group AG is not, or will not immediately after the relevant payment of interest be, in compliance with all applicable minimum capital adequacy requirements of the National Regulations on a consolidated (*Finanzgruppe*) basis (for the avoidance of doubt, it being understood that such minimum requirements will reflect any reduction in such requirements granted by FINMA to the Group pursuant to the Capital Adequacy Ordinance); and/or

(C) FINMA has required the Issuer not to make such interest payment.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Fiscal Agent and shall give notice in accordance with Condition 14 (*Notices*) to the Holders, in each case as soon as practicable following any determination that interest is required to be cancelled pursuant to this subclause (i)(ii) or, where no such prior determination is made, promptly following any Interest Payment Date on which interest was scheduled to be paid if such interest is being cancelled in accordance with this subclause (i)(ii), to such effect setting out brief details as to the amount of interest being cancelled and the reason therefor. Failure to provide such certificate and notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or give any Holder any rights as a result of such failure.

(iii) If, on any Interest Payment Date, any payment of interest scheduled to be made on such date is not made in full pursuant to subclause (i)(i) or subclause (i)(ii) of this Condition 5, UBS Group AG shall not, directly or indirectly,

(A) recommend to Shareholders that any dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) be paid or made on any Ordinary Shares; or

(B) redeem, purchase or otherwise acquire any Ordinary Shares other than as a Permitted Transaction,

in each case unless and until (x) the interest payment due and payable on the Notes on any subsequent Interest Payment Date has been paid in full (or an amount equal to the same has been paid in full to a designated third party trust account for the benefit of the Holders prior to payment by the trustee thereof to the Holders on such subsequent Interest Payment Date) or, if earlier, (y) all outstanding Notes have been cancelled in accordance with these Terms and Conditions.

(iv) Payments of interest on the Notes are not cumulative. Notwithstanding any other provision in these Terms and Conditions, the cancellation or non-payment of any interest amount by virtue of this Condition 5(i) will not constitute a default for any purpose (including, without limitation, Condition 12 (*Events of Default*)) on the part of the Issuer. Any interest payment not paid by virtue of this Condition 5(i) will not accumulate or be payable at any time thereafter, and Holders will have no right thereto.

(v) If UBS Group AG determines, after consultation with FINMA, that the Notes do not, or will cease to, fully qualify as Additional Tier 1 Capital, (A) the Issuer shall not, to the extent permitted under National Regulations, exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments due on the Notes on any Interest Payment Date following the occurrence of such determination, and (B) the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after such determination stating that the Issuer may no longer exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments as from the date of such notice.

6. **REDEMPTION AND PURCHASE**

(a) *No fixed redemption date*

The Notes are perpetual securities in respect of which there is no fixed redemption date. Unless previously redeemed (including by way of Conversion pursuant to Condition 8 (*Conversion*)) or purchased and cancelled in accordance with this Condition 6 and subject to Condition 8 (*Conversion*), the Notes are perpetual and may only be redeemed or purchased in accordance with this Condition 6.

(b) *Redemption at the option of the Issuer*

Subject to clause (e) of this Condition 6, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, at any time during the six-month period from (and including) 10 September 2029 to (and including) the First Reset Date or on any Reset Date thereafter at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) the relevant Redemption Date.

(c) *Redemption due to a Tax Event*

(i) Subject to clause (e) of this Condition 6, upon the occurrence of a Tax Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

(ii) A "**Tax Event**" will have occurred if the Issuer in making any payments on the Notes (A) has paid, or will or would on the next payment date be required to pay, Additional Amounts, or (B) has paid, or will or would be required to pay, any additional Tax in respect of the Notes, in the case of each of subclauses (A) and (B), under the laws or regulations of a Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws (including, without limitation, a decision of any court or tribunal, any generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any relevant tax authority), and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

(d) *Redemption due to a Regulatory Event*

(i) Subject to clause (e) of this Condition 6, upon the occurrence of a Regulatory Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

(ii) A "**Regulatory Event**" will have occurred if any of the Notes ceases to be eligible in full to be (A) treated as Additional Tier 1 Capital, and/or (B) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both).

(e) *Conditions for redemption*

(i) If the Issuer elects to redeem the Notes pursuant to clause (b), (c) or (d) of this Condition 6, then the Issuer shall give the Holders not less than 15 and not more

than 60 days' prior notice in accordance with Condition 14 (*Notices*) (a "**Redemption Notice**"), which notice shall, subject to subclauses (ii) and (iii) below, be irrevocable and specify (x) the clause of this Condition 6 pursuant to which the redemption is to be made, (y) if any Definitive Certificates have been issued, the method by which Notes to be redeemed will be tendered, and (z) the date (which date, in the case of a redemption pursuant to clause (c) or (d) of this Condition 6, shall be a Payment Business Day) on which the Issuer will redeem the Notes pursuant to such clause of this Condition 6 (such specified date, the "**Redemption Date**").

- (ii) The Issuer may only redeem the Notes pursuant to clause (b) or (c) of this Condition 6 on the relevant Redemption Date if FINMA has approved such redemption on or prior to such Redemption Date, if such approval is then required under applicable Swiss laws and regulations.
- (iii) The Issuer may only redeem the Notes pursuant to any clause of this Condition 6 on the relevant Redemption Date if no Trigger Event or Viability Event has occurred prior to such Redemption Date.
- (iv) If the Issuer elects to redeem the Notes pursuant to clause (c) or (d) of this Condition 6, then prior to the publication of the Redemption Notice pursuant to subclause (i) above, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem under clause (c) or (d), as applicable, of this Condition 6 is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) in the case of a redemption pursuant to clause (c) of this Condition 6 only, an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right of redemption under clause (c) of this Condition 6 have arisen.

(f) *Purchases*

The Issuer or any other member of the Group or any of their respective affiliates may at any time purchase Notes at any price in the open market or otherwise, *provided* that (i) such purchase complies with any limits or conditions to which any member of the Group is subject under applicable banking laws and regulations at the time of such purchase, (ii) other than in the case of purchases made in connection with stabilisation measures in compliance with applicable law or in connection with any market making in the Notes, FINMA has approved such purchase (if such approval is then required under applicable Swiss laws and regulations) on or prior to the date of such purchase, and (iii) no Trigger Event or Viability Event has occurred prior to the date of such purchase. Any Notes so purchased may, at the option of the Issuer, be held, reissued, resold or cancelled.

(g) *Cancellation*

All Notes redeemed in accordance with this Condition 6 or by way of Conversion pursuant to Condition 8 (*Conversion*) will be cancelled and may not be reissued or resold; *provided, however*, that, in the case of Notes redeemed by way of Conversion, the Issuer will not take any action to cause such Notes to be removed from the Relevant Clearing System prior to the later of (i) the applicable Settlement Date and (ii) the Final Cancellation Date. Following the issuance and delivery of the relevant Ordinary Shares to the Settlement Share Depository on the Conversion Date and until the later of (i) the applicable Settlement Date and (ii) the Final Cancellation Date, the Notes will evidence solely the Holder's right to receive Ordinary Shares and/or cash proceeds, as the case may be, from the Settlement Share Depository or the Settlement Shares Offer Agent (or such other relevant recipient).

(h) *Redemption of other instruments*

For the avoidance of doubt, it is understood that, if, upon the occurrence of a Tax Event or a Regulatory Event, the Issuer does not elect to redeem the Notes pursuant to this Condition 6, nothing in this Condition 6 or any other provision of these Terms and

Conditions will prohibit the Issuer from redeeming (whether early, at maturity or otherwise) any other instruments issued by any member of the Group pursuant to the terms thereof.

7. **TRIGGER EVENT AND VIABILITY EVENT**

(a) *Trigger Event*

- (i) Upon the occurrence of a Trigger Event, a Conversion will occur on the applicable Trigger Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Trigger Event**" will have occurred if the Issuer gives the Holders a Trigger Event Notice in accordance with clause (b) of this Condition 7.

(b) *Trigger Event Notice*

- (i) If, with respect to any Publication Date, the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, the Issuer shall, subject to subclauses (ii) and (iii) of this Condition 7(b), give a notice (a "**Trigger Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) (x) if such Publication Date is an Ordinary Publication Date, within five Business Days of such Ordinary Publication Date (such fifth Business Day, the "**Trigger Breach Determination Date**", and the date of such notice, the "**Ordinary Trigger Event Notice Date**"), and (y) if such Publication Date is an Extraordinary Publication Date, on such Extraordinary Publication Date (the "**Extraordinary Trigger Event Notice Date**"), which notice shall:
  - (A) state that the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, and a Conversion will take place;
  - (B) specify the date on which the Conversion will take place, which date shall, subject to postponement pursuant to subclause (ii) of this Condition 7(b), be no more than 20 Business Days after the date of such notice (the "**Trigger Event Conversion Date**");
  - (C) specify the Conversion Price in effect on the date of such Trigger Event Notice; and
  - (D) specify the details of the arrangement for the settlement of the Conversion (including whether or not the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, the Suspension Date, the details of the Settlement Share Depository (including its Specified Office) or, if the Issuer is unable to appoint a Settlement Share Depository prior to giving of such notice, the other arrangements it has made in accordance with subclause (i) of Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*) for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders, the procedures Holders must follow to obtain delivery of the Ordinary Shares from the Settlement Share Depository, the Settlement Notice Cut-Off Date and the Final Cancellation Date).
- (ii) If a Trigger Event Notice is required to be given pursuant to subclause (i) of this Condition 7(b), and on the relevant Publication Date any Higher-Trigger Contingent Capital is outstanding with respect to which either (x) no Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date or (y) a Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date, but the Trigger Event Conversion Date is scheduled to occur prior to the relevant Higher-Trigger Write-down/Conversion Date,

- (A) in the case of subclause (x) above, the giving of such Trigger Event Notice will be postponed until the date on which a Higher-Trigger Write-down/Conversion Notice has been given with respect to all such outstanding Higher-Trigger Contingent Capital and such date will be deemed to be the Trigger Event Notice Date; and
    - (B) in the case of subclauses (x) and (y) above, if the Trigger Event Conversion Date is scheduled to occur prior to the Higher-Trigger Write-down/Conversion Date (or, in the case of more than one Higher-Trigger Write-down/Conversion Date, the latest Higher-Trigger Write-down/Conversion Date), the Trigger Event Conversion Date will be postponed to the Higher-Trigger Write-down/Conversion Date (or the latest Higher-Trigger Write-down/Conversion Date, as applicable) and such postponement shall be specified in such Trigger Event Notice.
  - (iii) If (A) a Trigger Event Notice is required to be given pursuant to subclause (i) of this Condition 7(b) in relation to an Ordinary Publication Date, and (B) prior to the earlier of the Ordinary Trigger Event Notice Date and the Trigger Breach Determination Date, FINMA, upon the request of UBS Group AG, has agreed in writing that a Conversion is not required as a result of actions taken by the Group or circumstances or events, in each case, that have had, or imminently will have, the effect of restoring the CET1 Ratio as of the Balance Sheet Date relating to the relevant Ordinary Publication Date, after giving pro forma effect to such actions, circumstances or events, to a level above the Threshold Ratio that FINMA and UBS Group AG deem, in their sole discretion, to be adequate at such time, (x) the Issuer shall not give such Trigger Event Notice pursuant to subclause (i) of this Condition 7(b) in relation to the relevant Ordinary Publication Date, and (y) the Issuer shall give notice to the Holders on or prior to the Trigger Breach Determination Date in accordance with Condition 14 (*Notices*), which notice shall state that no Conversion will occur in relation to the relevant Ordinary Publication Date.
- (c) *Viability Event*
- (i) Subject to clause (e) of this Condition 7, upon the occurrence of a Viability Event:
    - (A) the Issuer shall give notice (a "**Viability Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) within three days of the date on which such Viability Event occurred, which notice shall:
      - (1) state that a Viability Event has occurred and a Conversion will take place;
      - (2) specify the date on which the Conversion will take place, which date shall be no more than 20 Business Days following the occurrence of the Viability Event (the "**Viability Event Conversion Date**");
      - (3) specify the Conversion Price in effect on the date of such Viability Event Notice; and
      - (4) specify the details of the arrangements for the settlement of the Conversion (including the Suspension Date, the details of the Settlement Share Depository (including its Specified Office) or, if the Issuer is unable to appoint a Settlement Share Depository prior to giving of such notice, the other arrangements it has made in accordance with subclause (i) of Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*) for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders, the procedures Holders must follow to obtain delivery of the Ordinary Shares from the Settlement Share Depository, the Settlement Notice Cut-Off Date and the Final Cancellation Date); and

- (B) a Conversion will occur on the applicable Viability Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Viability Event**" will have occurred if prior to an Alternative Loss Absorption Date (if any):
  - (A) FINMA has notified UBS Group AG in writing that it has determined a conversion or write-down, as applicable, of holders' claims in respect of the Notes and all other capital instruments issued by, or other capital obligations (whether qualifying fully or partially for capital treatment) of, any member of the Group that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is, because customary measures to improve the Group Holding Company's capital adequacy are at the time inadequate or infeasible, an essential requirement to prevent the Group Holding Company from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business; or
  - (B) customary measures to improve the Group Holding Company's capital adequacy being at the time inadequate or infeasible, the Group Holding Company has received an irrevocable commitment of direct or indirect extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving the Group Holding Company's capital adequacy and without which, in the determination of (and as notified in writing by) FINMA, the Group Holding Company would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.

For the avoidance of doubt, it is understood that a Viability Event may occur irrespective of whether or not a Trigger Event has occurred or whether any of the conditions to the issuance of a Trigger Event Notice have been met.

(d) *Determination of CET1 Ratio and Trigger CET1 Ratio*

With respect to any Publication Date, (i) the CET1 Ratio as of the relevant Balance Sheet Date, (ii) the Trigger CET1 Ratio as of such Publication Date and (iii) the components of both of the foregoing, in each case, as published on such Publication Date, will be final for purposes of this Condition 7, and any revisions, restatements or adjustments to any of the calculations described in subclauses (i) through (iii) above subsequently published will have no effect for purposes of this Condition 7.

(e) *Alternative loss absorption*

In the event of the implementation of any new, or amendment to or change in the interpretation of any existing, laws or components of National Regulations, in each case occurring after the Issue Date, that alone or together with any other law(s) or regulation(s) has, in the joint determination of UBS Group AG and FINMA, the effect that clause (c) of this Condition 7 could cease to apply to the Notes without giving rise to a Regulatory Event, then the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) no later than five Business Days after such joint determination stating that such provisions will cease to apply from the date of such notice (the "**Alternative Loss Absorption Date**"), and from the date of such notice, such provisions will cease to apply to the Notes.

## 8. **CONVERSION**

(a) *Conversion upon a Trigger Event or a Viability Event*

If the Issuer has given a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*), then:



- (i) each Note shall, subject to and as provided in this Condition 8, be redeemed and settled (the "**Conversion**") on the applicable Conversion Date by (x) the delivery of new fully paid Ordinary Shares to the Settlement Share Depository on behalf of the Holders, and (y) the cancellation of any accrued and unpaid interest on the Notes (whether or not due and payable); and
- (ii) receipt by the Settlement Share Depository of such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares in respect of the Conversion on the applicable Conversion Date shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes.

In the case of the Ordinary Shares to be delivered upon Conversion, as from the applicable Share Creation Date for such Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares into Notes.

(b) *Recourse for Ordinary Shares*

Holders shall have recourse only to the Issuer for the issue and delivery of Ordinary Shares to the Settlement Share Depository pursuant to these Terms and Conditions. After such delivery to the Settlement Share Depository, Holders shall have recourse only to the Settlement Share Depository for the delivery to them of such Ordinary Shares or, in the circumstances described in clause (h) of this Condition 8, any cash amounts to which such Holders are entitled under clause (h) of this Condition 8.

(c) *Conversion Price and determination of number of Ordinary Shares*

- (i) Upon the occurrence of a Trigger Event or a Viability Event, as at the date on which the relevant Trigger Event Notice or Viability Event Notice, as applicable, is published, each Holder shall be deemed to have accepted, and hereby accepts and agrees, (A) to the conversion of its holding of Notes into Ordinary Shares at the Conversion Price provided for herein and that, where necessary under Swiss law, the Settlement Agent shall effect such conversion on such Holder's behalf, and (B) that its obligation to pay up the Ordinary Shares to be issued shall be set off against its claim for repayment of the principal amount upon redemption of the Notes, which claim shall be deemed to be due and payable immediately prior to the time on the Share Creation Date when, as a matter of Swiss law, the relevant Ordinary Shares are paid up. Such Ordinary Shares shall be paid up and issued on the Share Creation Date whereupon the Holders shall cease as a matter of Swiss law to be treated for all purposes under Swiss law as Holders and shall instead as of such date be treated for all purposes under Swiss law as Shareholders.
- (ii) Subject to clause (g) of this Condition 8, the Issuer, with the assistance of the Settlement Agent, where necessary under Swiss law, shall issue and deliver to the Settlement Share Depository on the applicable Conversion Date such number of Ordinary Shares in respect of each Holder as is determined by the Settlement Agent by dividing the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date by the Conversion Price in effect on the date of relevant Trigger Event Notice or Viability Event Notice, as the case may be. The Settlement Agent shall determine such number of Ordinary Shares in accordance with this subclause (ii) as soon as practicable after publication of the relevant Trigger Event Notice or Viability Event Notice, as applicable.
- (iii) The initial Conversion Price per Ordinary Share in respect of the Notes is specified in the definition thereof. The Conversion Price is subject to adjustment to (and including) the date of the relevant Trigger Event Notice or Viability Event Notice, as the case may be, in the circumstances described in clause (d) of this Condition 8.

(d) *Anti-dilution adjustment of the Conversion Price*

(i) Upon the occurrence of any of the events described below after 5 September 2024, the Conversion Price will be adjusted by the Issuer as follows:

- (A) If there is a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares that alters the number of Ordinary Shares in issue, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment will become effective on the date on which the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

- (B) If UBS Group AG issues any Ordinary Shares to Shareholders as a class credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (x) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Distribution that the Shareholders would or could otherwise have elected to receive, (y) where the Shareholders may elect to receive a Cash Distribution in lieu of such Ordinary Shares or (z) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Distribution equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such issue; and
- B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (C) If UBS Group AG makes or pays an Extraordinary Distribution to Shareholders, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and
- B is the portion of the aggregate Extraordinary Distribution attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Distribution by the number of Ordinary Shares entitled to receive the relevant Extraordinary Distribution. If the Extraordinary Distribution shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (C), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-the Extraordinary Distribution on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (C).

- (D) If UBS Group AG issues Ordinary Shares to Shareholders as a class by way of rights or UBS Group AG or any other member of the Group or (at the direction or request or pursuant to arrangements with UBS Group AG or any other member of the Group) any other Person issues or grants to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities that by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share that is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares that the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and

C is the number of Ordinary Shares to be issued or the maximum number of Ordinary Shares that may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate, as the case may be,

*provided* that, if on the Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this subclause (D), "C" will be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (D), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (D).

For purposes of any calculation of the consideration receivable or price pursuant to this subclause (D), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities will be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights will be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights that are attributed by UBS Group AG to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of subclauses (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights, and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights will be the aggregate consideration or price referred to in subclause (x) or (y) above (as the case may be), divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (3) if the consideration or price determined pursuant to subclause (1) or (2) above (or any component thereof) is expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of subclause (1) above) or the relevant date of first public announcement (in the case of subclause (2) above);
    - (4) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
    - (5) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to UBS Group AG or another entity.
  - (E) If UBS Group AG determines, in its sole discretion, that, notwithstanding subclauses (A) to (D) of this Condition 8(d)(i), a reduction to the Conversion Price should be made as a result of one or more events or circumstances not referred to in this Condition 8(d)(i) that would require an adjustment to the Conversion Price in order to comply with Swiss mandatory law on the protection of holders of instruments that may convert into shares issued out of capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) or Conversion Capital, the Conversion Price will be reduced (either generally or for a specified period) in such manner and with effect from such date as UBS Group AG shall determine and the Issuer shall notify to the Holders in accordance with Condition 14 (*Notices*).
- (ii) Notwithstanding subclause (i) of this Condition 8(d):
- (A) where
    - (1) the events or circumstances giving rise to any adjustment to the Conversion Price have resulted or will result in an adjustment to the Conversion Price; or
    - (2) more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time,

that, in the opinion of UBS Group AG, a modification to the operation of the adjustment provisions set forth in this Condition 8(d) is required to give the intended result, such modification will be made to the operation of the adjustment provisions set forth in this Condition 8(d) as may be determined by an Independent Adviser to be in its opinion appropriate to give the intended result, including to ensure that (x) an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (y) the economic effect of an Extraordinary Distribution is not taken into account more than once, and (z) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency;
  - (B) any adjustment to the Conversion Price will be subject to such Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time such adjustment becomes effective at the then-prevailing exchange rate as determined by the Issuer) not being less than the par value of an Ordinary Share at such time;

- (C) UBS Group AG shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time of such action at the then-prevailing exchange rate as determined by the Issuer) to below the par value of an Ordinary Share then in effect;
  - (D) if any doubt arises as to whether an adjustment is to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may in its sole discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof will (in the absence of wilful default, bad faith and manifest error) be conclusive and binding on the Issuer and the Holders;
  - (E) no adjustment will be made to the Conversion Price where Ordinary Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of UBS Group AG or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme; and
  - (F) on any adjustment, if the resultant Conversion Price has more decimal places than the initial Conversion Price, it will be rounded to the same number of decimal places as the initial Conversion Price. No adjustment will be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, will be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment will be made on the basis that the adjustment not required to be made had been made at the relevant time and/or that the relevant rounding down had not been made, as the case may be.
- (iii) The Issuer shall give notice of any adjustments to the Conversion Price made pursuant to this Condition 8(d) to the Holders in accordance with Condition 14 (*Notices*) promptly after the determination thereof.
  - (iv) References in these Terms and Conditions to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.
- (e) *Qualifying Relevant Event*
    - (i) Upon the occurrence of a Relevant Event that is a Qualifying Relevant Event, then:
      - (A) upon the occurrence of a Trigger Event or a Viability Event where the applicable Conversion Date falls on or after the New Conversion Condition Effective Date,

- (1) the Notes shall be converted on such Conversion Date into, or be exchanged on such Conversion Date for, as the case may be, Relevant Shares of the Approved Entity, *mutatis mutandis* as provided in accordance with this Condition 8, at a Conversion Price that shall be the New Conversion Price; and
  - (2) the Issuer shall procure the issue and/or delivery of the relevant number of Relevant Shares of the Approved Entity in the manner provided in this Condition 8 (as may be amended as described in the definition of the term New Conversion Condition); and
- (B) the New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 8 for the adjustment of the Conversion Price (if necessary with such amendments as an Independent Adviser shall determine to be appropriate) and the Issuer shall give notice in accordance with Condition 14 (*Notices*) to the Holders of the New Conversion Price and of any such amendments thereafter.
- (ii) Upon the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Holders in accordance with Condition 14 (*Notices*) within 10 Business Days following the occurrence of such Relevant Event, which notice shall:
  - (A) specify the identity of the Acquiror;
  - (B) specify whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event;
  - (C) in the case of a Qualifying Relevant Event, specify the New Conversion Price; and
  - (D) if applicable, specify the New Conversion Condition Effective Date.
- (iii) For the avoidance of doubt, upon the occurrence of a Relevant Event that is a Non-Qualifying Relevant Event, the provisions of this Condition 8(e) shall (subject to the subsequent operation of this Condition 8(e) upon the occurrence of a subsequent Relevant Event) not apply, and the Notes will continue to be convertible into Ordinary Shares pursuant to and in accordance with the other provisions of this Condition 8 (*Conversion*), if and when the Issuer gives a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*).
- (iv) For purposes of these Terms and Conditions:

"**Acquiror**" means the Person (including a Governmental Entity) that, following a Relevant Event, controls UBS Group AG.

"**Approved Entity**" means an Acquiror that is body corporate that is incorporated or established under the laws of an OECD member state and that, on the occurrence of the Relevant Event, has in issue Relevant Shares.

"**Governmental Entity**" means (x) the Swiss Confederation, (y) an agency of the Swiss Confederation or (z) a person or entity (other than a body corporate) controlled by the Swiss Confederation or any such agency referred to in clause (y) of this definition; *provided, however*, that, if UBS Group AG is at any time organised in a jurisdiction outside of Switzerland, references in this definition to "the Swiss Confederation" shall be read as references to the government of such other jurisdiction.

The "**New Conversion Condition**" shall be satisfied in respect of a Relevant Event if, by no later than seven days following the occurrence of such Relevant Event, (x) UBS Group AG has, to the satisfaction of UBS Group AG, entered into arrangements with the Approved Entity that provide for delivery of Relevant



Shares of the Approved Entity on Conversion on terms *mutatis mutandis* as provided in the provisions of this Condition 8, and (y) the Issuer has entered into such agreements and arrangements, and made such amendments to these Terms and Conditions, as may be required to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall, following the occurrence of a Trigger Event or a Viability Event, be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 8 (as may be so amended) at the New Conversion Price; *provided, however*, that, any failure to enter into the arrangements and agreements and/or make the amendments described in clauses (x) and (y) of this definition shall not constitute a default or an Event of Default under these Terms and Conditions.

**"New Conversion Condition Effective Date"** means the date with effect from which the New Conversion Condition has been satisfied.

**"New Conversion Price"** means, in respect of any Conversion Date falling on or after the New Conversion Condition Effective Date, the amount determined by the Issuer in accordance with the following formula:

$$NCP = ECP \times \frac{VWAPRS}{VWAPOS}$$

where:

|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NCP    | is the New Conversion Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| ECP    | is the Conversion Price in effect on the last dealing day prior to the New Conversion Condition Effective Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| VWAPRS | is the average of the Volume Weighted Average Price of the Relevant Shares of the Approved Entity (translated, if necessary, into USD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred (and where references in the definition of "Volume Weighted Average Price" to "Ordinary Shares" shall be construed as a reference to the Relevant Shares of the Approved Entity and in the definition of "dealing day", references to the "Relevant Stock Exchange" shall be to the primary Recognised Stock Exchange on which the Relevant Shares of the Approved Entity are then listed, admitted to trading or accepted for dealing). |
| VWAPOS | is the average of the Volume Weighted Average Price of the Ordinary Shares (translated, if necessary, into USD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

**"Non-Qualifying Relevant Event"** means a Relevant Event that is not a Qualifying Relevant Event.

**"Qualifying Relevant Event"** means a Relevant Event where:

- (A) the Acquiror is an Approved Entity; and
- (B) the New Conversion Condition is satisfied.

A "**Relevant Event**" will have occurred if, at any time after the Issue Date, any Person or Persons acting in concert acquires control of UBS Group AG (other than as a result of an Exempt Reorganisation). For the purposes of this definition "Relevant Event", "**control**" means the acquisition or holding of legal or beneficial ownership of more than 95 per cent. of the issued Ordinary Shares of UBS Group AG (whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise) and, as a consequence thereof, the Ordinary Shares are no longer admitted to trading on any Recognised Stock Exchange, and "**controlled**" shall be construed accordingly.

"**Relevant Shares**" means, in respect of an Acquiror, ordinary share capital of such Acquiror that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) that is listed and admitted to trading on a Recognised Stock Exchange.

(f) *Procedure for settlement and delivery of Ordinary Shares on Conversion*

Ordinary Shares to be issued on Conversion shall be delivered subject to and as provided below.

(g) *Fractions*

Fractions of Ordinary Shares will not be issued or delivered pursuant to these Terms and Conditions on Conversion and no cash payment will be made in lieu thereof. The number of Ordinary Shares to be issued and delivered to the Settlement Share Depository for the benefit of each Holder in respect of a Conversion shall be calculated by the Settlement Agent on the basis of the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date and rounded down, if necessary, to the nearest whole number of Ordinary Shares.

(h) *Procedure for delivery in respect of a Conversion*

(i) UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, shall on or prior to the applicable Conversion Date issue and deliver to the Settlement Share Depository such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares to the Holders in respect of the Conversion on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes. If the Issuer is unable to appoint a Settlement Share Depository on or prior to the giving of the Trigger Event Notice or Viability Event Notice, as the case may be, it shall make such other arrangements for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders as it considers, in its sole discretion, to be reasonable in the circumstances, which may include issuing and delivering such Ordinary Shares to another independent nominee to be held on trust for the Holders or issuing and delivering such Ordinary Shares to the Holders directly, which issuance and delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Notes as if the relevant Ordinary Shares had been issued and delivered to the Settlement Share Depository and, in which case, where the context so admits, references in these Terms and Conditions to the issue and delivery of Ordinary Shares to the Settlement Share Depository shall be construed accordingly and apply *mutatis mutandis*.

(ii) Subject to the making of a Settlement Shares Offer and as otherwise provided herein, the Settlement Agent shall give instructions to the Settlement Share Depository for the relevant Ordinary Shares to be delivered by the Settlement Share Depository on the applicable Settlement Date to the Holders, and the Settlement Share Depository shall procure that the Ordinary Shares are so delivered to the Holders on the applicable Settlement Date.

- (iii) In respect of a Conversion as a result of the occurrence of a Trigger Event only, following receipt by the Settlement Share Depository of the Ordinary Shares and the resulting good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (i) above, the Issuer may, in its sole discretion, appoint a placement agent (the "**Settlement Shares Offer Agent**") acting on behalf, and for the accounts, of the Holders to conduct an offering of the Ordinary Shares to which the Holders are otherwise entitled (a "**Settlement Shares Offer**"). In the relevant Trigger Event Notice, the Issuer shall notify the Holders whether it will appoint such Settlement Shares Offer Agent to conduct such a Settlement Shares Offer. If it does so appoint a Settlement Shares Offer Agent, it will instruct the Settlement Share Depository to deliver the relevant Ordinary Shares to or to the order of the Settlement Shares Offer Agent for this purpose prior to the end of the Offer Settlement Period. Such Settlement Shares Offer shall be made (x) in the currency of the Issuer's choosing and at a cash price per Ordinary Share (such price translated, if necessary, into USD at the prevailing exchange rate on the date of the Trigger Event Notice as determined by the Issuer) equal to the Conversion Price in effect on the date of the Trigger Event Notice, and (y) to some or, subject to applicable laws and regulations and to such an offer being practicable in the opinion of the Issuer in the Offer Settlement Period, all Shareholders on the record date of the Trigger Event Notice then eligible to participate in such offer. Any such Settlement Shares Offer shall be completed no later than 20 Business Days after the occurrence of the Trigger Event (the "**Offer Settlement Period**"). Neither the Issuer nor the Settlement Share Depository shall incur any liability whatsoever to the Holders in respect of the appointment of such Settlement Shares Offer Agent or its conduct, save for cases of gross negligence or wilful intent.

If the Settlement Shares Offer is fully subscribed by or before the end of the Offer Settlement Period, the Holders shall, pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into USD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards). If the Settlement Shares Offer is only partially subscribed by the end of the Offer Settlement Period, the Holders shall (x) pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into USD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards), and (y) be entitled to receive their *pro rata* share of the number of Ordinary Shares not subscribed pursuant to the Settlement Shares Offer (rounded down to the nearest whole number of such Ordinary Shares) within the period specified below from the Settlement Share Depository. If no Ordinary Shares are subscribed in the Settlement Shares Offer, Holders shall be entitled to receive the relevant Ordinary Shares within the period specified below from the Settlement Share Depository. Notwithstanding Condition 9 (*Payments; Agents*), any cash proceeds that the Holders are entitled to receive pursuant to this subclause (iii) shall be delivered to the Holders in accordance with clause (j) of this Condition 8.

In relation to any Ordinary Shares not sold pursuant to a Settlement Shares Offer, the Settlement Agent shall give instructions to the Settlement Shares Offer Agent for such Ordinary Shares to be delivered by the Settlement Shares Offer Agent to the relevant Holders within five Business Days after the end of the Offer Settlement Period.

(i) *Taxes and duties*

None of the Issuer, any other member of the Group, any Agent, the Settlement Share Depository and the US Transfer Agent will pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of Ordinary Shares to the Settlement Share Depository or the delivery of any Ordinary Shares to the relevant recipient in accordance with the instructions given in the relevant Settlement Shares Settlement Notice. A Holder must pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of the Ordinary Shares to the Settlement Share Depository or the delivery of the Ordinary Shares to the relevant recipient in accordance with the instructions given in the relevant Settlement Shares Settlement Notice, and such Holder must pay all, if any, such taxes and duties arising by reference to any disposal or deemed disposal of such Holder's Notes or interest therein. Any capital, stamp, issue, registration, transfer or other taxes or duties arising on delivery or transfer of Ordinary Shares to a purchaser in any Settlement Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

(j) *Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*

UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, will issue and deliver the Ordinary Shares required to be issued and delivered on Conversion to the Settlement Share Depository on behalf of the Holder of the relevant Note(s). The Issuer (or another party so authorised by the Issuer) shall instruct the US Transfer Agent to credit such Ordinary Shares to a nominee account in the name of the Settlement Share Depository to be held on behalf of the Holders on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares on the applicable Conversion Date shall be a good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (h)(i) of this Condition 8.

In order to obtain delivery from the Settlement Share Depository of the Ordinary Shares and/or cash proceeds received from a Settlement Shares Offer, in each case to which it is entitled pursuant to this Condition 8, a Holder will be required to deliver to the Settlement Share Depository (or any of its agent designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) an executed settlement shares settlement notice substantially in the form that may be obtained from the Specified Office of the Settlement Agent (a "**Settlement Shares Settlement Notice**") and the relevant Certificate representing the relevant Note to the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice) on or before the Settlement Notice Cut-off Date. If such Settlement Shares Settlement Notice or Certificate is delivered after the end of normal business hours at the Specified Office of the Settlement Share Depository, such delivery shall be deemed for all purposes to have been made or given on the following New York Business Day. The Settlement Shares Settlement Notice must contain certain information, including the name of the relevant recipient in which the relevant Ordinary Shares are to be registered directly on the books of the US Transfer, and Settlement Shares Settlement Notices and Certificates must be delivered to the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) in accordance with the procedures described in the relevant Trigger Event Notice or Viability Event Notice, as applicable; *provided, however*, that, if the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depository, then the Settlement Shares Settlement Notice must be given in accordance with the standard procedures of the Depository (which may include, without limitation, delivery of the notice to the Settlement Share Depository by electronic means) and in a form acceptable to the Depository, the Settlement Agent and the Settlement Share Depository. Subject as otherwise provided herein, the relevant Ordinary Shares and/or cash proceeds of a Settlement Shares Offer will be delivered by or on behalf of the Settlement Share Depository or the Settlement Shares Offer Agent, as applicable, in accordance with the instructions given in the relevant Settlement Shares Settlement Notice; *provided, however*, that, if the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depository, then delivery of any such cash proceeds shall be made by the Settlement Shares Offer Agent in accordance with the Depository's practices from time to time.

If a Holder delivers a valid Settlement Shares Settlement Notice and the relevant Certificate on or before the Settlement Notice Cut-off Date, then the Ordinary Shares will be delivered in respect of the relevant Note(s) by way of registering the Ordinary Shares in the name of the relevant recipient directly on the books of the US Transfer Agent on the applicable Settlement Date or such other date as is specified for delivery. Once Ordinary Shares are registered in the name of the relevant recipient directly on the books of the US Transfer Agent, such relevant recipient, as Shareholder, is expected to receive periodic account statements from the US Transfer Agent with respect to its Ordinary Shares. At the time of delivery of any Ordinary Shares to the relevant recipient by registration of such Ordinary Shares directly on the books of the US Transfer Agent, the then-valid share registration rules of UBS Group AG will apply, and UBS Group AG does not offer any assurance or guarantee that such relevant recipient will be accepted as a Shareholder with voting rights in the share register of UBS Group AG.

If a Holder fails to deliver a Settlement Shares Settlement Notice or the relevant Certificate on or before the Settlement Notice Cut-off Date or if a Holder has delivered a Settlement Shares Settlement Notice and the relevant Certificate on or prior the Settlement Notice Cut-off Date but such Settlement Shares Settlement Notice has been determined by the Settlement Share Depository to be null and void, then the Settlement Share Depository shall continue to hold the relevant Ordinary Shares and/or, as applicable, cash proceeds received from a Settlement Shares Offer, in each case to which such Holder is entitled pursuant to this Condition 8, until a valid Settlement Shares Settlement Notice (and the Certificate representing the relevant Notes) is so delivered by such Holder. If any such Ordinary Shares or such cash proceeds received from a Settlement Shares Offer (as applicable) have not been claimed during the 10-year and 30-day period commencing on the Final Cancellation Date, the relevant claims of the applicable Holders are time-barred and the relevant Ordinary Shares and cash, as the case may be, will be transferred to the Issuer. None of the Issuer, the Settlement Share Depository and the Settlement Shares Offer Agent shall have any liability to any Holder for any loss resulting from such Holder not receiving any such Ordinary Shares and/or cash proceeds.

If not previously cancelled on the applicable Settlement Date, the relevant Notes shall be cancelled on the Final Cancellation Date and any Holder delivering a Settlement Shares Settlement Notice after the Settlement Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Ordinary Shares and/or cash proceeds from a Settlement Shares Offer, as applicable, satisfactory to the Settlement Share Depository in its sole discretion in order to receive delivery of such Ordinary Shares or such cash proceeds, as applicable. None of the Issuer, the Settlement Share Depository and the Settlement Shares Offer Agent shall have any liability to any Holder for any loss resulting from such Holder not receiving any Ordinary Shares or cash proceeds from a Settlement Shares Offer, as applicable, or from any delay in the receipt thereof, in each case as a result of such Holder failing to submit a valid Settlement Shares Settlement Notice and any relevant Certificate (if applicable), on a timely basis or at all.

Any determination as to whether any Settlement Shares Settlement Notice has been properly completed and delivered together with the relevant Certificate(s) as provided in these Terms and Conditions, or whether any evidence of entitlement to Ordinary Shares or cash proceeds received from a Settlement Shares Offer, as applicable, is satisfactory, shall be made by the Settlement Share Depository in its sole discretion and shall be conclusive and binding on the relevant Holders. In the case of Notes represented by a Global Certificate, any Settlement Shares Settlement Notice delivered prior to the day following the Suspension Date will be null and void.

(k) *Ordinary Shares*

The Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Share Creation Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Holder will not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Creation Date.

All Ordinary Shares issued and delivered to Holders upon Conversion are expected to be "restricted securities" within the meaning of Rule 144 under the US Securities Act, and accordingly, any Holder who receives Ordinary Shares upon Conversion will be subject to restrictions under the US Securities Act on its ability to resell such Ordinary Shares. Subject to applicable law and the policies and procedures of the US Transfer Agent from time to time, through the US Transfer Agent, Holders who receive Ordinary Shares upon Conversion are expected to be able to effect transfers of such Ordinary Shares with other Shareholders holding their Ordinary Shares through the US Transfer Agent, or with Shareholders holding their Ordinary Shares via DTC through custodian banks or brokers by means of DTC's Direct Registration System.

(l) *Purchase or redemption of Ordinary Shares*

UBS Group AG or any of its subsidiaries may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or securities of UBS Group AG (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Holders.

(m) *Determinations to be made by an Independent Adviser*

In the case of any determination that is required to be made by an Independent Adviser for purposes of this Condition 8, the Issuer shall use reasonable endeavours to appoint an Independent Adviser to make such determination; *provided, however*, that, notwithstanding the other provisions of these Terms and Conditions, if the Issuer is unable to so appoint an Independent Adviser or the Independent Adviser so appointed by the Issuer fails to make such determination, the Issuer, acting in good faith and a commercially reasonable manner, will make such determination.

Any determination that is made by an Independent Adviser for purposes of this Condition 8 will be made in the sole discretion of such Independent Adviser acting in good faith and in a commercially reasonable manner.

(n) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by an Independent Adviser or the Settlement Agent for purposes of this Condition 8 will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Independent Adviser or the Settlement Agent in connection with the exercise or non-exercise by the Independent Adviser or the Settlement Agent of its powers, duties and discretions under this Condition 8.

9. **PAYMENTS; AGENTS**

- (a) All payments required to be made under the Notes will be made available in good time in freely disposable funds in USD, which will be placed at the free disposal of the Fiscal Agent on behalf of the Holders. If the Scheduled Due Date for any payment (whether in respect of principal, interest or otherwise) in respect of the Notes is not a Payment Business Day, then the Holders will not be entitled to payment thereof until the first Payment Business Day following the Scheduled Due Date, and the Holders will not be entitled to any additional sum in relation to such payment. All payments required to be made under the Notes (including, for the avoidance of doubt, any Additional Amounts) shall be made to the Holders in USD without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality; *provided, however*, that, in the case of Notes represented by Definitive Certificates, such Definitive Certificates must be presented and, in the case of redemption, surrendered at the Specified Office of the relevant Paying Agent as a condition to receipt of any such payment.

- (b) The receipt by the Fiscal Agent of the due and punctual payment of funds in USD will release the Issuer from its obligations under the Notes to the extent of such payment.
- (c) Subject to clause (d) of this Condition 9,
  - (i) the Issuer reserves the right to terminate the appointment of any Agent, as well as to appoint or, after any such appointment, to terminate the appointment of, one or more other paying agents to carry out any payment or other similar functions in respect of the Notes (each, a "**Paying Agent**"), *provided* that (A) so long as any Note is outstanding, there will at all times be a Fiscal Agent, a Registrar, a Calculation Agent and a Settlement Agent, (B) for so long as the Notes are listed on the SIX Swiss Exchange and if then required by the regulations of the SIX Swiss Exchange, the Issuer shall maintain a Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities dealer subject to supervision by FINMA, to perform the functions of a Swiss paying agent (the "**Swiss Paying Agent**"), and (C) any successor Calculation Agent must be a leading bank or financial institution that is experienced in the calculations and determinations to be made by the Calculation Agent; and
  - (ii) if at any time the Fiscal Agent, the Registrar, the Calculation Agent, or the Swiss Paying Agent, (A) becomes incapable of acting, or (B) is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy, or makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature, or if an order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law, or if a receiver of it or of all or any substantial part of its property is appointed, or if any public officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation (any such event, an "**Agent Insolvency Event**"), then the Issuer will terminate the appointment of such Agent in accordance with the Fiscal Agency Agreement and appoint a successor Agent; and
  - (iii) if at any time the Calculation Agent fails to (A) determine the Mid Market Swap Rate or the Reset Interest Rate or duly calculate the Reset Interest Amount for any Reset Interest Period or the interest amount payable on the relevant Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) or (B) comply with any other requirement in relation to the Notes, then the Issuer will terminate the appointment of the Calculation Agent in accordance with the Fiscal Agency Agreement and appoint a successor Calculation Agent; *provided, however*, that, if the Calculation Agent duly calculates such Reset Interest Rate, Reset Interest Amount or interest amount payable on the relevant Redemption Date, as the case may be, prior to its termination (and the appointment of its successor) taking effect in accordance with clause (d) of this Condition 9, the Issuer may elect, in its sole discretion and upon notice to the Holders in accordance with Condition 14 (*Notices*), to cancel such termination (and appointment).
- (d) Any appointment or termination of appointment of, or any resignation by, any Agent (other than the Settlement Agent) may only take effect not more than 45 and not less than 30 days after the Issuer has notified the Holders of such appointment, termination or resignation in accordance with Condition 14 (*Notices*); *provided, however*, that, in the case of the termination of an Agent with respect to which an Agent Insolvency Event has



occurred, such termination may take effect prior to the expiry of such 30-day notice period, so long as a successor Agent has been appointed to the extent required by the immediately succeeding sentence. Notwithstanding the foregoing, any termination of the appointment of, or resignation by, the Fiscal Agent, the Registrar, the Swiss Paying Agent or the Calculation Agent may not take effect until the Issuer has appointed a successor Fiscal Agent, Registrar, Swiss Paying Agent or Calculation Agent, as applicable; *provided, however*, that, if no such successor has been appointed within 30 days of the scheduled effectiveness of such termination or resignation, any Holder (on behalf of itself and all others similarly situated) or, pursuant to and in accordance with the Fiscal Agency Agreement, the Fiscal Agent, the Registrar, any Paying Agent or the Calculation Agent, as the case may be, may petition any court of competent jurisdiction for the appointment of a successor, at the expense of the Issuer.

- (e) Subject to subclause (c)(i) of this Condition 9, the Issuer may appoint or terminate the appointment of a Settlement Agent, and a Settlement Agent may resign, at any time. The Issuer will notify the Holders of any such appointment, termination or resignation in accordance with Condition 14 (*Notices*).

## 10. TAXATION

- (a) All payments to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, unless withholding, deduction or accounting for such Taxes is required by law.
- (b) In the event that any payment to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) is subject to any withholding or deduction for, or on account of, any Taxes by requirement of law in a Tax Jurisdiction (as determined by the relevant tax authority of or in such Tax Jurisdiction), the Issuer shall pay such additional amounts as will result in the Holders receiving the amounts that they would have received in respect of the Notes if no such withholding or deduction had been required ("**Additional Amounts**").
- (c) No Additional Amounts will be payable pursuant to clause (b) of this Condition 10 in relation to any Note:
  - (i) if the relevant Holder is liable for such Taxes on such Note as a result of having some connection with the relevant Tax Jurisdiction other than its mere ownership or possession of such Note or the receipt of principal or interest in respect thereof; or
  - (ii) if such Taxes are a result of such Note having been presented for payment (where presentment is required) more than 30 days after the Relevant Date, except to the extent that the Holder would have been entitled to receive the Additional Amounts if it had presented such Note for payment on the last day of the 30-day period; or
  - (iii) with respect to any Tax collected pursuant to Sections 1471 through 1474 of the US Internal Revenue Code, as amended and as may be further amended from time to time (the "**Code**"), the regulations promulgated thereunder, or applicable inter-governmental agreements or agreements with the United States Internal Revenue Service entered into in connection with the implementation of such sections of the Code, or legislation enacted by a non-United States jurisdiction in connection with the implementation of such sections of the Code (FATCA); or
  - (iv) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to

principles similar to those laid down in the draft legislation of the Swiss Federal Council of 3 April 2020, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a Person other than the issuer is required to withhold tax on any interest payments; or

- (v) to the extent any combination of subclauses (i) through (iv) above applies.
- (d) Any reference in these Terms and Conditions to amounts payable by the Issuer in respect of the Notes includes (i) any Additional Amount payable pursuant to this Condition 10 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this Condition 10.

## 11. STATUTE OF LIMITATIONS

In accordance with Swiss law, (a) claims for interest payments under the Notes will become time-barred after the five-year period and (b) claims for the repayment or redemption of Notes will become time-barred after the 10-year period, in each case, commencing on the date on which such payments, repayment or redemption become due and payable.

## 12. EVENTS OF DEFAULT

- (a) If any of the following events occurs, such occurrence will constitute an "**Event of Default**":
  - (i) the Issuer fails to pay the principal amount of any Note if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (ii) the Issuer fails to pay any interest on the Notes if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (iii) the Issuer fails to observe or perform any other covenant, condition, or agreement contained in these Terms and Conditions, and such failure continues unremedied for a period of 60 days after written notice thereof from any Holder to the Issuer; or
  - (iv) a Bankruptcy Event;

*provided, however*, that, notwithstanding subclauses (i) to (iv) above, neither (A) the opening of Restructuring Proceedings with respect to the Issuer nor (B) the exercise of any Swiss Resolution Power with respect to the Issuer during any such Restructuring Proceedings nor (C) the ordering of any Protective Measures with respect to the Issuer that are ordered or confirmed upon the opening of or during any such Restructuring Proceedings will constitute a default or an Event of Default.

- (b) Upon the occurrence of an Event of Default relating to any failure of the Issuer to meet any payment obligation under these Terms and Conditions and subject to Condition 8 (*Conversion*), (i) such payment obligation (and such payment obligation only) will be immediately deemed a due and payable (*fällige*) payment obligation of the Issuer, and (ii) if (A) the relevant Holder has formally requested payment of such payment obligation, (B) such payment obligation has not been fulfilled within the statutory period under Swiss law commencing after the date of such formal request and (C) a writ of payment (*Zahlungsbefehl*) has been issued with respect to such payment obligation pursuant to the DEBA, the relevant Holder may institute proceedings against the Issuer in Switzerland (but not elsewhere) to enforce its rights with respect to such payment obligation under the DEBA.
- (c) If a debt collection or insolvency proceeding with respect to the Issuer is instituted in Switzerland in accordance with clause (b) of this Condition 12, the Issuer shall not (i) after having received the writ of payment (*Zahlungsbefehl*) relating to the relevant payment obligation, argue or plead that such payment obligation is not due

and payable by the Issuer, or (ii) prior to the declaration of bankruptcy (or similar proceeding under Swiss insolvency laws), make any payment to the relevant Holder under or in connection with the Notes.

- (d) In the case of any Event of Default arising under subclause (a)(iii) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may seek specific performance or damages with respect to such Event of Default pursuant to the Swiss Code if so entitled thereunder. Any such damage claim of any Holder will rank junior to the rights and claims of all holders of Senior Obligations.
- (e) In the case of any Event of Default arising under subclause (a)(iv) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may, by written notice to the Issuer, declare the principal amount of any of its Notes, together with any accrued and unpaid interest thereon, immediately due and payable, without presentment, demand, protest or other notice of any kind.
- (f) No remedy against the Issuer other than those described in this Condition 12 will be available to the Holders in connection with the Issuer's obligations under these Terms and Conditions, whether for the recovery of amounts owing under these Terms and Conditions or in respect of any breach by the Issuer of any of its other obligations under these Terms and Conditions or otherwise. In particular, no Holder may declare (i) the principal amount of any Notes due and payable prior to any Redemption Date, or (ii) any interest on any Notes due and payable prior to the relevant Interest Payment Date, except, in the case of each of subclauses (i) and (ii), pursuant to clause (e) of this Condition 12.

### 13. MEETINGS OF HOLDERS; SUBSTITUTION AND AMENDMENT

- (a) Except as otherwise specified in this Condition 13, the provisions of bondholder meetings contained in article 1157 et seqq. of the Swiss Code apply in relation to meetings of Holders.
- (b) If a Tax Event or a Regulatory Event has occurred, the Issuer may, without the consent of the Holders, either substitute all, but not some only, of the Notes for, or amend these Terms and Conditions so that they remain or become, Compliant Securities, *provided* that:
  - (i) neither a Tax Event nor a Regulatory Event arises as a result of such substitution or amendment;
  - (ii) FINMA has approved such substitution or amendment (if such approval is then required under applicable Swiss laws and regulations);
  - (iii) the Issuer has given the Holders not less than 30 days' notice of such substitution or amendment in accordance with Condition 14 (*Notices*), which notice will, subject to subclause (v) below, be irrevocable, and state the date on which such substitution or amendment will be effective (the "**Substitution or Amendment Effective Date**");
  - (iv) prior to the publication of any notice pursuant to subclause (iii) above, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to substitute or amend the terms of the Notes, as applicable, pursuant to this Condition 13(b) is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right to substitute or amend the terms of the Notes, as applicable, pursuant to this Condition 13(b) have arisen; and
  - (v) no Trigger Event or Viability Event has occurred prior to the relevant Substitution or Amendment Effective Date.

In connection with any substitution or amendment in accordance with this Condition 13(b), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- (c) In addition to its rights under clause (b) of this Condition 13, the Issuer may, without the consent of the Holders, make any amendment to these Terms and Conditions that it considers to be (i) necessary or desirable to give effect to (A) any Alternative Benchmark Rate determined in accordance with Condition 5(c) (*Interest – Benchmark replacement*) (including any Adjustment Spread determined in accordance with subclause (v)(A)(2) thereof and any alternative method for determining the Mid Market Swap Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date determined in accordance with subclause (v)(A)(3) thereof), and any related changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" determined to be necessary in accordance with subclause (v)(D) thereof, or (B) the provisions of clause (a) of Condition 15 (*Issuer Substitution*) (including, without limitation, (x) if the Substitute Issuer is organised and/or resident for tax purposes in a jurisdiction other than Switzerland, any amendments to any references to the jurisdiction of "Switzerland" contained herein, including, without limitation, amendments to the definition of the term "Bankruptcy Event", the definition of the term "Business Day", the governing law of the subordination provisions set forth in Condition 4 (*Status and Subordination*) and the provisions of Condition 12 (*Events of Default*), and (y) any amendments to reflect UBS Group AG's guarantee described in subclause (a)(iii) of Condition 15 (*Issuer Substitution*)), or (C) the provisions of subclause (i)(B) and/or subclause (iii) of Condition 8(e) (*Conversion – Qualifying Relevant Event*), or (ii) formal, minor or technical in nature, or (iii) necessary to correct a manifest error, or (iv) not materially prejudicial to the interests of the Holders.
- (d) The Issuer shall notify the Holders of any amendments made pursuant to clause (c) of this Condition 13 in accordance with Condition 14 (*Notices*), which notice shall state the date on which such amendment will be effective.
- (e) Any amendment made pursuant to this Condition 13 will be binding on the Holders in accordance with its terms.

#### 14. **NOTICES**

- (a) So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Issuer (i) by means of electronic publication on the internet website of SIX Exchange Regulation Ltd (<https://www.ser-ag.com>), where notices are as at the Issue Date published under the address [https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/,](https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notice will be validly given on the date of such publication or, if published more than once, on the date of the first such publication.
- (b) If the Notes are for any reason no longer listed on the SIX Swiss Exchange:
  - (i) if the Notes are represented by one or more Global Certificates deposited with a custodian for DTC, notices to Holders shall only be required to be given by the Issuer in accordance with clause (c) of this Condition 14; or
  - (ii) if the Global Certificate(s) have been exchanged for Definitive Certificates, the Issuer shall send notices to Holders by first class mail at their respective addresses as recorded in the Register, and any such notice will be validly given on the fourth Business Day after the date of such mailing.
- (c) So long as the Notes are represented by one or more Global Certificates deposited with a custodian for DTC, any notices required to be given by the Issuer to the Holders hereunder shall also be given to the Indirect Holders through the Fiscal Agent to DTC for forwarding to the Indirect Holders. Any such notice will be validly given on the date of delivery to DTC in accordance with DTC's applicable procedures.

15. **ISSUER SUBSTITUTION**

- (a) The Issuer (for purposes of this Condition 15, the "**Current Issuer**") may, without the consent of the Holders, substitute any entity (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the "**Substitute Issuer**") for itself as principal debtor under the Notes upon giving no more than 30 and no less than 10 days' notice to the Holders in accordance with Condition 14 (*Notices*), *provided that*:
- (i) the Substitute Issuer is UBS Group AG or, if the Substitute Issuer is not UBS Group AG, (A) an exemption exists from the requirement to register the Substitute Issuer as an investment company under the US Investment Company Act, and (B) at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by UBS Group AG;
  - (ii) the Current Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;
  - (iii) if the Substitute Issuer is not UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the Holders, pursuant to article 111 of the Swiss Code and on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), (A) the due and punctual payment of principal and interest and all other amounts due and payable by the Substitute Issuer under, or in respect of, the Notes upon receipt of the written request for payment of the relevant amount, and (B) upon the occurrence of a Conversion, the due delivery of the Ordinary Shares required to be delivered pursuant to Condition 8 (*Conversion*), and on the terms whereby subclause (iii) of Condition 5(i) (*Interest – Cancellation of interest; prohibited interest*), subclause (ii)(C) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), Condition 10 (*Taxation*), Condition 12 (*Events of Default*) and Condition 20 (*No Set-off by Holders*) apply to UBS Group AG and to its obligations under such guarantee either by making the necessary consequential amendments to such Conditions or including such Conditions applicable to UBS Group AG and to its obligations under such guarantee in such guarantee itself, as applicable;
  - (iv) the Current Issuer and the Substitute Issuer (A) have entered into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which the Substitute Issuer has (x) undertaken in favour of each Holder to be bound by these Terms and Conditions as the principal debtor (on a subordinated basis corresponding to Condition 4 (*Status and Subordination*)) under the Notes in place of the Current Issuer and (y) assumed the obligations of the Current Issuer under the Fiscal Agency Agreement, and (B) procure that all action, conditions and things required to be taken, fulfilled and done (including, without limitation, the obtaining of any necessary consents) to ensure that the Substitution Documents represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;
  - (v) if the Substitute Issuer is resident for tax purposes in a jurisdiction (the "**New Residence**") other than that in which the Current Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Substitution Documents contain an undertaking by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Holder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10 (*Taxation*) in relation to the payment of all amounts due and payable under, or in respect of, the Notes and in relation to the guarantee referred to in subclause (iii) above, with, in the case of the Notes but not such guarantee, the substitution of references to the Former Residence with references to the New Residence, and an undertaking by the Substitute Issuer to indemnify each Holder against any Tax that is imposed on it by (or by any authority in or of) the New Residence and, if different, the jurisdiction of the Substitute Issuer's organisation with respect to any Note and that would not have been so imposed had the substitution not been made, as well as against any Tax, and any cost or expense, relating to such substitution;

- (vi) if the Substitute Issuer is not UBS Group AG, FINMA has approved such substitution (if such approval is then required under applicable Swiss laws and regulations), and the Current Issuer and the Substitute Issuer have obtained all other necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents;
  - (vii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes; and
  - (viii) such substitution does not give rise to a Tax Event or a Regulatory Event.
- (b) Upon any substitution pursuant to clause (a) of this Condition 15, (i) the Substitute Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Current Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Terms and Conditions, and (ii) the Current Issuer will be released from its obligations under the Notes.
  - (c) After giving effect to any substitution pursuant to clause (a) of this Condition 15, (i) references to the "Issuer" in the Notes and these Terms and Conditions will be references to the Substitute Issuer, and (ii) references to the "Tax Jurisdiction" in the Notes and these Terms and Conditions will be read and construed as including the jurisdiction of establishment of the Substitute Issuer and, if different, the jurisdiction in which the Substitute Issuer is resident for tax purposes instead of or in addition to (as the case may be) references to the jurisdiction of establishment of the Issuer and Switzerland.

#### 16. **CONSOLIDATION, MERGER OR SALE**

The Issuer will not consolidate with, merge with or into, or sell, convey, transfer or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially as an entirety in one transaction or a series of related transactions) to, any Person (other than with, into or to any Person of which at least 95 per cent. of such Person's capital and voting rights are held, directly or indirectly, by the Issuer) or permit any Person to merge with or into the Issuer unless (a) the Issuer will be the continuing Person, or (b) the Person formed by such consolidation or into which the Issuer is merged or that acquired such property and assets of the Issuer expressly assumes in writing (or, in the case of an acquisition of property and assets, guarantees) all of the obligations of the Issuer under the Notes.

#### 17. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders issue further notes and, *provided* that such notes have the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and/or the first date on which interest is paid), such further notes will be consolidated and form a single series with the Notes. If the Issuer issues any such further notes pursuant to this Condition 17, references in these Terms and Conditions to "Notes" include such further notes, unless the context otherwise requires.

#### 18. **CURRENCY INDEMNITY**

Any amount received or recovered by any Holder in a currency other than USD (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) under the Notes will only constitute a discharge of the Issuer to the extent of the amount in USD that such Holder is able to purchase with the amount so received or recovered in such other currency on the date of such receipt or recovery (or, if it is not practicable to purchase USD with such amount on such date, on the first date on which it is practicable to do so). If the amount of USD that such Holder is able to purchase is less than the amount owed by the Issuer to such Holder under the Notes, the Issuer shall indemnify such Holder against any loss sustained by it as a result. In addition, the Issuer shall indemnify such Holder for the costs of making such purchase. For purposes of this

Condition 18, it is sufficient for the relevant Holder to demonstrate that it would have suffered a loss had an actual purchase been made. The indemnities under this Condition 18 will (a) constitute a separate and independent obligation from the Issuer's other obligations hereunder, (b) give rise to a separate and independent cause of action, (c) apply irrespective of any indulgence granted by any Holder and (d) continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any amount due under the Notes or any other judgment or order.

19. **RULE 144A INFORMATION**

If at any time the Issuer is neither a reporting company under Section 13 or Section 15(d) of the US Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the US Exchange Act, the Issuer will comply with any applicable requirements of Rule 144A(d)(4) under the US Securities Act in relation to the Notes.

20. **NO SET-OFF BY HOLDERS**

Subject to applicable law, each Holder and Indirect Holder, by acceptance of any direct or beneficial interest in a Note, agrees that it will not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention with respect to any amount owed to it by the Issuer in respect of, or arising in connection with, the Notes.

21. **GOVERNING LAW AND JURISDICTION**

- (a) The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by and construed in accordance with the laws of Switzerland.
- (b) The courts of the Canton of Zurich (venue being the City of Zurich) shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, including any non-contractual obligation arising out of or in connection with the Notes.



**High-trigger loss-absorbing additional tier 1 capital instrument**

|                          |                                                                                                                                |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer</b>            | UBS Group AG                                                                                                                   |
| <b>ISIN</b>              | US225401BH08 (144A) / USH42097FA09 (Reg S)                                                                                     |
| <b>Issue Date</b>        | 10.02.2025                                                                                                                     |
| <b>Currency</b>          | USD                                                                                                                            |
| <b>Nominal (million)</b> | 1,500                                                                                                                          |
| <b>Interest Rate</b>     | 7.000% <sup>1</sup>                                                                                                            |
| <b>Maturity Date</b>     | perpetual                                                                                                                      |
| <b>Call Dates</b>        | any time during period from (and including) 10 February 2030 to (and including) 10 August 2030 or on any Reset Date thereafter |

<sup>1</sup> Rate subject to change after first reset date.

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Tier 1 Capital Notes issued by UBS Group AG are as follows:

### 1. DEFINITIONS

"**Acquiror**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

"**Additional Amounts**" has the meaning assigned to such term in clause (b) of Condition 10 (*Taxation*).

"**Additional Tier 1 Capital**" means, at any time, any item that qualifies as additional tier 1 capital (*zusätzliches Kernkapital*) under National Regulations at such time.

"**Adjustment Spread**" means, with respect to any Alternative Benchmark Rate determined in accordance with the provisions of Condition 5(c) (*Interest – Benchmark replacement*), a spread (which may be positive or negative), or a formula or methodology for calculating such a spread, applied to such Alternative Benchmark Rate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Existing Benchmark Rate with such Alternative Benchmark Rate.

"**Affected Reset Interest Period**" has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Agent Insolvency Event**" has the meaning assigned to such term in subclause (c)(ii) of Condition 9 (*Payments; Agents*).

"**Agents**" means the Fiscal Agent, the Registrar, the Calculation Agent, the Swiss Paying Agent and any other agent from time to time appointed pursuant to the terms of the Fiscal Agency Agreement, and the Settlement Agent.

"**Alternative Benchmark Rate**" has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Alternative Loss Absorption Date**" has the meaning assigned to such term in Condition 7(e) (*Trigger Event and Viability Event – Alternative loss absorption*).

"**Alternative MMSR Page**" has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Alternative Relevant Time**" has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

"**Approved Entity**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

"**Auditor**" means the accounting firm (i) appointed by the Board of Directors of the Group Holding Company or the shareholders of the Group Holding Company, as the case may be, to provide, among other things, audit and/or review opinions on the Group Holding Company's financial statements, and (ii) approved by FINMA in accordance with the Financial Market Supervisory Act (*Finanzmarktaufsichtsgesetz*) of 22 June 2007, as amended and as may be further amended from time to time.

"**Authorised Signatories**" means any two authorised officers of the Issuer signing jointly.

"**Balance Sheet Date**" means (i) with respect to any Ordinary Publication Date, the cut-off date for the measurement of the CET1 Ratio in the Quarterly Financial Accounts published on such Ordinary Publication Date, and (ii) with respect to any Extraordinary Publication Date, the cut-off date for the Reviewed Interim Measurement published upon the instruction of FINMA on such Extraordinary Publication Date.

**"Bankruptcy Event"** means any of the following events with respect to the Issuer: (i) the adjudication of bankruptcy (*Konkurseröffnung*) pursuant to articles 171, 189, 190, 191 or 192 of the DEBA, (ii) the opening of restructuring proceedings (*Sanierungsverfahren*) pursuant to articles 28 to 32 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such proceedings, **"Restructuring Proceedings"**), and/or (iii) the ordering of liquidation proceedings (*Liquidation*) pursuant to articles 33 to 37g of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG; *provided, however*, that none of the following will constitute a Bankruptcy Event: (x) mere debt collection proceedings (*Betreibungsverfahren*) pursuant to article 38 *et seq.* of the DEBA, (y) proceedings in connection with a freezing order (*Arrestverfahren*) pursuant to article 271 *et seq.* of the DEBA, and/or (z) the ordering of protective measures (*Schutzmassnahmen*) pursuant to article 26 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such measures, **"Protective Measures"**), including, in the case of each of subclauses (x), (y) and (z), any steps (other than any steps described in clauses (i) through (iii) of this definition) taken under or in connection therewith.

**"BIS Regulations"** means, at any time, the capital adequacy standards and guidelines promulgated by the Basel Committee on Banking Supervision, as implemented by FINMA in Switzerland at such time.

**"BIS Risk Weighted Assets"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of risk-weighted assets of the Group as of such Balance Sheet Date, as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term **"risk-weighted assets"** as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

**"Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in (i) for purposes of the definitions of the terms "Extraordinary Publication Date", "Higher-Trigger Amount" and "Ordinary Publication Date", Zurich, and (ii) otherwise, New York City and Zurich.

**"Calculation Agent"** means UBS AG, in its capacity as calculation agent for the Notes, and includes any successor calculation agent for the Notes appointed in accordance with the terms of the Fiscal Agency Agreement.

**"Calculation Amount"** means USD 1,000.

**"Capital Adequacy Ordinance"** means the Swiss Ordinance concerning Capital Adequacy and Risk Diversification for Banks and Securities Firms of 1 June 2012, as amended and as may be further amended from time to time, or any successor Swiss law or regulation.

**"Cash Distribution"** means any dividend or distribution in respect of the Ordinary Shares that is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including any cash distribution or payment to Shareholders upon or in connection with a reduction of capital. For the avoidance of doubt, the term "Cash Distribution" does not include consideration paid or any other payments made by UBS Group AG or any of its affiliates in connection with the repurchase of Ordinary Shares in connection with any share buyback programme.

**"Certificate"** means a Global Certificate and/or a Definitive Certificate, as the case may be.

**"CET1 Capital"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of items that constitute common equity tier 1 capital of the Group as of such Balance

Sheet Date, less any deductions from common equity tier 1 capital required to be made, in each case as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term "**common equity tier 1 capital**" as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

"**CET1 Ratio**" means, as of any Balance Sheet Date, the CET1 Capital as of such Balance Sheet Date, divided by the BIS Risk Weighted Assets as of such Balance Sheet Date, expressed as a percentage, such ratio (or the components thereof) as determined by the Group Holding Company, and (i) as disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) constituting (or as disclosed in) the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable.

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.

"**Code**" has the meaning assigned to such term in subclause (c)(iii) of Condition 10 (*Taxation*).

"**Compliant Securities**" means securities issued by UBS Group AG or any of its subsidiaries that have economic terms not materially less favourable to a Holder than these Terms and Conditions (as reasonably determined by the Issuer), *provided that*:

- (a) such securities (i) include terms that provide for the same interest rate and principal from time to time applying to the Notes, (ii) rank *pari passu* with the Notes and (iii) preserve any existing rights under these Terms and Conditions to any accrued and unpaid interest that has not been satisfied;
- (b) where such securities are issued by a subsidiary of UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the holders of such securities, on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), the due and punctual payment of all amounts due and payable by such subsidiary under, or in respect of, such securities pursuant to article 111 of the Swiss Code;
- (c) where the Notes that have been substituted or amended were listed immediately prior to their substitution or amendment, such securities are listed on (i) the SIX Swiss Exchange or (ii) such other internationally recognised stock exchange selected by the Issuer; and
- (d) where the Notes that have been substituted or amended were rated by a rating agency immediately prior to such substitution or amendment, each such rating agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to such securities.

"**Conversion**" has the meaning given to it in Condition 8(a) (*Conversion – Conversion upon a Trigger Event or a Viability Event*), and "convert" and "converted" shall be construed accordingly.

"**Conversion Capital**" means conversion capital (*Wandlungskapital*) within the meaning of the Swiss Banking Act.

"**Conversion Date**" means, with respect to any Conversion, the Trigger Event Conversion Date or the Viability Event Conversion Date, as applicable.

"**Conversion Price**" means USD 29.06, subject to any adjustment in accordance with Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

"**Current Issuer**" has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

"**Current Market Price**" means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days (or, for the purposes of subclause (i)(D) of

Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), 10 consecutive dealing days) ending on the dealing day immediately preceding such date (such period, the "**Reference Period**"), *provided* that, if at any time during the Reference Period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of the Reference Period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued and delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
- (b) if the Ordinary Shares to be issued and delivered do rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if on each of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period the Volume Weighted Average Price was based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) that has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices that are available in the Reference Period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the Reference Period, the Current Market Price shall be determined by an Independent Adviser.

"**Day Count Fraction**" means, in respect of any period (the "**Calculation Period**"), the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

"**dealing day**" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares or other securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

"**DEBA**" means the Swiss Federal Debt Enforcement and Bankruptcy Act of 11 April 1889, as amended and as may be further amended from time to time.

"**Definitive Certificate**" has the meaning assigned to such term in subclause (i) of Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*).

"**Depository**" means DTC or any other Relevant Clearing System outside of Switzerland designated as Depository by the Issuer; *provided, however*, that, irrespective of the number of Regulation S Global Certificates and/or Rule 144A Global Certificates, as the case may be, outstanding, there will be no more than one Depository for the Notes at any time.

"**Distributable Items**" means, in respect of any Interest Payment Date, the aggregate of (i) net profits carried forward and (ii) freely distributable reserves, in each case, less any amounts that must be contributed to legal reserves under applicable law, all in UBS Group AG's reporting currency and as appearing in the Relevant Accounts.

"**Distribution Compliance Period**" means the 40-day period commencing on (and including) the later of (i) the day on which the Notes are first offered to Persons other than distributors (as defined in Regulation S under the US Securities Act), and (ii) the day on which the closing of the offering of the Notes occurs.

"**DTC**" means The Depository Trust Company.

"**EEA Regulated Market**" means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets on financial instruments.

"**Effective Date**" has the meaning assigned to such term in subclause (i)(C) or (i)(D), as applicable, of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Event of Default**" has the meaning assigned to such term in clause (a) of Condition 12 (*Events of Default*).

"**Exempt Reorganisation**" means a Reorganisation where, immediately after completion of the relevant proceedings, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other Recognised Stock Exchange as UBS Group AG or Newco may determine.

"**Existing Benchmark Rate**" has the meaning assigned to such term in Condition 5(c) (*Interest – Benchmark replacement*).

"**Existing Shareholders**" has the meaning assigned to such term in the definition of the term "Reorganisation".

"**Extraordinary Distribution**" means any Cash Distribution (i) that is expressly declared by UBS Group AG to be an extraordinary or special dividend or an extraordinary or special distribution to Shareholders as a class or any analogous or similar term, and (ii) the amount of which exceeds the arithmetic average of the ordinary dividend per Ordinary Share paid by UBS Group AG in the three most recently preceding calendar years (each such ordinary dividend translated, if necessary, into the currency in which the applicable Cash Distribution is expressed at the Prevailing Rate on the date on which such ordinary dividend was paid) by more than 25 per cent.

"**Extraordinary Publication Date**" means the Business Day on which a Reviewed Interim Measurement is published upon the instruction of FINMA, after FINMA has determined that the conditions for issuing a Trigger Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*) have been met.

"**Extraordinary Trigger Event Notice Date**" has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

"**Fair Market Value**" means, with respect to any property on any date (the "**Relevant Valuation Date**"), the fair market value of that property as determined by an Independent Adviser, *provided* that:

- (a) the Fair Market Value of a cash amount shall be the amount of such cash;
- (b) where securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by an Independent Adviser), the Fair Market Value (i) of such securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of each of subclauses (i) and (ii), during the period of five dealing days on the relevant stock exchange or securities market commencing on the later of (x) the applicable Relevant Valuation Date and (y) the first dealing day on which such securities, options, warrants or other rights are publicly traded, or such shorter period as such securities, options, warrants or other rights are publicly traded; and
- (c) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such securities, options, warrants or other rights shall be determined by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Any amounts determined pursuant to the above shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on the Relevant Valuation Date. In addition, in the case of clause (a) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

"**Final Cancellation Date**" means the date specified in the Trigger Event Notice or a Viability Event Notice, as applicable, as being the date on which any Notes in relation to which no valid Settlement Shares Settlement Notice has been received by the Settlement Share Depository (or its designated agent(s)) on or before the Settlement Notice Cut-off Date shall be cancelled, which date is expected to be no more than 12 Business Days following the Settlement Notice Cut-off Date.

"**FINMA**" means the Swiss Financial Market Supervisory Authority FINMA and any successor thereto.

"**First Call Date**" means 10 February 2030.



**"First Reset Date"** means 10 August 2030.

**"Fiscal Agency Agreement"** means the fiscal agency agreement dated as of 10 February 2021, among the Issuer, the Fiscal Agent, the Registrar, the Calculation Agent, the Swiss Paying Agent and the other Agents from time to time party thereto, as amended by Amendment No. 1 thereto dated as of 2 January 2025, and as may be further amended, supplemented or otherwise modified from time to time.

**"Fiscal Agent"** means Deutsche Bank Trust Company Americas, in its capacity as fiscal agent for the Notes, and includes any successor fiscal agent for the Notes appointed in accordance with the terms of the Fiscal Agency Agreement.

**"Fixed Interest Rate"** means 7.000 per cent. per annum.

**"Former Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"Global Certificate"** means a Regulation S Global Certificate and/or Rule 144A Global Certificate, as the case may be.

**"Going-Concern LR Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the leverage ratio (*Höchstverschuldungsquote*) of such bank.

**"Going-Concern RWA Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the risk weighted assets (*risikogewichtete Positionen*) of such bank.

**"Governmental Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Group"** means, at any time, the Group Holding Company and all its subsidiaries and other entities that are included in the Group Holding Company's consolidated capital adequacy reports prepared pursuant to National Regulations.

**"Group Holding Company"** means, at any time, the top Swiss holding company at such time of the financial group to which UBS Group AG belongs for purposes of preparing consolidated capital adequacy reports pursuant to National Regulations. As at the Issue Date, the Group Holding Company is UBS Group AG.

**"Higher-Trigger Amount"** means, as of any Publication Date, the sum of (i) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, outstanding on the relevant Balance Sheet Date that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, and (ii) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, issued after the relevant Balance Sheet Date, but prior to such Publication Date, that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, in the case of each of clauses (i) and (ii), as determined by UBS Group AG. For purposes of clause (ii) of this definition and, in the case of an Extraordinary Publication Date, clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable prevailing exchange rate on the last Business Day preceding the relevant Publication Date, as determined by UBS Group AG. In the case of an Ordinary Publication Date, for purposes of clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into

the Presentation Currency at the applicable exchange rate used for such purposes in the relevant Quarterly Financial Accounts.

**"Higher-Trigger Contingent Capital"** means any instrument issued by, or any other obligation of, any member of the Group that (i) is issued or owed to holders that are not members of the Group and (ii) is required pursuant to its terms to be converted into equity and/or fully or partially written down, or otherwise operating to increase the CET1 Capital, when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a threshold that is higher than the Threshold Ratio (with respect to the relevant Higher-Trigger Contingent Capital, its **"Higher-Trigger Threshold Ratio"**).

**"Higher-Trigger Threshold Ratio"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Contingent Capital".

**"Higher-Trigger Write-down/Conversion Date"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Write-down/Conversion Notice".

**"Higher-Trigger Write-down/Conversion Notice"** means a notice delivered pursuant to the terms of any Higher-Trigger Contingent Capital that notifies the holders thereof that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio and, consequently, that such Higher-Trigger Contingent Capital will be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, as applicable, as of a particular date (such date, the **"Higher-Trigger Write-down/Conversion Date"**). For the avoidance of doubt, if the terms and conditions of such Higher-Trigger Contingent Capital permit FINMA to waive the conversion into equity and/or write-down of such Higher-Trigger Contingent Capital notwithstanding the fact that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio, the non-issuance of such a waiver by FINMA between the relevant Publication Date and the Trigger Event Notice Date will be deemed equivalent to the delivery of a Higher-Trigger Write-down/Conversion Notice for purposes of subclause (ii) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Holder"** means, with respect to any Note, the Person in whose name the Certificate representing such Note is registered in the Register. For the avoidance of doubt, with respect to Notes represented by a Global Certificate, no Indirect Holder or other Person will be a Holder for purposes of these Terms and Conditions or such Notes or have any rights, or be owed any obligations by the Issuer, under such Notes.

**"IBA"** means ICE Benchmark Administration® Limited (or any successor administrator of the USD SOFR ICE Swap Rate® (or any successor label)).

**"Independent Adviser"** means an independent financial institution of international repute or an independent adviser of recognised standing and expertise, in either case, appointed by the Issuer at its own expense to make any determination that is required to be made, or may be made, by an Independent Adviser under these Terms and Conditions.

**"Independent Adviser Determination Cut-off Date"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Indirect Holder"** means, with respect to any Note represented by a Global Certificate, any Person (other than the Holder) that owns a beneficial interest in such Notes through a bank, broker or other financial institution that (i) participates in the book-entry system of DTC, Euroclear, Clearstream, Luxembourg and/or any other clearing system (each, a **"Relevant Clearing System"**), or (ii) holds an interest in such Note through a participant in the book-entry system of any Relevant Clearing System. No Indirect Holder will have any rights, or be owed any obligations by the Issuer, under the Notes.

**"Interest Payment Date"** has the meaning assigned to such term in subclause (ii) of Condition 5(a) (*Interest – Interest Payment Dates*).

**"Interest Period"** means each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next Interest Payment Date.

**"Interest Rate"** means the Fixed Interest Rate and/or Reset Interest Rate, as the case may be.

**"Issue Date"** means 10 February 2025.

**"Issuer"** means UBS Group AG in its capacity as issuer of the Notes.

**"Junior Obligations"** means (i) all classes of share capital and participation securities (if any) of the Issuer and (ii) all other obligations of the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation.

**"Margin"** means 3.077 per cent. per annum.

**"Mid Market Swap Rate"** means, in relation to any Reset Interest Period:

- (a) the USD SOFR ICE Swap Rate on the Reset Determination Date in relation to such Reset Interest Period as it appears on the MMSR Page on such Reset Determination Date; or
- (b) if such USD SOFR ICE Swap Rate does not appear on the MMSR Page on such Reset Determination Date, the Reset Reference Bank Rate in relation to such Reset Interest Period.

**"Mid Market Swap Rate Quotation"** means, in relation to any Reset Interest Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/360 day count basis) of a fixed-for-floating USD interest rate swap transaction that:

- (a) has a term of five years commencing on the Reset Date on which such Reset Interest Period commences; and
- (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on SOFR compounded in arrear for 12 months (calculated on an Actual/360 day count basis).

**"MMSR Page"** means Bloomberg page USISSO05 Index (or (i) such other page as may replace that page on Bloomberg (or on any successor to Bloomberg), or (ii) if there is no such replacement page on Bloomberg (or on any successor to Bloomberg), such other page on such other information service, in the case of each of clauses (i) and (ii), on which the USD SOFR ICE Swap Rate is displayed and as selected by the Issuer after consultation with the Calculation Agent).

**"National Regulations"** means, at any time, (i) the Swiss national banking and capital adequacy laws, and (ii) the capital adequacy regulations promulgated by the Swiss Federal Council (*Bundesrat*) or FINMA and the interpretation thereof by FINMA or any other competent Swiss authority, in the case of each of clauses (i) and (ii), directly applicable to UBS Group AG (and/or, if different, the Group Holding Company) and/or the Group at such time.

**"New Conversion Condition"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Condition Effective Date"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Price"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"New York Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in New York City.

**"Newco"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Non-Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Notes"** means the USD 1,500,000,000 7.000 per cent. Tier 1 Capital Notes issued by the Issuer on the Issue Date.

**"OECD"** means the Organisation for Economic Co-operation and Development.

**"Offer Settlement Period"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Ordinary Publication Date"** means each Business Day on which Quarterly Financial Accounts are published.

**"Ordinary Shares"** means the registered ordinary shares of UBS Group AG, which as of the Issue Date have a par value of USD 0.10 each. The Ordinary Shares deliverable on Conversion will be newly issued from the capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) and/or Conversion Capital of UBS Group AG, and rank *pari passu* with all other registered ordinary shares of UBS Group AG for any and all distributions payable on them on or after the relevant Share Creation Date.

**"Ordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Other Tier 1 Contingent Convertible Capital Note"** means any capital instrument (other than the Notes) that:

- (a) is eligible in full to be (i) treated as Additional Tier 1 Capital and (ii) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both); and
- (b) subject to the terms and conditions thereof, is to be converted into Ordinary Shares when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a certain threshold and/or a Viability Event (or equivalent event described in the terms and conditions thereof) occurs.

**"Parity Obligations"** means (i) all obligations of the Issuer in respect of Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes), and (ii) any other securities or obligations (including, without limitation, any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with claims in respect of the Notes and/or any Parity Obligation.

**"Paying Agent"** has the meaning assigned to such term in subclause (c)(i) of Condition 9 (*Payments; Agents*).

**"Payment Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in New York City.

**"Permitted Transactions"** means:

- (a) repurchases, redemptions or other acquisitions of any Ordinary Shares in connection with (x) any employment contract, benefit plan or similar arrangement with, or for the benefit of, any employees, officers, directors or consultants of any member of the Group, (y) a dividend reinvestment or shareholder share purchase plan or (z) the issuance of any Ordinary Shares (or securities convertible into, or exercisable for, Ordinary Shares) as consideration for an acquisition consummated by any member of the Group;

- (b) market-making in Ordinary Shares as part of the securities business of any member of the Group;
- (c) purchases of fractional interests in any Ordinary Shares pursuant to the conversion or exchange provisions of (x) such Ordinary Shares or (y) any security convertible into, or exercisable for, Ordinary Shares;
- (d) redemptions or repurchases of Ordinary Shares pursuant to any shareholders' rights plan; and
- (e) distributions in cash or in kind on, or repurchases, redemptions or other acquisitions of, any Ordinary Shares as a part of any solvent reorganisation, reconstruction, amalgamation or merger of any member of the Group, so long as such member (or the successor entity resulting from such reorganisation, reconstruction, amalgamation or merger) continues to be a member of the Group.

**"Person"** means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organisation or government or any agency or political subdivision thereof.

**"Presentation Currency"** means (i) with respect to any Quarterly Financial Accounts, the presentation currency of such Quarterly Financial Accounts, and (ii) with respect to any Reviewed Interim Measurement, the Presentation Currency of the Quarterly Financial Accounts that will be prepared for the relevant financial quarterly or annual period in which the relevant Extraordinary Publication Date falls.

**"Prevailing Rate"** means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (New York City time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (New York City time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Adviser determines to be appropriate.

**"Protective Measures"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Public Sector"** means the government of, or a governmental agency or the central bank in, the country of incorporation of the Group Holding Company.

**"Publication Date"** means an Ordinary Publication Date or an Extraordinary Publication Date, as the case may be.

**"Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Quarterly Financial Accounts"** means (i) the financial statements of the Group (including, without limitation, the notes thereto) in respect of a financial quarter published by the Group Holding Company, which have been reviewed by the Auditor in accordance with the International Standards on Auditing; *provided, however*, that, if the financial statements of the Group in respect of the last quarter of any year are not so reviewed, the term "Quarterly Financial Accounts" in respect of such quarter will mean instead the annual financial statements of the Group (including, without limitation, the notes thereto) in respect of such year, which have been audited by the Auditor in accordance with the International Standards on Auditing and are published in the annual report of the Group Holding Company for such year, or (ii) in the event that the Group does not publish quarterly financial statements as described in clause (i) of this definition, the financial disclosures published by the Group pursuant to and in compliance with FINMA Circular 2016/01 "Capital Adequacy Disclosures Banks", as amended and as may be further amended from time to time, or pursuant to and in compliance with any successor circular or regulation applicable to the Group Holding Company, *provided* that such financial disclosures are published for each financial quarter and the interim earnings included in such disclosures have been reviewed by the Auditor in accordance with International Standards on Auditing.

"**QIB**" has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

"**Recognised Stock Exchange**" means an EEA Regulated Market, a regulated, regularly operating, recognised stock exchange in Switzerland or any other regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

"**Record Date**" means, with respect to any Scheduled Due Date, the last Relevant Banking Day immediately preceding such Scheduled Due Date.

"**Redemption Date**" has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

"**Redemption Notice**" has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

"**Reference Period**" has the meaning assigned to such term in the definition of the term "Current Market Price".

"**Register**" means the register that the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement.

"**Registrar**" means Deutsche Bank Trust Company Americas, in its capacity as registrar for the Notes, and includes any successor registrar for the Notes appointed in accordance with the Fiscal Agency Agreement.

"**Regulation S Global Certificate**" has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

"**Regulatory Event**" has the meaning assigned to such term in subclause (ii) of Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*).

"**Relevant Accounts**" means, in respect of any Interest Payment Date, the most recently published audited unconsolidated annual financial statements of UBS Group AG prepared in accordance with the Swiss Code.

"**Relevant Banking Day**" means a day other than a Saturday or Sunday, on which banks are open for business in the place of the Specified Office of the Registrar and the Fiscal Agent.

"**Relevant Clearing System**" has the meaning assigned to such term in the definition of the term "Indirect Holder".

"**Relevant Currency**" means USD or, if at the relevant time or for the purposes of the relevant calculation or determination there is a Relevant Stock Exchange but the New York Stock Exchange is not the Relevant Stock Exchange (or is the Relevant Stock Exchange but the Ordinary Shares are not quoted or dealt in thereon in USD), the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

"**Relevant Date**" means, with respect to any payment, (i) the date on which such payment first becomes due under the Notes (the "**Scheduled Due Date**"), or (ii) if the full amount of the money payable on the Scheduled Due Date has not been received by the Fiscal Agent on or before the Scheduled Due Date, the date on which the full amount of the money due on the Scheduled Due Date has been received by the Fiscal Agent.

"**Relevant Event**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

"**Relevant Page**" means the page on Bloomberg or such other information service provider that displays the relevant information.

"**Relevant Shares**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Relevant Stock Exchange"** means the New York Stock Exchange or, if at the relevant time the Ordinary Shares are not listed and admitted to trading on the New York Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing (if any).

**"Relevant Time"** means 11:00 a.m. (New York City time).

**"Reorganisation"** means proceedings that effect the interposition of a corporation or other limited liability company ("**Newco**") between the Shareholders immediately prior to such proceedings (the "**Existing Shareholders**") and UBS Group AG, *provided* that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders, (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco or the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, as the case may be, are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings, (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned subsidiaries of Newco are) the only shareholder of UBS Group AG, (iv) all subsidiaries of UBS Group AG immediately prior to such proceedings (other than Newco, if Newco is then a subsidiary of UBS Group AG) are subsidiaries of UBS Group AG (or of Newco) immediately after completion of such proceedings, and (v) immediately after completion of such proceedings, UBS Group AG (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those subsidiaries as was held by UBS Group AG immediately prior to such proceedings.

**"Reset Date"** means the First Reset Date and each day that falls on the fifth anniversary of the immediately preceding Reset Date.

**"Reset Determination Date"** means, in relation to any Reset Interest Period, the day falling two Business Days prior to the Reset Date on which such Reset Interest Period commences.

**"Reset Interest Amount"** has the meaning assigned to such term in Condition 5(b) (*Interest – Determination of the Mid Market Swap Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*).

**"Reset Interest Period"** means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date.

**"Reset Interest Rate"** means, in relation to any Reset Interest Period, the sum of the Margin and the Mid Market Swap Rate in relation to such Reset Interest Period.

**"Reset Reference Bank Rate"** means, in relation to any Reset Interest Period, the percentage rate (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent as follows:

- (a) the Calculation Agent will request each Reset Reference Bank to provide it with such Reset Reference Bank's Mid Market Swap Rate Quotation in relation to such Reset Interest Period as at the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period; and
- (b) if at least three such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the Mid Market Swap Rate Quotations provided, eliminating the highest Mid Market Swap Rate Quotation (or, in the event of equality, one of the highest) and the lowest Mid Market Swap Rate Quotation (or, in the event of equality, one of the lowest); or
- (c) if only two such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the Mid Market Swap Rate Quotations provided; or
- (d) if only one such Mid Market Swap Rate Quotation is provided, the Reset Reference Bank Rate will be the Mid Market Swap Rate Quotation provided; or



- (e) if no such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be (i) if such Reset Determination Date is in relation to any Reset Interest Period other than the Reset Interest Period commencing on the First Reset Date, the Mid Market Swap Rate in respect of the immediately preceding Reset Interest Period, or (ii) if such Reset Determination Date is in relation to the Reset Interest Period commencing on the First Reset Date, 3.923 per cent. per annum.

**"Reset Reference Banks"** means five major banks in the swap, money, securities or other market most closely connected with the Mid Market Swap Rate, as selected by the Issuer after consultation with the Calculation Agent.

**"Restructuring Proceedings"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Reviewed Interim Measurement"** means an interim measurement of the CET1 Ratio, with respect to which the Auditor has performed procedures in accordance with the International Standard on Related Services (and relevant Swiss standards and practices) applicable to agreed-upon procedures engagements.

**"Rule 144A"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

**"Rule 144A Global Certificate"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

**"Scheduled Due Date"** has the meaning assigned to such term in the definition of the term "Relevant Date".

**"Securities"** means any shares in the capital of UBS Group AG, or any options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of UBS Group AG, excluding all Other Tier 1 Contingent Convertible Capital Notes (and each a "Security").

**"Senior Obligations"** means all obligations of the Issuer that are unsubordinated or that are subordinated and do not constitute either Junior Obligations or Parity Obligations.

**"Settlement Agency Agreement"** means the Settlement Agency Agreement dated as of the Issue Date, between the Issuer and the Settlement Agent, as amended, supplemented or otherwise modified from time to time.

**"Settlement Agent"** means UBS AG, in its capacity as settlement agent for the Notes, and includes any successor settlement agent for the Notes appointed in accordance with these Terms and Conditions.

**"Settlement Date"** means:

- (a) with respect to any Note in relation to which a valid Settlement Shares Settlement Notice is received by the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) on or before the Settlement Notice Cut-off Date,
- (i) if the Trigger Event Notice specified that the Issuer will not appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer or if the Issuer gave a Viability Event Notice, the date that is two Business Days after the date on which the relevant Settlement Shares Settlement Notice has been so received by the Settlement Share Depository (or such agent); or
- (ii) if the Trigger Event Notice specified that the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, the date that is two Business Days after the later of (x) the date on which the Offer Settlement Period expires or is terminated and (y) the date on which the relevant Settlement Shares Settlement Notice has been so received by the Settlement Share Depository (or such agent); and

- (b) with respect to any Note in relation to which a valid Settlement Shares Settlement Notice is not received by the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) on or before the Settlement Notice Cut-off Date, the date on which the Settlement Share Depository delivers the relevant Ordinary Shares and/or cash proceeds of the Settlement Shares Offer, as applicable, to which the Holder of such Note is entitled pursuant to Condition 8 (*Conversion*) to such Holder.

**"Settlement Notice Cut-off Date"** means the date specified as such in the Trigger Event Notice or Viability Event Notice, as applicable, which date shall be at least 20 Business Days following the applicable Suspension Date.

**"Settlement Share Depository"** means a reputable independent financial institution, clearing institution, trust company or similar entity, to be appointed by the Issuer on or prior to any date when a function ascribed to the Settlement Share Depository in these Terms and Conditions is required to be performed to perform such functions, who will hold Ordinary Shares in a designated trust account for the benefit of the Holders and otherwise on terms consistent with these Terms and Conditions.

**"Settlement Shares Offer"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Offer Agent"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Settlement Notice"** has the meaning given to it in Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*).

**"Share Creation Date"** means, in relation to Ordinary Shares to be issued and delivered on Conversion, the date falling after the relevant Trigger Event Notice or Viability Event Notice, as the case may be, and on or prior to the applicable Conversion Date on which as a matter of Swiss law the relevant Ordinary Shares are paid up.

**"Shareholders"** means the holders of Ordinary Shares.

**"SOFR"** means the daily Secured Overnight Financing Rate provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate).

**"Specified Office"** means (i) in the case of Deutsche Bank Trust Company Americas, as Fiscal Agent, Paying Agent and Registrar, Trust and Agency Services, 1 Columbus Circle, 4th Floor, Mail Stop: NYC01-0417, New York, NY 10019, USA, Attn: Corporates Team, UBS Group AG, (ii) in the case of UBS AG, as Swiss Paying Agent, Calculation Agent and Settlement Agent, Bahnhofstrasse 45, 8001 Zurich, Switzerland, (iii) in the case of any other Agent, such office as is notified by the Issuer to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after the appointment of such Agent, and (iv) in the case of the Settlement Share Depository, the office designated as such in the relevant Trigger Event Notice or Viability Event Notice, as the case may be, or, in the case of each of clauses (i), (ii), (iii) and (iv), such other office as the relevant Agent or Settlement Share Depository may designate from time to time by providing notice to the Issuer and the Holders in accordance with Condition 14 (*Notices*).

**"Substitute Issuer"** has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

**"Substitution Documents"** has the meaning assigned to such term in subclause (a)(iv) of Condition 15 (*Issuer Substitution*).

**"Substitution or Amendment Effective Date"** has the meaning assigned to such term in subclause (b)(iii) of Condition 13 (*Meetings of Holders; Substitution and Amendment*).

**"Suspension Date"** means the date specified in the Trigger Event Notice or Viability Event Notice, as applicable, as the date on which the Depository is expected to suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures, which date is expected to be, if such Trigger Event Notice specifies that the Issuer will appoint

a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, as proximate to the expiration or termination of the Offer Settlement Period as is reasonably practicable in accordance with the rules and procedures of the Depositary; *provided, however*, that, for purposes of Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*) only, if the date on which the Depositary actually suspends such clearance and settlement is different from the date specified in the Trigger Event Notice or Viability Event Notice, as applicable, then "Suspension Date" will mean the date on which the Depositary actually suspends such clearance and settlement.

**"Swiss Banking Act"** means the Swiss Federal Act on Banks and Savings Institutions of 8 November 1934, as amended and as may be further amended from time to time.

**"Swiss Code"** means the Swiss Code of Obligations of 30 March 1911, as amended and as may be further amended from time to time.

**"Swiss Paying Agent"** has the meaning assigned to such term in subclause (c)(i) of Condition 9 (*Payments; Agents*).

**"Swiss Resolution Power"** means any statutory power of FINMA that it may exercise during Restructuring Proceedings as set forth in article 28 et seqq. of the Swiss Banking Act or in any implementing ordinance or successor Swiss law or regulation or analogous Swiss law or regulation applicable to bank holding companies incorporated under the laws of Switzerland such as UBS Group AG, including, without limitation, the power to (i) transfer the assets of the entity subject to such Restructuring Proceedings, or portions thereof, together with such entity's debt, other liabilities and contracts, or portions thereof, to another entity, (ii) stay (for a maximum of two business days) the termination of, or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of certain types of collateral or (z) rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Restructuring Proceedings is a party, (iii) partially or fully convert the debt of the entity subject to such Restructuring Proceedings into equity, and/or (iv) partially or fully write-down the obligations of the entity subject to such Restructuring Proceedings.

**"Tax Event"** has the meaning assigned to such term in subclause (ii) of Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*).

**"Tax Jurisdiction"** means Switzerland.

**"Taxes"** has the meaning assigned to such term in clause (a) of Condition 10 (*Taxation*).

**"Threshold Ratio"** means 7 per cent.

**"Tier 1 Capital"** means Additional Tier 1 Capital or any item that qualifies as common equity tier 1 capital pursuant to National Regulations.

**"Tier 1 Instruments"** means any and all (i) securities or other obligations (other than Tier 1 Shares) issued by UBS Group AG or (ii) shares, securities, participation securities or other obligations (other than Tier 1 Shares) issued by a subsidiary of UBS Group AG and having the benefit of a guarantee, credit support agreement or similar undertaking of UBS Group AG, each of which shares, securities, participation securities or other obligations described in clauses (i) and (ii) of this definition qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of the Group and/or UBS Group AG (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Tier 1 Shares"** means all classes of share capital and participation certificates (if any) of UBS Group AG or any subsidiary of UBS Group AG that qualify as common equity tier 1 capital of the Group and/or UBS Group AG under National Regulations on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Trigger Breach Determination Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger CET1 Ratio"** means, as of any Publication Date, (i) the sum of (x) the CET1 Capital as of the relevant Balance Sheet Date and (y) the Higher-Trigger Amount as of such Publication Date, divided by (ii) the BIS Risk Weighted Assets as of the relevant Balance Sheet Date, expressed as a percentage.

**"Trigger Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(a) (*Trigger Event and Viability Event – Trigger Event*).

**"Trigger Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice Date"** means an Ordinary Trigger Event Notice Date or an Extraordinary Trigger Event Notice Date, as the case may be.

**"US"** or **"United States"** means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

**"US Exchange Act"** means the US Securities Exchange Act of 1934, as amended and as may be further amended from time to time.

**"US Investment Company Act"** means the US Investment Company Act of 1940, as amended and as may be further amended from time to time.

**"US Securities Act"** means the US Securities Act of 1933, as amended and as may be further amended from time to time.

**"US Transfer Agent"** means Computershare Trust Company, N.A., in its capacity as US transfer agent for the Ordinary Shares, and includes any successor US transfer agent for the Ordinary Shares that may be appointed by UBS Group AG from time to time.

**"USD"** means United States dollars.

**"USD SOFR ICE Swap Rate"** means, on any Reset Determination Date, the USD SOFR ICE Swap Rate® (or any successor label for such rate applied by IBA) published by IBA that represents the annual mid rate as of the Relevant Time on such Reset Determination Date for USD swap transactions with a term of five years and a floating leg based on SOFR compounded in arrear for 12 months.

**"Viability Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Viability Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Viability Event Notice"** has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Volume Weighted Average Price"** means, in respect of an Ordinary Share or other Security on any dealing day, the order book volume-weighted average price (rounded to the same number of decimal places as the initial Conversion Price) of an Ordinary Share or such other Security, as the case may be, published on or by or derived from (i) in the case of an Ordinary Share, the relevant Bloomberg page, or (ii) in the case of a Security other than Ordinary Shares, the principal stock exchange or securities market on which such Security is then listed or quoted or dealt in, if any, or, in the case of each of clauses (i) and (ii), such other source as an Independent Adviser determines to be appropriate, on such dealing day, *provided* that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or such other Security, as the case may be, in respect of such dealing day shall be (i) the Volume Weighted Average Price, determined as provided above, on the most recently preceding dealing day on which the same can be so determined, or (ii) determined in such other manner as an Independent Adviser determines to be appropriate.

2. **AMOUNT, DENOMINATION AND FORM**

(a) *Amount and denomination*

The initial aggregate principal amount of the Notes will be USD 1,500,000,000. The Notes will be issued to Holders in minimum denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof. The Notes may be held and transferred only in minimum denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof.

(b) *Global Certificates*

(i) Notes that are initially sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A under the US Securities Act ("**Rule 144A**") are initially represented by one or more permanent registered global certificates (each, a "**Rule 144A Global Certificate**"), without interest coupons, deposited with the Fiscal Agent as custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Notes that are initially sold in an "offshore transaction" within the meaning of Regulation S of the US Securities Act are initially represented by one or more permanent registered global certificates (each, a "**Regulation S Global Certificate**"), without interest coupons, deposited with the Fiscal Agent as custodian for, and registered in the name of Cede & Co. as nominee for, DTC, *provided* that upon such Regulation S Global Certificate's deposit, all beneficial interests in the Notes represented thereby are maintained at or through Euroclear and/or Clearstream, Luxembourg until expiration of the Distribution Compliance Period. The form of Regulation S Global Certificate and the form of Rule 144A Global Certificate are set out in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.

(ii) The aggregate principal amount of the Notes represented by each of the Global Certificates may from time to time be increased or decreased by adjustments made on the records of the Registrar. Each Global Certificate shall have affixed a schedule for the purpose of recording adjustments in the aggregate principal amount thereof; *provided, however*, that, in the event of a discrepancy between the principal amounts recorded on such schedule and the amounts listed on the records of the Registrar, the principal amounts listed on the records of the Registrar will control. Any beneficial interest of an Indirect Holder in any Note represented by one of the Global Certificates that is transferred to a Person who takes delivery in the form of a beneficial interest in such Note represented by another Global Certificate will, upon transfer, cease to be a beneficial interest in such first Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Certificate for as long as it retains such an interest.

(iii) So long as the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, the Holder of a Global Certificate may grant proxies and otherwise authorise any Person, including, without limitation, participants of a Relevant Clearing System and Persons that may hold interests through such participants, to take any action that the Holder is entitled to take under these Terms and Conditions or the Notes (including, without limitation, delivery of a Settlement Shares Settlement Notice following a Trigger Event or a Viability Event in accordance with Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*)), and nothing in these Terms and Conditions will prevent the Issuer or the Agents or the Settlement Share Depositary (if any) or any of their respective agents from giving effect to any such proxies or other authorisations furnished by the Holder of a Global Certificate for purposes of

this subclause (b)(iii). Although the Holders are the only Persons entitled to participate in, and vote at, any meeting of Holders, so long as the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, the Holder of a Global Certificate shall (A) obtain instructions from the relevant Indirect Holders in respect of any meeting of Holders, (B) vote at such meeting in respect of each Note represented by such Global Certificate in accordance with the instructions received from the relevant Indirect Holder and (C) abstain from representing any Note represented by such Global Certificate at a meeting of Holders for which it has not received an instruction from the relevant Indirect Holder. Only the Notes represented by such Global Certificate for which the Holder received an instruction by the relevant Indirect Holder to take part at a meeting of Holders will be deemed to be present or represented at such meeting.

(c) *Definitive Certificates*

- (i) Definitive Notes in registered form (each, a "**Definitive Certificate**") shall be issued, and a Global Certificate will be exchanged, in whole, but not in part, for Definitive Certificates, if (and only if):
  - (A) the Depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to some or all of the Global Certificates, or ceases to be a "clearing agency" registered under the US Exchange Act; or
  - (B) at any time the Depositary is no longer eligible to act as such, or the Notes cease for any reason to be eligible for clearing through the Depositary, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility of the Depositary or of the Notes, as the case may be, from or on behalf of the Depositary; or
  - (C) issuance of the Definitive Certificates is required by Swiss or other applicable laws or regulations in connection with the enforcement of rights under the Notes; or
  - (D) the Issuer provides its consent.
- (ii) If a Global Certificate is to be exchanged for Definitive Certificates pursuant to subclause (i) above, the Issuer will procure the prompt delivery (free of charge) of Definitive Certificates to the Fiscal Agent, duly executed without interest coupons, registered in the names of the relevant Indirect Holders, addresses and denominations provided in a written notice to be given by the Depositary or the Issuer to the Fiscal Agent (which notice shall be given subject to the Depositary's procedures and also specify the taxpayer identification number, if any, of each Person in whose name such Definitive Certificates are to be registered). Upon written direction of the Issuer, the Fiscal Agent will deliver such Definitive Certificates to the Holders thereof no later than five Business Days after receipt by the Fiscal Agent of the written notice provided by the Depositary (or the Issuer, as applicable) referred to above (and any other necessary information as the Fiscal Agent may reasonably request from the Issuer at such time). The Fiscal Agent shall promptly cancel and deliver to the Issuer the surrendered Global Certificates. The form of Definitive Certificate that will be issued in exchange for a beneficial interest in a Note represented by a Rule 144A Global Certificate and the form of Definitive Certificate that will be issued in exchange for a beneficial interest in a Note represented by a Regulation S Global Certificate are set out in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.
- (iii) If Definitive Certificates have been issued pursuant to this Condition 2(c), any Definitive Certificate that is lost, stolen, mutilated, defaced or destroyed may be replaced, subject to applicable laws and regulations, at the Specified Office of the

Fiscal Agent upon payment by the claimant of the fees, costs and expenses incurred by the Fiscal Agent and the Issuer in connection therewith and on such terms as to evidence, security and indemnity (which may provide, among other things, that if the Definitive Certificate allegedly or actually lost, stole or destroyed is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Certificate subsequently presented) as the Issuer may require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

### 3. **TRANSFER**

#### (a) *General*

- (i) Subject to clauses (b) and (c) of this Condition 3, title to Notes will pass on transfer by assignment (*Zession*) and due registration in the Register. All transfers of Notes and entries on the Register will be made subject to the provisions concerning transfers of Notes set forth in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.
- (ii) Transfers of Notes, or of beneficial interests in Notes represented by Global Certificates, may be made only in accordance with the legend set forth upon the face of the applicable Global Certificate or Definitive Certificate, and the Registrar will not be required to accept for registration of transfer any Note or beneficial interests in Notes except upon presentation of evidence satisfactory to the Fiscal Agent and the Registrar that such transfer is being made in compliance with such legend.
- (iii) Transfers of Notes and the issue of new Global Certificates or Definitive Certificates, as the case may be, on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to the transfer (or the giving of such indemnity as the Fiscal Agent or the Registrar may require) by the Holder.
- (iv) No Holder may require the transfer of a Note to be registered (x) if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*), during the period of 15 days ending on (and including) the relevant Redemption Date, or (y) during the period of 15 days ending on (and including) the Record Date for any Interest Payment Date.
- (v) No Person (including any Indirect Holder) other than the Holder(s) will have any rights, or be owed any obligations by the Issuer, under the Notes. Payments of principal, interest or any other amount in respect of Notes will be made only to the Person shown on the Register as the registered holder of such Note (i.e., the Holder) at close of business on the relevant Record Date.

#### (b) *Transfer of Notes represented by a Global Certificate*

- (i) Global Certificates may be transferred only in whole, but not in part, and only to a Relevant Clearing System or any of their respective successors or nominees, in each case located outside of Switzerland, except as provided below. Beneficial interests of Indirect Holders in Notes represented by Global Certificates may be transferred only in accordance with the rules and procedures of such Relevant Clearing System, the provisions of the Fiscal Agency Agreement and this Condition 3(b).
- (ii) A beneficial interest in a Note represented by a Regulation S Global Certificate may be transferred to a Person who takes delivery in the form of a beneficial interest in a Note represented by a Rule 144A Global Certificate during the



Distribution Compliance Period, only if such exchange occurs in connection with a transfer of beneficial interests in the Notes pursuant to Rule 144A and the transferor first delivers to the Fiscal Agent and the Registrar a written certificate substantially in the form of a certificate available on request from the Registrar to the effect that the beneficial interests in the Notes are being transferred to a Person who the transferor reasonably believes is a QIB within the meaning of Rule 144A under the US Securities Act, purchasing the beneficial interests in the Notes for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

- (iii) A beneficial interest in a Note represented by a Rule 144A Global Certificate may be transferred to a Person who takes delivery in the form of a beneficial interest in a Note represented by a Regulation S Global Certificate, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the Fiscal Agent and the Registrar a written certificate substantially in the form of a certificate available on request from the Registrar to the effect that the transfer is being conducted in compliance with Rule 903 or Rule 904 of Regulation S under the US Securities Act.
- (iv) Until the termination of the Distribution Compliance Period, beneficial interests in any Regulation S Global Certificate may be held only through participants acting for and on behalf of Euroclear and/or Clearstream, Luxembourg, *provided* that this subclause (iv) shall not prohibit any transfer in accordance with subclause (ii) above.

(c) *Transfer of Notes represented by a Definitive Certificate*

- (i) If and when Definitive Certificates have been issued pursuant to Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*), one or more Notes may be transferred only in accordance with the legends set forth upon the face of the relevant Definitive Certificate and only upon the surrender (at the Specified Office of the Registrar) of the Definitive Certificate representing such Notes to be transferred, together with the form of transfer attached to such Definitive Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Fiscal Agent and the Registrar may reasonably require. A new Definitive Certificate shall be issued to the transferee in respect of the Notes that are the subject of the relevant transfer and, in the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate in respect of the balance of the Notes not transferred shall be issued to the transferor. In the case of a transfer of Notes to a Person who is already a Holder, a new Definitive Certificate representing the enlarged holding may be issued but only against surrender of the Definitive Certificate representing the existing holding of such Person.
- (ii) Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*) shall be available for delivery within three Relevant Banking Days of receipt of the form of transfer and surrender of the relevant Definitive Certificate. Delivery of new Definitive Certificate(s) will be made at the Specified Office of the Fiscal Agent to which delivery and surrender of such form of transfer and Definitive Certificate or, as the case may be, surrender of such Definitive Certificate, will have been made or, at the option of the relevant Holder and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Definitive Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the Fiscal Agent the costs of such other method of delivery and/or such insurance as it may specify.

(d) *Rule 144A*

Each Note that is initially sold in the United States to a QIB will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be sold, pledged or otherwise transferred, except (i) in accordance with Rule 144A to a Person that the Holder and any Person acting on its behalf reasonably believe is a QIB that is acquiring the Notes for its own account or for the account of one or more QIBs, (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the US Securities Act, (iii) pursuant to an exemption from registration under Rule 144 under the US Securities Act, or in accordance with another exemption from, or in a transaction not subject to, registration under the US Securities Act, if available, or (iv) pursuant to an effective registration statement under the US Securities Act, in each case, in accordance with any applicable securities laws of any state of the United States.

4. **STATUS AND SUBORDINATION**

(a) *Status*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer under the Notes are subordinated as described in clause (b) of this Condition 4.

(b) *Subordination*

In the event of (i) a Bankruptcy Event or (ii) an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer (except, in any such case, a solvent liquidation or winding-up of the Issuer solely for purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business to the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved by a valid resolution of the Holders and (y) do not provide that the Notes shall become redeemable in accordance with these Terms and Conditions),

(i) if such event occurs prior to the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes will, subject to any obligations that are mandatorily preferred by law, rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) *pari passu* with the rights and claims of holders of Parity Obligations, and (C) senior to the rights and claims of holders of Junior Obligations; *provided, however*, that, if a Trigger Event or a Viability Event subsequently occurs while such Bankruptcy Event or liquidation or winding-up, as the case may be, is continuing, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank as set forth in subclause (ii) below; or

(ii) if such event occurs on or after the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) junior to the rights and claims of holders of Parity Obligations, and (C) *pari passu* with the rights and claims of holders of Junior Obligations.

(c) *Claims subject to a Conversion*

Any claim of any Holder in respect of or arising under the Notes (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer subject to enforcement by any Holder pursuant to Condition 12 (*Events of Default*) or in relation to the occurrence of any other Event of Default) will be subject to, and

superseded by, Condition 8 (*Conversion*), irrespective of whether the relevant Trigger Event or Viability Event, as applicable, has occurred, or, in the case of a Viability Event, the relevant Viability Event Notice has been given, prior to or after the occurrence of an Event of Default or any other event.

## 5. INTEREST

### (a) *Interest Payment Dates*

- (i) Subject to Condition 8 (*Conversion*) and clause (h) of this Condition 5, the Notes will bear interest on their principal amount (A) from (and including) the Issue Date to (but excluding) the First Reset Date, at the Fixed Interest Rate, and (B) thereafter, at the applicable Reset Interest Rate.
- (ii) Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, interest on the Notes will be payable semi-annually in arrear on 10 February and 10 August of each year (each, an "**Interest Payment Date**"), commencing on 10 August 2025.

### (b) *Determination of the Mid Market Swap Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*

With respect to each Reset Interest Period and subject to clause (c) of this Condition 5, the Calculation Agent will, as soon as practicable after the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period, determine the Mid Market Swap Rate and the Reset Interest Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period (each, a "**Reset Interest Amount**").

### (c) *Benchmark replacement*

If the Issuer (in consultation with the Calculation Agent) determines prior to any Reset Determination Date that (x) the rate referred to in clause (a) of the definition of the term "Mid Market Swap Rate" (the "**Existing Benchmark Rate**") has been discontinued or (y) there has been a public statement or publication of information by the administrator of the Existing Benchmark Rate or the regulatory supervisor for the administrator of the Existing Benchmark Rate announcing that the Existing Benchmark Rate is no longer representative, then the following provisions shall apply (subject to the subsequent operation of this Condition 5(c)):

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine in the Independent Adviser's discretion, in accordance with subclause (iv) below, an alternative rate to the Existing Benchmark Rate (the "**Alternative Benchmark Rate**") no later than three Business Days prior to the Reset Determination Date relating to the next succeeding Reset Interest Period (such Business Day, the "**Independent Adviser Determination Cut-off Date**", and such next succeeding Reset Interest Period, the "**Affected Reset Interest Period**") for purposes of determining the Mid Market Swap Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (ii) if prior to the Independent Adviser Determination Cut-off Date the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to determine an Alternative Benchmark Rate in accordance with subclause (iv) below, then the Issuer (in consultation with the Calculation Agent) may determine in its discretion, in accordance with subclause (iv) below, the Alternative Benchmark Rate for purposes of determining the Mid Market Swap Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (iii) if subclause (ii) above applies and the Issuer is unable or unwilling to determine the Alternative Benchmark Rate prior to the Reset Determination Date relating

to the Affected Reset Interest Period in accordance with subclause (iv) below, the Mid Market Swap Rate in respect of the Affected Reset Interest Period will be equal to the Mid Market Swap Rate in respect of the immediately preceding Reset Interest Period (or, if there is no preceding Reset Interest Period, the Reset Interest Rate applicable to the Affected Reset Interest Period will be equal to the Fixed Interest Rate); *provided, however*, that, if this subclause (iii) applies to the Affected Reset Interest Period, the Reset Interest Rate for all succeeding Reset Interest Periods will be the Reset Interest Rate applicable to the Affected Reset Interest Period as determined in accordance with this subclause (iii) unless (A) the Issuer, in its sole discretion, elects to determine an Alternative Benchmark Rate in respect of any such succeeding Reset Interest Period and all Reset Interest Periods thereafter in accordance with the processes set out in this Condition 5(c), and (B) an Alternative Benchmark Rate is so determined;

- (iv) in the case of any determination of an Alternative Benchmark Rate pursuant to subclause (i) or (ii) above, such Alternative Benchmark Rate will be such rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent), as applicable, determines in its reasonable discretion has replaced the Existing Benchmark Rate in customary market usage, or, if the Independent Adviser or the Issuer, as applicable, determines in its reasonable discretion that there is no such rate, such other rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent) determines in its reasonable discretion is most comparable to the Existing Benchmark Rate; and
- (v) if the Independent Adviser or the Issuer determines an Alternative Benchmark Rate in accordance with the above provisions of this Condition 5(c),
  - (A) the Independent Adviser (in the case of subclause (2) below, in consultation with the Issuer) or, following consultation with the Calculation Agent, the Issuer (as the case may be) shall also determine in its reasonable discretion (1) the method for obtaining such Alternative Benchmark Rate, including the page on or source from which such Alternative Benchmark Rate appears or is obtained (the "**Alternative MMSR Page**"), and the time at which such Alternative Benchmark Rate appears on, or is obtained from, the Alternative MMSR Page (the "**Alternative Relevant Time**"), (2) whether to apply an Adjustment Spread to such Alternative Benchmark Rate and, if so, the Adjustment Spread, which Adjustment Spread must be recognised or acknowledged as being in customary market usage in international debt capital markets transactions that reference the Existing Benchmark Rate, where such rate has been replaced by such Alternative Benchmark Rate, and (3) any alternative method for determining the Mid Market Swap Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date, which alternative method shall be consistent with any Alternative Benchmark Rate that has broad market support;
  - (B) for the Affected Reset Interest Period and all Reset Interest Periods thereafter, (1) clause (a) of the definition of the term "Mid Market Swap Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(1) above and any Adjustment Spread determined pursuant to subclause (A)(2) above, and (2) clause (b) of the definition of the term "Mid Market Swap Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(3) above;
  - (C) references to the MMSR Page and the Relevant Time in these Terms and Conditions will be deemed to be references to the Alternative MMSR Page and the Alternative Relevant Time, respectively;

- (D) if any changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" are necessary in order to implement the amendments described in subclause (B) above, such definitions shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to reflect such changes; and
- (E) the Issuer shall promptly give notice to the Holders in accordance with Condition 14 (*Notices*) specifying such Alternative Benchmark Rate (including any Adjustment Spread determined pursuant to subclause (A)(2) above and any alternative method for determining the Mid Market Swap Rate described in subclause (A)(3) above), the Alternative MMSR Page, the Alternative Relevant Time, and any amendments implemented pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) as described in subclauses (B) and (D) above.

Any determination that is made by an Independent Adviser or by the Issuer for purposes of this Condition 5(c) will be made in good faith and in a commercially reasonable manner.

(d) *Publication of Reset Interest Rate and interest amount payable upon redemption*

With respect to each Reset Interest Period, as soon as practicable after such determination but in any event no later than the relevant Reset Date, the Calculation Agent will cause (i) the relevant Reset Interest Rate and the relevant Reset Interest Amount determined by it, together with the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Issuer and the Paying Agents and (ii) the relevant Reset Interest Rate determined by it to be notified to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*).

The Calculation Agent shall calculate any interest amount payable on any Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) and cause such interest amount to be notified to Issuer and the Paying Agents and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*) no later than two Business Days prior to such Redemption Date.

(e) *Calculation of amount of interest payable per Calculation Amount*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5:

- (i) the amount of interest payable per Calculation Amount on each Interest Payment Date falling on or before the First Reset Date will be USD 35.00; and
- (ii) if interest is required to be paid in respect of a Note on any other date (including, for the avoidance of doubt, the Reset Interest Amount), the amount of interest payable per Calculation Amount on such date will be calculated by:
  - (A) applying the applicable Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(f) *Calculation of amount of interest payable per Note*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, the amount of interest payable in respect of a Note will be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Calculation Amount is required to be multiplied to equal the denomination of such Note.

(g) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for purposes of this Condition 5, whether by the Reset Reference Banks (or any of them) or the Calculation Agent or the Independent Adviser, will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Reset Reference Banks (or any of them), the Calculation Agent or the Independent Adviser in connection with the exercise or non-exercise by the Calculation Agent or the Independent Adviser of its powers, duties and discretions under this Condition 5.

(h) *Accrual of interest in the case of redemption or a Trigger Event or a Viability Event*

- (i) Subject to Condition 8 (*Conversion*), if the Notes are to be redeemed pursuant to Condition 6(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*) or Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*), interest on the Notes will accrue to (but excluding) the relevant Redemption Date, and will cease to accrue on such Redemption Date; *provided, however*, that if the payment with respect to any Note is improperly withheld or refused on such Redemption Date, interest will continue to accrue on the principal amount of such Note (both before and after judgment) at the relevant Interest Rate to the Relevant Date.
- (ii) Upon the occurrence of a Trigger Event or a Viability Event, interest on the Notes will cease to accrue from (and including) the date on which such Trigger Event or Viability Event occurs.

(i) *Cancellation of interest; prohibited interest*

- (i) The Issuer may, in its sole discretion, elect to cancel all or part of any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) that is otherwise scheduled to be paid on an Interest Payment Date. This subclause (i)(i) is without prejudice to the provisions of subclause (i)(ii) of this Condition 5. Non-payment of any amount of interest by the Issuer to the Fiscal Agent will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.

If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) pursuant to this subclause (i)(i) to the Holders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Holders any rights as a result of such failure.

- (ii) The Issuer will be prohibited from making, in whole or in part, any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) on the relevant Interest Payment Date if and to the extent that:

- (A) the amount of Distributable Items as at such Interest Payment Date is less than the sum of (1) the amount of such interest payment, plus (2) all other payments (other than redemption payments) made by UBS Group AG on or in respect of the Notes or any Parity Obligations or Junior Obligations since the balance sheet date of the Relevant Accounts and prior to such Interest Payment Date, plus (3) all payments (other than redemption payments) payable by UBS Group AG on such Interest Payment Date on or in respect of any Parity Obligations or Junior Obligations, in the case of each of subclauses (1), (2) and (3), excluding any portion of such payments already accounted for in determining the amount of such Distributable Items; and/or
- (B) UBS Group AG is not, or will not immediately after the relevant payment of interest be, in compliance with all applicable minimum capital adequacy requirements of the National Regulations on a consolidated (*Finanzgruppe*) basis (for the avoidance of doubt, it being understood that such minimum requirements will reflect any reduction in such requirements granted by FINMA to the Group pursuant to the Capital Adequacy Ordinance); and/or
- (C) FINMA has required the Issuer not to make such interest payment.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Fiscal Agent and shall give notice in accordance with Condition 14 (*Notices*) to the Holders, in each case as soon as practicable following any determination that interest is required to be cancelled pursuant to this subclause (i)(ii) or, where no such prior determination is made, promptly following any Interest Payment Date on which interest was scheduled to be paid if such interest is being cancelled in accordance with this subclause (i)(ii), to such effect setting out brief details as to the amount of interest being cancelled and the reason therefor. Failure to provide such certificate and notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or give any Holder any rights as a result of such failure.

- (iii) If, on any Interest Payment Date, any payment of interest scheduled to be made on such date is not made in full pursuant to subclause (i)(i) or subclause (i)(ii) of this Condition 5, UBS Group AG shall not, directly or indirectly,
  - (A) recommend to Shareholders that any dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) be paid or made on any Ordinary Shares; or
  - (B) redeem, purchase or otherwise acquire any Ordinary Shares other than as a Permitted Transaction,

in each case unless and until (x) the interest payment due and payable on the Notes on any subsequent Interest Payment Date has been paid in full (or an amount equal to the same has been paid in full to a designated third party trust account for the benefit of the Holders prior to payment by the trustee thereof to the Holders on such subsequent Interest Payment Date) or, if earlier, (y) all outstanding Notes have been cancelled in accordance with these Terms and Conditions.

- (iv) Payments of interest on the Notes are not cumulative. Notwithstanding any other provision in these Terms and Conditions, the cancellation or non-payment of any interest amount by virtue of this Condition 5(i) will not constitute a default for any purpose (including, without limitation, Condition 12 (*Events of Default*)) on the part of the Issuer. Any interest payment not paid by virtue of this Condition 5(i) will not accumulate or be payable at any time thereafter, and Holders will have no right thereto.



- (v) If UBS Group AG determines, after consultation with FINMA, that the Notes do not, or will cease to, fully qualify as Additional Tier 1 Capital, (A) the Issuer shall not, to the extent permitted under National Regulations, exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments due on the Notes on any Interest Payment Date following the occurrence of such determination, and (B) the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after such determination stating that the Issuer may no longer exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments as from the date of such notice.

## 6. REDEMPTION AND PURCHASE

### (a) *No fixed redemption date*

The Notes are perpetual securities in respect of which there is no fixed redemption date. Unless previously redeemed (including by way of Conversion pursuant to Condition 8 (*Conversion*)) or purchased and cancelled in accordance with this Condition 6 and subject to Condition 8 (*Conversion*), the Notes are perpetual and may only be redeemed or purchased in accordance with this Condition 6.

### (b) *Redemption at the option of the Issuer*

Subject to clause (e) of this Condition 6, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, at any time during the period from (and including) the First Call Date to (and including) the First Reset Date or on any Reset Date thereafter at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) the relevant Redemption Date.

### (c) *Redemption due to a Tax Event*

- (i) Subject to clause (e) of this Condition 6, upon the occurrence of a Tax Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

- (ii) A "**Tax Event**" will have occurred if the Issuer in making any payments on the Notes (A) has paid, or will or would on the next payment date be required to pay, Additional Amounts, or (B) has paid, or will or would be required to pay, any additional Tax in respect of the Notes, in the case of each of subclauses (A) and (B), under the laws or regulations of a Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws (including, without limitation, a decision of any court or tribunal, any generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any relevant tax authority), and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

### (d) *Redemption due to a Regulatory Event*

- (i) Subject to clause (e) of this Condition 6, upon the occurrence of a Regulatory Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

- (ii) A "**Regulatory Event**" will have occurred if any of the Notes ceases to be eligible in full to be (A) treated as Additional Tier 1 Capital, and/or (B) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both).

(e) *Conditions for redemption*

- (i) If the Issuer elects to redeem the Notes pursuant to clause (b), (c) or (d) of this Condition 6, then the Issuer shall give the Holders not less than 10 and not more than 60 days' notice in accordance with Condition 14 (*Notices*) (a "**Redemption Notice**"), which notice shall, subject to subclauses (ii) and (iii) below, be irrevocable and specify (x) the clause of this Condition 6 pursuant to which the redemption is to be made, (y) if any Definitive Certificates have been issued, the method by which Notes to be redeemed will be tendered, and (z) the date (which date, in the case of a redemption pursuant to clause (c) or (d) of this Condition 6, shall be a Payment Business Day) on which the Issuer will redeem the Notes pursuant to such clause of this Condition 6 (such specified date, the "**Redemption Date**").
- (ii) The Issuer may only redeem the Notes pursuant to clause (b) or (c) of this Condition 6 on the relevant Redemption Date if FINMA has approved such redemption on or prior to such Redemption Date, if such approval is then required under applicable Swiss laws and regulations.
- (iii) The Issuer may only redeem the Notes pursuant to any clause of this Condition 6 on the relevant Redemption Date if no Trigger Event or Viability Event has occurred prior to such Redemption Date.
- (iv) If the Issuer elects to redeem the Notes pursuant to clause (c) or (d) of this Condition 6, then prior to the publication of the Redemption Notice pursuant to subclause (i) above, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem under clause (c) or (d), as applicable, of this Condition 6 is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) in the case of a redemption pursuant to clause (c) of this Condition 6 only, an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right of redemption under clause (c) of this Condition 6 have arisen.

(f) *Purchases*

The Issuer or any other member of the Group or any of their respective affiliates may at any time purchase Notes at any price in the open market or otherwise, *provided* that (i) such purchase complies with any limits or conditions to which any member of the Group is subject under applicable banking laws and regulations at the time of such purchase, (ii) other than in the case of purchases made in connection with stabilisation measures in compliance with applicable law or in connection with any market making in the Notes, FINMA has approved such purchase (if such approval is then required under applicable Swiss laws and regulations) on or prior to the date of such purchase, and (iii) no Trigger Event or Viability Event has occurred prior to the date of such purchase. Any Notes so purchased may, at the option of the Issuer, be held, reissued, resold or cancelled.

(g) *Cancellation*

All Notes redeemed in accordance with this Condition 6 or by way of Conversion pursuant to Condition 8 (*Conversion*) will be cancelled and may not be reissued or resold; *provided, however*, that, in the case of Notes redeemed by way of Conversion, the Issuer will not take any action to cause such Notes to be removed from the Relevant Clearing System prior to the later of (i) the applicable Settlement Date and (ii) the Final Cancellation Date. Following the issuance and delivery of the relevant Ordinary Shares

to the Settlement Share Depository on the Conversion Date and until the later of (i) the applicable Settlement Date and (ii) the Final Cancellation Date, the Notes will evidence solely the Holder's right to receive Ordinary Shares and/or cash proceeds, as the case may be, from the Settlement Share Depository or the Settlement Shares Offer Agent (or such other relevant recipient).

(h) *Redemption of other instruments*

For the avoidance of doubt, it is understood that, if, upon the occurrence of a Tax Event or a Regulatory Event, the Issuer does not elect to redeem the Notes pursuant to this Condition 6, nothing in this Condition 6 or any other provision of these Terms and Conditions will prohibit the Issuer from redeeming (whether early, at maturity or otherwise) any other instruments issued by any member of the Group pursuant to the terms thereof.

7. **TRIGGER EVENT AND VIABILITY EVENT**

(a) *Trigger Event*

- (i) Upon the occurrence of a Trigger Event, a Conversion will occur on the applicable Trigger Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Trigger Event**" will have occurred if the Issuer gives the Holders a Trigger Event Notice in accordance with clause (b) of this Condition 7.

(b) *Trigger Event Notice*

- (i) If, with respect to any Publication Date, the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, the Issuer shall, subject to subclauses (ii) and (iii) of this Condition 7(b), give a notice (a "**Trigger Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) (x) if such Publication Date is an Ordinary Publication Date, within five Business Days of such Ordinary Publication Date (such fifth Business Day, the "**Trigger Breach Determination Date**", and the date of such notice, the "**Ordinary Trigger Event Notice Date**"), and (y) if such Publication Date is an Extraordinary Publication Date, on such Extraordinary Publication Date (the "**Extraordinary Trigger Event Notice Date**"), which notice shall:
  - (A) state that the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, and a Conversion will take place;
  - (B) specify the date on which the Conversion will take place, which date shall, subject to postponement pursuant to subclause (ii) of this Condition 7(b), be no more than 20 Business Days after the date of such notice (the "**Trigger Event Conversion Date**");
  - (C) specify the Conversion Price in effect on the date of such Trigger Event Notice; and
  - (D) specify the details of the arrangement for the settlement of the Conversion (including whether or not the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, the Suspension Date, the details of the Settlement Share Depository (including its Specified Office) or, if the Issuer is unable to appoint a Settlement Share Depository prior to giving of such notice, the other arrangements it has made in accordance with subclause (i) of Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*) for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders, the procedures Holders must follow to obtain delivery of the Ordinary Shares from the Settlement Share Depository, the Settlement Notice Cut-Off Date and the Final Cancellation Date).

- (ii) If a Trigger Event Notice is required to be given pursuant to subclause (i) of this Condition 7(b), and on the relevant Publication Date any Higher-Trigger Contingent Capital is outstanding with respect to which either (x) no Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date or (y) a Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date, but the Trigger Event Conversion Date is scheduled to occur prior to the relevant Higher-Trigger Write-down/Conversion Date,
  - (A) in the case of subclause (x) above, the giving of such Trigger Event Notice will be postponed until the date on which a Higher-Trigger Write-down/Conversion Notice has been given with respect to all such outstanding Higher-Trigger Contingent Capital and such date will be deemed to be the Trigger Event Notice Date; and
  - (B) in the case of subclauses (x) and (y) above, if the Trigger Event Conversion Date is scheduled to occur prior to the Higher-Trigger Write-down/Conversion Date (or, in the case of more than one Higher-Trigger Write-down/Conversion Date, the latest Higher-Trigger Write-down/Conversion Date), the Trigger Event Conversion Date will be postponed to the Higher-Trigger Write-down/Conversion Date (or the latest Higher-Trigger Write-down/Conversion Date, as applicable) and such postponement shall be specified in such Trigger Event Notice.
- (iii) If (A) a Trigger Event Notice is required to be given pursuant to subclause (i) of this Condition 7(b) in relation to an Ordinary Publication Date, and (B) prior to the earlier of the Ordinary Trigger Event Notice Date and the Trigger Breach Determination Date, FINMA, upon the request of UBS Group AG, has agreed in writing that a Conversion is not required as a result of actions taken by the Group or circumstances or events, in each case, that have had, or imminently will have, the effect of restoring the CET1 Ratio as of the Balance Sheet Date relating to the relevant Ordinary Publication Date, after giving pro forma effect to such actions, circumstances or events, to a level above the Threshold Ratio that FINMA and UBS Group AG deem, in their sole discretion, to be adequate at such time, (x) the Issuer shall not give such Trigger Event Notice pursuant to subclause (i) of this Condition 7(b) in relation to the relevant Ordinary Publication Date, and (y) the Issuer shall give notice to the Holders on or prior to the Trigger Breach Determination Date in accordance with Condition 14 (*Notices*), which notice shall state that no Conversion will occur in relation to the relevant Ordinary Publication Date.

(c) *Viability Event*

- (i) Subject to clause (e) of this Condition 7, upon the occurrence of a Viability Event:
  - (A) the Issuer shall give notice (a "**Viability Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) within three days of the date on which such Viability Event occurred, which notice shall:
    - (1) state that a Viability Event has occurred and a Conversion will take place;
    - (2) specify the date on which the Conversion will take place, which date shall be no more than 20 Business Days following the occurrence of the Viability Event (the "**Viability Event Conversion Date**");
    - (3) specify the Conversion Price in effect on the date of such Viability Event Notice; and

- (4) specify the details of the arrangements for the settlement of the Conversion (including the Suspension Date, the details of the Settlement Share Depository (including its Specified Office) or, if the Issuer is unable to appoint a Settlement Share Depository prior to giving of such notice, the other arrangements it has made in accordance with subclause (i) of Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*) for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders, the procedures Holders must follow to obtain delivery of the Ordinary Shares from the Settlement Share Depository, the Settlement Notice Cut-Off Date and the Final Cancellation Date); and
  - (B) a Conversion will occur on the applicable Viability Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Viability Event**" will have occurred if prior to an Alternative Loss Absorption Date (if any):
- (A) FINMA has notified UBS Group AG in writing that it has determined a conversion or write-down, as applicable, of holders' claims in respect of the Notes and all other capital instruments issued by, or other capital obligations (whether qualifying fully or partially for capital treatment) of, any member of the Group that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is, because customary measures to improve the Group Holding Company's capital adequacy are at the time inadequate or infeasible, an essential requirement to prevent the Group Holding Company from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business; or
  - (B) customary measures to improve the Group Holding Company's capital adequacy being at the time inadequate or infeasible, the Group Holding Company has received an irrevocable commitment of direct or indirect extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving the Group Holding Company's capital adequacy and without which, in the determination of (and as notified in writing by) FINMA, the Group Holding Company would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.

For the avoidance of doubt, it is understood that a Viability Event may occur irrespective of whether or not a Trigger Event has occurred or whether any of the conditions to the issuance of a Trigger Event Notice have been met.

(d) *Determination of CET1 Ratio and Trigger CET1 Ratio*

With respect to any Publication Date, (i) the CET1 Ratio as of the relevant Balance Sheet Date, (ii) the Trigger CET1 Ratio as of such Publication Date and (iii) the components of both of the foregoing, in each case, as published on such Publication Date, will be final for purposes of this Condition 7, and any revisions, restatements or adjustments to any of the calculations described in subclauses (i) through (iii) above subsequently published will have no effect for purposes of this Condition 7.

(e) *Alternative loss absorption*

In the event of the implementation of any new, or amendment to or change in the interpretation of any existing, laws or components of National Regulations, in each case occurring after the Issue Date, that alone or together with any other law(s) or regulation(s) has, in the joint determination of UBS Group AG and FINMA, the effect that clause (c) of this Condition 7 could cease to apply to the Notes without giving rise to

a Regulatory Event, then the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) no later than five Business Days after such joint determination stating that such provisions will cease to apply from the date of such notice (the "**Alternative Loss Absorption Date**"), and from the date of such notice, such provisions will cease to apply to the Notes.

## 8. **CONVERSION**

### (a) *Conversion upon a Trigger Event or a Viability Event*

If the Issuer has given a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*), then:

- (i) each Note shall, subject to and as provided in this Condition 8, be redeemed and settled (the "**Conversion**") on the applicable Conversion Date by (x) the delivery of new fully paid Ordinary Shares to the Settlement Share Depository on behalf of the Holders, and (y) the cancellation of any accrued and unpaid interest on the Notes (whether or not due and payable); and
- (ii) receipt by the Settlement Share Depository of such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares in respect of the Conversion on the applicable Conversion Date shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes.

In the case of the Ordinary Shares to be delivered upon Conversion, as from the applicable Share Creation Date for such Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares into Notes.

### (b) *Recourse for Ordinary Shares*

Holders shall have recourse only to the Issuer for the issue and delivery of Ordinary Shares to the Settlement Share Depository pursuant to these Terms and Conditions. After such delivery to the Settlement Share Depository, Holders shall have recourse only to the Settlement Share Depository for the delivery to them of such Ordinary Shares or, in the circumstances described in clause (h) of this Condition 8, any cash amounts to which such Holders are entitled under clause (h) of this Condition 8.

### (c) *Conversion Price and determination of number of Ordinary Shares*

- (i) Upon the occurrence of a Trigger Event or a Viability Event, as at the date on which the relevant Trigger Event Notice or Viability Event Notice, as applicable, is published, each Holder shall be deemed to have accepted, and hereby accepts and agrees, (A) to the conversion of its holding of Notes into Ordinary Shares at the Conversion Price provided for herein and that, where necessary under Swiss law, the Settlement Agent shall effect such conversion on such Holder's behalf, and (B) that its obligation to pay up the Ordinary Shares to be issued shall be set off against its claim for repayment of the principal amount upon redemption of the Notes, which claim shall be deemed to be due and payable immediately prior to the time on the Share Creation Date when, as a matter of Swiss law, the relevant Ordinary Shares are paid up. Such Ordinary Shares shall be paid up and issued on the Share Creation Date whereupon the Holders shall cease as a matter of Swiss law to be treated for all purposes under Swiss law as Holders and shall instead as of such date be treated for all purposes under Swiss law as Shareholders.
- (ii) Subject to clause (g) of this Condition 8, the Issuer, with the assistance of the Settlement Agent, where necessary under Swiss law, shall issue and deliver to the Settlement Share Depository on the applicable Conversion Date such number of Ordinary Shares in respect of each Holder as is determined by the Settlement Agent by dividing the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date by the Conversion Price in effect on the date

of relevant Trigger Event Notice or Viability Event Notice, as the case may be. The Settlement Agent shall determine such number of Ordinary Shares in accordance with this subclause (ii) as soon as practicable after publication of the relevant Trigger Event Notice or Viability Event Notice, as applicable.

- (iii) The initial Conversion Price per Ordinary Share in respect of the Notes is specified in the definition thereof. The Conversion Price is subject to adjustment to (and including) the date of the relevant Trigger Event Notice or Viability Event Notice, as the case may be, in the circumstances described in clause (d) of this Condition 8.

(d) *Anti-dilution adjustment of the Conversion Price*

- (i) Upon the occurrence of any of the events described below after 5 February 2025, the Conversion Price will be adjusted by the Issuer as follows:

- (A) If there is a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares that alters the number of Ordinary Shares in issue, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment will become effective on the date on which the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

- (B) If UBS Group AG issues any Ordinary Shares to Shareholders as a class credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (x) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Distribution that the Shareholders would or could otherwise have elected to receive, (y) where the Shareholders may elect to receive a Cash Distribution in lieu of such Ordinary Shares or (z) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Distribution equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and



B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (C) If UBS Group AG makes or pays an Extraordinary Distribution to Shareholders, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and

B is the portion of the aggregate Extraordinary Distribution attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Distribution by the number of Ordinary Shares entitled to receive the relevant Extraordinary Distribution. If the Extraordinary Distribution shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (C), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-the Extraordinary Distribution on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (C).

- (D) If UBS Group AG issues Ordinary Shares to Shareholders as a class by way of rights or UBS Group AG or any other member of the Group or (at the direction or request or pursuant to arrangements with UBS Group AG or any other member of the Group) any other Person issues or grants to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities that by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share that is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Effective Date;

- B is the number of Ordinary Shares that the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and
- C is the number of Ordinary Shares to be issued or the maximum number of Ordinary Shares that may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate, as the case may be,

*provided* that, if on the Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this subclause (D), "C" will be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (D), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (D).

For purposes of any calculation of the consideration receivable or price pursuant to this subclause (D), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities will be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights will be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights that are attributed by UBS Group AG to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of subclauses (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be,

upon exercise of such options, warrants or rights, and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights will be the aggregate consideration or price referred to in subclause (x) or (y) above (as the case may be), divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (3) if the consideration or price determined pursuant to subclause (1) or (2) above (or any component thereof) is expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of subclause (1) above) or the relevant date of first public announcement (in the case of subclause (2) above);
  - (4) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
  - (5) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to UBS Group AG or another entity.
- (E) If UBS Group AG determines, in its sole discretion, that, notwithstanding subclauses (A) to (D) of this Condition 8(d)(i), a reduction to the Conversion Price should be made as a result of one or more events or circumstances not referred to in this Condition 8(d)(i) that would require an adjustment to the Conversion Price in order to comply with Swiss mandatory law on the protection of holders of instruments that may convert into shares issued out of capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) or Conversion Capital, the Conversion Price will be reduced (either generally or for a specified period) in such manner and with effect from such date as UBS Group AG shall determine and the Issuer shall notify to the Holders in accordance with Condition 14 (*Notices*).

(ii) Notwithstanding subclause (i) of this Condition 8(d):

(A) where

- (1) the events or circumstances giving rise to any adjustment to the Conversion Price have resulted or will result in an adjustment to the Conversion Price; or
- (2) more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time,

that, in the opinion of UBS Group AG, a modification to the operation of the adjustment provisions set forth in this Condition 8(d) is required to give the intended result, such modification will be made to the operation of the adjustment provisions set forth in this Condition 8(d) as may be determined by an Independent Adviser to be in its opinion

appropriate to give the intended result, including to ensure that (x) an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (y) the economic effect of an Extraordinary Distribution is not taken into account more than once, and (z) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency;

- (B) any adjustment to the Conversion Price will be subject to such Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time such adjustment becomes effective at the then-prevailing exchange rate as determined by the Issuer) not being less than the par value of an Ordinary Share at such time;
  - (C) UBS Group AG shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time of such action at the then-prevailing exchange rate as determined by the Issuer) to below the par value of an Ordinary Share then in effect;
  - (D) if any doubt arises as to whether an adjustment is to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may in its sole discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof will (in the absence of wilful default, bad faith and manifest error) be conclusive and binding on the Issuer and the Holders;
  - (E) no adjustment will be made to the Conversion Price where Ordinary Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of UBS Group AG or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme; and
  - (F) on any adjustment, if the resultant Conversion Price has more decimal places than the initial Conversion Price, it will be rounded to the same number of decimal places as the initial Conversion Price. No adjustment will be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, will be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment will be made on the basis that the adjustment not required to be made had been made at the relevant time and/or that the relevant rounding down had not been made, as the case may be.
- (iii) The Issuer shall give notice of any adjustments to the Conversion Price made pursuant to this Condition 8(d) to the Holders in accordance with Condition 14 (*Notices*) promptly after the determination thereof.
  - (iv) References in these Terms and Conditions to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

(e) *Qualifying Relevant Event*

(i) Upon the occurrence of a Relevant Event that is a Qualifying Relevant Event, then:

(A) upon the occurrence of a Trigger Event or a Viability Event where the applicable Conversion Date falls on or after the New Conversion Condition Effective Date,

(1) the Notes shall be converted on such Conversion Date into, or be exchanged on such Conversion Date for, as the case may be, Relevant Shares of the Approved Entity, *mutatis mutandis* as provided in accordance with this Condition 8, at a Conversion Price that shall be the New Conversion Price; and

(2) the Issuer shall procure the issue and/or delivery of the relevant number of Relevant Shares of the Approved Entity in the manner provided in this Condition 8 (as may be amended as described in the definition of the term New Conversion Condition); and

(B) the New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 8 for the adjustment of the Conversion Price (if necessary with such amendments as an Independent Adviser shall determine to be appropriate) and the Issuer shall give notice in accordance with Condition 14 (*Notices*) to the Holders of the New Conversion Price and of any such amendments thereafter.

(ii) Upon the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Holders in accordance with Condition 14 (*Notices*) within 10 Business Days following the occurrence of such Relevant Event, which notice shall:

(A) specify the identity of the Acquiror;

(B) specify whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event;

(C) in the case of a Qualifying Relevant Event, specify the New Conversion Price; and

(D) if applicable, specify the New Conversion Condition Effective Date.

(iii) For the avoidance of doubt, upon the occurrence of a Relevant Event that is a Non-Qualifying Relevant Event, the provisions of this Condition 8(e) shall (subject to the subsequent operation of this Condition 8(e) upon the occurrence of a subsequent Relevant Event) not apply, and the Notes will continue to be convertible into Ordinary Shares pursuant to and in accordance with the other provisions of this Condition 8 (*Conversion*), if and when the Issuer gives a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*).

(iv) For purposes of these Terms and Conditions:

**"Acquiror"** means the Person (including a Governmental Entity) that, following a Relevant Event, controls UBS Group AG.

**"Approved Entity"** means an Acquiror that is body corporate that is incorporated or established under the laws of an OECD member state and that, on the occurrence of the Relevant Event, has in issue Relevant Shares.

"**Governmental Entity**" means (x) the Swiss Confederation, (y) an agency of the Swiss Confederation or (z) a person or entity (other than a body corporate) controlled by the Swiss Confederation or any such agency referred to in clause (y) of this definition; *provided, however*, that, if UBS Group AG is at any time organised in a jurisdiction outside of Switzerland, references in this definition to "the Swiss Confederation" shall be read as references to the government of such other jurisdiction.

The "**New Conversion Condition**" shall be satisfied in respect of a Relevant Event if, by no later than seven days following the occurrence of such Relevant Event, (x) UBS Group AG has, to the satisfaction of UBS Group AG, entered into arrangements with the Approved Entity that provide for delivery of Relevant Shares of the Approved Entity on Conversion on terms *mutatis mutandis* as provided in the provisions of this Condition 8, and (y) the Issuer has entered into such agreements and arrangements, and made such amendments to these Terms and Conditions, as may be required to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall, following the occurrence of a Trigger Event or a Viability Event, be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 8 (as may be so amended) at the New Conversion Price; *provided, however*, that, any failure to enter into the arrangements and agreements and/or make the amendments described in clauses (x) and (y) of this definition shall not constitute a default or an Event of Default under these Terms and Conditions.

"**New Conversion Condition Effective Date**" means the date with effect from which the New Conversion Condition has been satisfied.

"**New Conversion Price**" means, in respect of any Conversion Date falling on or after the New Conversion Condition Effective Date, the amount determined by the Issuer in accordance with the following formula:

$$NCP = ECP \times \frac{VWAPRS}{VWAPOS}$$

where:

|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NCP    | is the New Conversion Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| ECP    | is the Conversion Price in effect on the last dealing day prior to the New Conversion Condition Effective Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| VWAPRS | is the average of the Volume Weighted Average Price of the Relevant Shares of the Approved Entity (translated, if necessary, into USD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred (and where references in the definition of "Volume Weighted Average Price" to "Ordinary Shares" shall be construed as a reference to the Relevant Shares of the Approved Entity and in the definition of "dealing day", references to the "Relevant Stock Exchange" shall be to the primary Recognised Stock Exchange on which the Relevant Shares of the Approved Entity are then listed, admitted to trading or accepted for dealing). |
| VWAPOS | is the average of the Volume Weighted Average Price of the Ordinary Shares (translated, if necessary, into USD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

**"Non-Qualifying Relevant Event"** means a Relevant Event that is not a Qualifying Relevant Event.

**"Qualifying Relevant Event"** means a Relevant Event where:

- (A) the Acquiror is an Approved Entity; and
- (B) the New Conversion Condition is satisfied.

A **"Relevant Event"** will have occurred if, at any time after the Issue Date, any Person or Persons acting in concert acquires control of UBS Group AG (other than as a result of an Exempt Reorganisation). For the purposes of this definition "Relevant Event", **"control"** means the acquisition or holding of legal or beneficial ownership of more than 95 per cent. of the issued Ordinary Shares of UBS Group AG (whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise) and, as a consequence thereof, the Ordinary Shares are no longer admitted to trading on any Recognised Stock Exchange, and **"controlled"** shall be construed accordingly.

**"Relevant Shares"** means, in respect of an Acquiror, ordinary share capital of such Acquiror that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) that is listed and admitted to trading on a Recognised Stock Exchange.

(f) *Procedure for settlement and delivery of Ordinary Shares on Conversion*

Ordinary Shares to be issued on Conversion shall be delivered subject to and as provided below.

(g) *Fractions*

Fractions of Ordinary Shares will not be issued or delivered pursuant to these Terms and Conditions on Conversion and no cash payment will be made in lieu thereof. The number of Ordinary Shares to be issued and delivered to the Settlement Share Depository for the benefit of each Holder in respect of a Conversion shall be calculated by the Settlement Agent on the basis of the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date and rounded down, if necessary, to the nearest whole number of Ordinary Shares.

(h) *Procedure for delivery in respect of a Conversion*

- (i) UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, shall on or prior to the applicable Conversion Date issue and deliver to the Settlement Share Depository such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares to the Holders in respect of the Conversion on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes. If the Issuer is unable to appoint a Settlement Share Depository on or prior to the giving of the Trigger Event Notice or Viability Event Notice, as the case may be, it shall make such other arrangements for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders as it considers, in its sole discretion, to be reasonable in the circumstances, which may include issuing and delivering such Ordinary Shares to another independent nominee to be held on trust for the Holders or issuing and delivering such Ordinary Shares to the Holders directly, which issuance and delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Notes as if the relevant Ordinary Shares had been issued and delivered to the Settlement Share Depository and, in which case, where the context so admits, references in these Terms and Conditions to the issue and delivery of Ordinary Shares to the Settlement Share Depository shall be construed accordingly and apply *mutatis mutandis*.

- (ii) Subject to the making of a Settlement Shares Offer and as otherwise provided herein, the Settlement Agent shall give instructions to the Settlement Share Depository for the relevant Ordinary Shares to be delivered by the Settlement Share Depository on the applicable Settlement Date to the Holders, and the Settlement Share Depository shall procure that the Ordinary Shares are so delivered to the Holders on the applicable Settlement Date.
- (iii) In respect of a Conversion as a result of the occurrence of a Trigger Event only, following receipt by the Settlement Share Depository of the Ordinary Shares and the resulting good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (i) above, the Issuer may, in its sole discretion, appoint a placement agent (the "**Settlement Shares Offer Agent**") acting on behalf, and for the accounts, of the Holders to conduct an offering of the Ordinary Shares to which the Holders are otherwise entitled (a "**Settlement Shares Offer**"). In the relevant Trigger Event Notice, the Issuer shall notify the Holders whether it will appoint such Settlement Shares Offer Agent to conduct such a Settlement Shares Offer. If it does so appoint a Settlement Shares Offer Agent, it will instruct the Settlement Share Depository to deliver the relevant Ordinary Shares to or to the order of the Settlement Shares Offer Agent for this purpose prior to the end of the Offer Settlement Period. Such Settlement Shares Offer shall be made (x) in the currency of the Issuer's choosing and at a cash price per Ordinary Share (such price translated, if necessary, into USD at the prevailing exchange rate on the date of the Trigger Event Notice as determined by the Issuer) equal to the Conversion Price in effect on the date of the Trigger Event Notice, and (y) to some or, subject to applicable laws and regulations and to such an offer being practicable in the opinion of the Issuer in the Offer Settlement Period, all Shareholders on the record date of the Trigger Event Notice then eligible to participate in such offer. Any such Settlement Shares Offer shall be completed no later than 20 Business Days after the occurrence of the Trigger Event (the "**Offer Settlement Period**"). Neither the Issuer nor the Settlement Share Depository shall incur any liability whatsoever to the Holders in respect of the appointment of such Settlement Shares Offer Agent or its conduct, save for cases of gross negligence or wilful intent.

If the Settlement Shares Offer is fully subscribed by or before the end of the Offer Settlement Period, the Holders shall, pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into USD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards). If the Settlement Shares Offer is only partially subscribed by the end of the Offer Settlement Period, the Holders shall (x) pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into USD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards), and (y) be entitled to receive their *pro rata* share of the number of Ordinary Shares not subscribed pursuant to the Settlement Shares Offer (rounded down to the nearest whole number of such Ordinary Shares) within the period specified below from the Settlement Share Depository. If no Ordinary Shares are subscribed in the Settlement Shares Offer, Holders shall be entitled to receive the relevant Ordinary Shares within the period specified below from the Settlement Share Depository. Notwithstanding Condition 9 (*Payments; Agents*), any cash proceeds that the Holders are entitled to receive pursuant to this subclause (iii) shall be delivered to the Holders in accordance with clause (j) of this Condition 8.



In relation to any Ordinary Shares not sold pursuant to a Settlement Shares Offer, the Settlement Agent shall give instructions to the Settlement Shares Offer Agent for such Ordinary Shares to be delivered by the Settlement Shares Offer Agent to the relevant Holders within five Business Days after the end of the Offer Settlement Period.

(i) *Taxes and duties*

None of the Issuer, any other member of the Group, any Agent, the Settlement Share Depository and the US Transfer Agent will pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of Ordinary Shares to the Settlement Share Depository or the delivery of any Ordinary Shares to the relevant recipient in accordance with the instructions given in the relevant Settlement Shares Settlement Notice. A Holder must pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of the Ordinary Shares to the Settlement Share Depository or the delivery of the Ordinary Shares to the relevant recipient in accordance with the instructions given in the relevant Settlement Shares Settlement Notice, and such Holder must pay all, if any, such taxes and duties arising by reference to any disposal or deemed disposal of such Holder's Notes or interest therein. Any capital, stamp, issue, registration, transfer or other taxes or duties arising on delivery or transfer of Ordinary Shares to a purchaser in any Settlement Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

(j) *Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*

UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, will issue and deliver the Ordinary Shares required to be issued and delivered on Conversion to the Settlement Share Depository on behalf of the Holder of the relevant Note(s). The Issuer (or another party so authorised by the Issuer) shall instruct the US Transfer Agent to credit such Ordinary Shares to a nominee account in the name of the Settlement Share Depository to be held on behalf of the Holders on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares on the applicable Conversion Date shall be a good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (h)(i) of this Condition 8.

In order to obtain delivery from the Settlement Share Depository of the Ordinary Shares and/or cash proceeds received from a Settlement Shares Offer, in each case to which it is entitled pursuant to this Condition 8, a Holder will be required to deliver to the Settlement Share Depository (or any of its agent designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) an executed settlement shares settlement notice substantially in the form that may be obtained from the Specified Office of the Settlement Agent (a "**Settlement Shares Settlement Notice**") and the relevant Certificate representing the relevant Note to the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice) on or before the Settlement Notice Cut-off Date. If such Settlement Shares Settlement Notice or Certificate is delivered after the end of normal business hours at the Specified Office of the Settlement Share Depository, such delivery shall be deemed for all purposes to have been made or given on the following New York Business Day. The Settlement Shares Settlement Notice must contain certain information, including the name of the relevant recipient in which the relevant Ordinary Shares are to be registered directly on the books of the US Transfer, and Settlement Shares Settlement Notices and Certificates must be delivered to the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) in accordance with the procedures described in the relevant Trigger Event Notice or Viability Event Notice, as applicable; *provided, however*, that, if the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depository, then the Settlement Shares Settlement Notice must be given in accordance with the standard procedures of the Depository (which may include, without limitation, delivery of the notice to the Settlement Share Depository by electronic means)

and in a form acceptable to the Depositary, the Settlement Agent and the Settlement Share Depository. Subject as otherwise provided herein, the relevant Ordinary Shares and/or cash proceeds of a Settlement Shares Offer will be delivered by or on behalf of the Settlement Share Depository or the Settlement Shares Offer Agent, as applicable, in accordance with the instructions given in the relevant Settlement Shares Settlement Notice; *provided, however*, that, if the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, then delivery of any such cash proceeds shall be made by the Settlement Shares Offer Agent in accordance with the Depositary's practices from time to time.

If a Holder delivers a valid Settlement Shares Settlement Notice and the relevant Certificate on or before the Settlement Notice Cut-off Date, then the Ordinary Shares will be delivered in respect of the relevant Note(s) by way of registering the Ordinary Shares in the name of the relevant recipient directly on the books of the US Transfer Agent on the applicable Settlement Date or such other date as is specified for delivery. Once Ordinary Shares are registered in the name of the relevant recipient directly on the books of the US Transfer Agent, such relevant recipient, as Shareholder, is expected to receive periodic account statements from the US Transfer Agent with respect to its Ordinary Shares. At the time of delivery of any Ordinary Shares to the relevant recipient by registration of such Ordinary Shares directly on the books of the US Transfer Agent, the then-valid share registration rules of UBS Group AG will apply, and UBS Group AG does not offer any assurance or guarantee that such relevant recipient will be accepted as a Shareholder with voting rights in the share register of UBS Group AG.

If a Holder fails to deliver a Settlement Shares Settlement Notice or the relevant Certificate on or before the Settlement Notice Cut-off Date or if a Holder has delivered a Settlement Shares Settlement Notice and the relevant Certificate on or prior to the Settlement Notice Cut-off Date but such Settlement Shares Settlement Notice has been determined by the Settlement Share Depository to be null and void, then the Settlement Share Depository shall continue to hold the relevant Ordinary Shares and/or, as applicable, cash proceeds received from a Settlement Shares Offer, in each case to which such Holder is entitled pursuant to this Condition 8, until a valid Settlement Shares Settlement Notice (and the Certificate representing the relevant Notes) is so delivered by such Holder. If any such Ordinary Shares or such cash proceeds received from a Settlement Shares Offer (as applicable) have not been claimed during the 10-year and 30-day period commencing on the Final Cancellation Date, the relevant claims of the applicable Holders are time-barred and the relevant Ordinary Shares and cash, as the case may be, will be transferred to the Issuer. None of the Issuer, the Settlement Share Depository and the Settlement Shares Offer Agent shall have any liability to any Holder for any loss resulting from such Holder not receiving any such Ordinary Shares and/or cash proceeds.

If not previously cancelled on the applicable Settlement Date, the relevant Notes shall be cancelled on the Final Cancellation Date and any Holder delivering a Settlement Shares Settlement Notice after the Settlement Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Ordinary Shares and/or cash proceeds from a Settlement Shares Offer, as applicable, satisfactory to the Settlement Share Depository in its sole discretion in order to receive delivery of such Ordinary Shares or such cash proceeds, as applicable. None of the Issuer, the Settlement Share Depository and the Settlement Shares Offer Agent shall have any liability to any Holder for any loss resulting from such Holder not receiving any Ordinary Shares or cash proceeds from a Settlement Shares Offer, as applicable, or from any delay in the receipt thereof, in each case as a result of such Holder failing to submit a valid Settlement Shares Settlement Notice and any relevant Certificate (if applicable), on a timely basis or at all.

Any determination as to whether any Settlement Shares Settlement Notice has been properly completed and delivered together with the relevant Certificate(s) as provided in these Terms and Conditions, or whether any evidence of entitlement to Ordinary Shares or cash proceeds received from a Settlement Shares Offer, as applicable, is satisfactory, shall be made by the Settlement Share Depository in its sole discretion and shall be conclusive and binding on the relevant Holders. In the case of Notes represented by a Global Certificate, any Settlement Shares Settlement Notice delivered prior to the day following the Suspension Date will be null and void.

(k) *Ordinary Shares*

The Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Share Creation Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Holder will not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Creation Date.

All Ordinary Shares issued and delivered to Holders upon Conversion are expected to be "restricted securities" within the meaning of Rule 144 under the US Securities Act, and accordingly, any Holder who receives Ordinary Shares upon Conversion will be subject to restrictions under the US Securities Act on its ability to resell such Ordinary Shares. Subject to applicable law and the policies and procedures of the US Transfer Agent from time to time, through the US Transfer Agent, Holders who receive Ordinary Shares upon Conversion are expected to be able to effect transfers of such Ordinary Shares with other Shareholders holding their Ordinary Shares through the US Transfer Agent, or with Shareholders holding their Ordinary Shares via DTC through custodian banks or brokers by means of DTC's Direct Registration System.

(l) *Purchase or redemption of Ordinary Shares*

UBS Group AG or any of its subsidiaries may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or securities of UBS Group AG (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Holders.

(m) *Determinations to be made by an Independent Adviser*

In the case of any determination that is required to be made by an Independent Adviser for purposes of this Condition 8, the Issuer shall use reasonable endeavours to appoint an Independent Adviser to make such determination; *provided, however*, that, notwithstanding the other provisions of these Terms and Conditions, if the Issuer is unable to so appoint an Independent Adviser or the Independent Adviser so appointed by the Issuer fails to make such determination, the Issuer, acting in good faith and a commercially reasonable manner, will make such determination.

Any determination that is made by an Independent Adviser for purposes of this Condition 8 will be made in the sole discretion of such Independent Adviser acting in good faith and in a commercially reasonable manner.

(n) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by an Independent Adviser or the Settlement Agent for purposes of this Condition 8 will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Independent Adviser or the Settlement Agent in connection with the exercise or non-exercise by the Independent Adviser or the Settlement Agent of its powers, duties and discretions under this Condition 8.

9. **PAYMENTS; AGENTS**

- (a) All payments required to be made under the Notes will be made available in good time in freely disposable funds in USD, which will be placed at the free disposal of the Fiscal Agent on behalf of the Holders. If the Scheduled Due Date for any payment (whether in respect of principal, interest or otherwise) in respect of the Notes is not a Payment Business Day, then the Holders will not be entitled to payment thereof until the first Payment Business Day following the Scheduled Due Date, and the Holders will not be entitled to any additional sum in relation to such payment. All payments required to be made under the Notes (including, for the avoidance of doubt, any Additional Amounts) shall be made to the Holders in USD without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality; *provided, however*, that, in the case of Notes represented by Definitive Certificates, such Definitive Certificates must be presented and, in the case of redemption, surrendered at the Specified Office of the relevant Paying Agent as a condition to receipt of any such payment.
- (b) The receipt by the Fiscal Agent of the due and punctual payment of funds in USD will release the Issuer from its obligations under the Notes to the extent of such payment.
- (c) Subject to clause (d) of this Condition 9,
  - (i) the Issuer reserves the right to terminate the appointment of any Agent, as well as to appoint or, after any such appointment, to terminate the appointment of, one or more other paying agents to carry out any payment or other similar functions in respect of the Notes (each, a "**Paying Agent**"), *provided* that (A) so long as any Note is outstanding, there will at all times be a Fiscal Agent, a Registrar, a Calculation Agent and a Settlement Agent, (B) for so long as the Notes are listed on the SIX Swiss Exchange and if then required by the regulations of the SIX Swiss Exchange, the Issuer shall maintain a Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities dealer subject to supervision by FINMA, to perform the functions of a Swiss paying agent (the "**Swiss Paying Agent**"), and (C) any successor Calculation Agent must be a leading bank or financial institution that is experienced in the calculations and determinations to be made by the Calculation Agent; and
  - (ii) if at any time the Fiscal Agent, the Registrar, the Calculation Agent, or the Swiss Paying Agent, (A) becomes incapable of acting, or (B) is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy, or makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature, or if an order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law, or if a receiver of it or of all or any substantial part of its property is appointed, or if any public officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation (any such event, an "**Agent Insolvency Event**"), then the Issuer will terminate the appointment of such Agent in accordance with the Fiscal Agency Agreement and appoint a successor Agent; and
  - (iii) if at any time the Calculation Agent fails to (A) determine the Mid Market Swap Rate or the Reset Interest Rate or duly calculate the Reset Interest Amount for any Reset Interest Period or the interest amount payable on the relevant Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) or (B) comply with any other requirement in relation to the Notes, then the Issuer will terminate the appointment of the Calculation Agent in accordance with the Fiscal Agency Agreement and appoint a successor Calculation Agent; *provided, however*, that, if the Calculation Agent

duly calculates such Reset Interest Rate, Reset Interest Amount or interest amount payable on the relevant Redemption Date, as the case may be, prior to its termination (and the appointment of its successor) taking effect in accordance with clause (d) of this Condition 9, the Issuer may elect, in its sole discretion and upon notice to the Holders in accordance with Condition 14 (*Notices*), to cancel such termination (and appointment).

- (d) Any appointment or termination of appointment of, or any resignation by, any Agent (other than the Settlement Agent) may only take effect not less than 30 and not more than 45 days after the Issuer has notified the Holders of such appointment, termination or resignation in accordance with Condition 14 (*Notices*); *provided, however*, that, in the case of the termination of an Agent with respect to which an Agent Insolvency Event has occurred, such termination may take effect prior to the expiry of such 30-day notice period, so long as a successor Agent has been appointed to the extent required by the immediately succeeding sentence. Notwithstanding the foregoing, any termination of the appointment of, or resignation by, the Fiscal Agent, the Registrar, the Swiss Paying Agent or the Calculation Agent may not take effect until the Issuer has appointed a successor Fiscal Agent, Registrar, Swiss Paying Agent or Calculation Agent, as applicable; *provided, however*, that, if no such successor has been appointed within 30 days of the scheduled effectiveness of such termination or resignation, any Holder (on behalf of itself and all others similarly situated) or, pursuant to and in accordance with the Fiscal Agency Agreement, the Fiscal Agent, the Registrar, any Paying Agent or the Calculation Agent, as the case may be, may petition any court of competent jurisdiction for the appointment of a successor, at the expense of the Issuer.
- (e) Subject to subclause (c)(i) of this Condition 9, the Issuer may appoint or terminate the appointment of a Settlement Agent, and a Settlement Agent may resign, at any time. The Issuer will notify the Holders of any such appointment, termination or resignation in accordance with Condition 14 (*Notices*).

## 10. TAXATION

- (a) All payments to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, unless withholding, deduction or accounting for such Taxes is required by law.
- (b) In the event that any payment to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) is subject to any withholding or deduction for, or on account of, any Taxes by requirement of law in a Tax Jurisdiction (as determined by the relevant tax authority of or in such Tax Jurisdiction), the Issuer shall pay such additional amounts as will result in the Holders receiving the amounts that they would have received in respect of the Notes if no such withholding or deduction had been required ("**Additional Amounts**").
- (c) No Additional Amounts will be payable pursuant to clause (b) of this Condition 10 in relation to any Note:
  - (i) if the relevant Holder is liable for such Taxes on such Note as a result of having some connection with the relevant Tax Jurisdiction other than its mere ownership or possession of such Note or the receipt of principal or interest in respect thereof; or
  - (ii) if such Taxes are a result of such Note having been presented for payment (where presentment is required) more than 30 days after the Relevant Date, except to the extent that the Holder would have been entitled to receive the Additional Amounts if it had presented such Note for payment on the last day of the 30-day period; or

- (iii) with respect to any Tax collected pursuant to Sections 1471 through 1474 of the US Internal Revenue Code, as amended and as may be further amended from time to time (the "**Code**"), the regulations promulgated thereunder, or applicable inter-governmental agreements or agreements with the United States Internal Revenue Service entered into in connection with the implementation of such sections of the Code, or legislation enacted by a non-United States jurisdiction in connection with the implementation of such sections of the Code (FATCA); or
  - (iv) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of 3 April 2020, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a Person other than the issuer is required to withhold tax on any interest payments; or
  - (v) to the extent any combination of subclauses (i) through (iv) above applies.
- (d) Any reference in these Terms and Conditions to amounts payable by the Issuer in respect of the Notes includes (i) any Additional Amount payable pursuant to this Condition 10 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this Condition 10.

#### 11. **STATUTE OF LIMITATIONS**

In accordance with Swiss law, (a) claims for interest payments under the Notes will become time-barred after the five-year period and (b) claims for the repayment or redemption of Notes will become time-barred after the 10-year period, in each case, commencing on the date on which such payments, repayment or redemption become due and payable.

#### 12. **EVENTS OF DEFAULT**

- (a) If any of the following events occurs, such occurrence will constitute an "**Event of Default**":
- (i) the Issuer fails to pay the principal amount of any Note if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (ii) the Issuer fails to pay any interest on the Notes if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (iii) the Issuer fails to observe or perform any other covenant, condition, or agreement contained in these Terms and Conditions, and such failure continues unremedied for a period of 60 days after written notice thereof from any Holder to the Issuer; or
  - (iv) a Bankruptcy Event;
- provided, however*, that, notwithstanding subclauses (i) to (iv) above, neither (A) the opening of Restructuring Proceedings with respect to the Issuer nor (B) the exercise of any Swiss Resolution Power with respect to the Issuer during any such Restructuring Proceedings nor (C) the ordering of any Protective Measures with respect to the Issuer that are ordered or confirmed upon the opening of or during any such Restructuring Proceedings will constitute a default or an Event of Default.
- (b) Upon the occurrence of an Event of Default relating to any failure of the Issuer to meet any payment obligation under these Terms and Conditions and subject to Condition 8

(*Conversion*), (i) such payment obligation (and such payment obligation only) will be immediately deemed a due and payable (*fällige*) payment obligation of the Issuer, and (ii) if (A) the relevant Holder has formally requested payment of such payment obligation, (B) such payment obligation has not been fulfilled within the statutory period under Swiss law commencing after the date of such formal request and (C) a writ of payment (*Zahlungsbefehl*) has been issued with respect to such payment obligation pursuant to the DEBA, the relevant Holder may institute proceedings against the Issuer in Switzerland (but not elsewhere) to enforce its rights with respect to such payment obligation under the DEBA.

- (c) If a debt collection or insolvency proceeding with respect to the Issuer is instituted in Switzerland in accordance with clause (b) of this Condition 12, the Issuer shall not (i) after having received the writ of payment (*Zahlungsbefehl*) relating to the relevant payment obligation, argue or plead that such payment obligation is not due and payable by the Issuer, or (ii) prior to the declaration of bankruptcy (or similar proceeding under Swiss insolvency laws), make any payment to the relevant Holder under or in connection with the Notes.
- (d) In the case of any Event of Default arising under subclause (a)(iii) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may seek specific performance or damages with respect to such Event of Default pursuant to the Swiss Code if so entitled thereunder. Any such damage claim of any Holder will rank junior to the rights and claims of all holders of Senior Obligations.
- (e) In the case of any Event of Default arising under subclause (a)(iv) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may, by written notice to the Issuer, declare the principal amount of any of its Notes, together with any accrued and unpaid interest thereon, immediately due and payable, without presentment, demand, protest or other notice of any kind.
- (f) No remedy against the Issuer other than those described in this Condition 12 will be available to the Holders in connection with the Issuer's obligations under these Terms and Conditions, whether for the recovery of amounts owing under these Terms and Conditions or in respect of any breach by the Issuer of any of its other obligations under these Terms and Conditions or otherwise. In particular, no Holder may declare (i) the principal amount of any Notes due and payable prior to any Redemption Date, or (ii) any interest on any Notes due and payable prior to the relevant Interest Payment Date, except, in the case of each of subclauses (i) and (ii), pursuant to clause (e) of this Condition 12.

### 13. MEETINGS OF HOLDERS; SUBSTITUTION AND AMENDMENT

- (a) Except as otherwise specified in this Condition 13, the provisions of bondholder meetings contained in article 1157 et seqq. of the Swiss Code apply in relation to meetings of Holders.
- (b) If a Tax Event or a Regulatory Event has occurred, the Issuer may, without the consent of the Holders, either substitute all, but not some only, of the Notes for, or amend these Terms and Conditions so that they remain or become, Compliant Securities, *provided* that:
  - (i) neither a Tax Event nor a Regulatory Event arises as a result of such substitution or amendment;
  - (ii) FINMA has approved such substitution or amendment (if such approval is then required under applicable Swiss laws and regulations);
  - (iii) the Issuer has given the Holders not less than 30 days' notice of such substitution or amendment in accordance with Condition 14 (*Notices*), which notice will, subject to subclause (v) below, be irrevocable, and state the date on which such substitution or amendment will be effective (the "**Substitution or Amendment Effective Date**");

- (iv) prior to the publication of any notice pursuant to subclause (iii) above, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to substitute or amend the terms of the Notes, as applicable, pursuant to this Condition 13(b) is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right to substitute or amend the terms of the Notes, as applicable, pursuant to this Condition 13(b) have arisen; and
- (v) no Trigger Event or Viability Event has occurred prior to the relevant Substitution or Amendment Effective Date.

In connection with any substitution or amendment in accordance with this Condition 13(b), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- (c) In addition to its rights under clause (b) of this Condition 13, the Issuer may, without the consent of the Holders, make any amendment to these Terms and Conditions that it considers to be (i) necessary or desirable to give effect to (A) any Alternative Benchmark Rate determined in accordance with Condition 5(c) (*Interest – Benchmark replacement*) (including any Adjustment Spread determined in accordance with subclause (v)(A)(2) thereof and any alternative method for determining the Mid Market Swap Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date determined in accordance with subclause (v)(A)(3) thereof), and any related changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" determined to be necessary in accordance with subclause (v)(D) thereof, or (B) the provisions of clause (a) of Condition 15 (*Issuer Substitution*) (including, without limitation, (x) if the Substitute Issuer is organised and/or resident for tax purposes in a jurisdiction other than Switzerland, any amendments to any references to the jurisdiction of "Switzerland" contained herein, including, without limitation, amendments to the definition of the term "Bankruptcy Event", the definition of the term "Business Day", the governing law of the subordination provisions set forth in Condition 4 (*Status and Subordination*) and the provisions of Condition 12 (*Events of Default*), and (y) any amendments to reflect UBS Group AG's guarantee described in subclause (a)(iii) of Condition 15 (*Issuer Substitution*)), or (C) the provisions of subclause (i)(B) and/or subclause (iii) of Condition 8(e) (*Conversion – Qualifying Relevant Event*), or (ii) formal, minor or technical in nature, or (iii) necessary to correct a manifest error, or (iv) not materially prejudicial to the interests of the Holders.
- (d) The Issuer shall notify the Holders of any amendments made pursuant to clause (c) of this Condition 13 in accordance with Condition 14 (*Notices*), which notice shall state the date on which such amendment will be effective.
- (e) Any amendment made pursuant to this Condition 13 will be binding on the Holders in accordance with its terms.

#### 14. **NOTICES**

- (a) So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Issuer (i) by means of electronic publication on the internet website of SIX Exchange Regulation Ltd (<https://www.ser-ag.com>), where notices are as at the Issue Date published under the address <https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/>, or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notice will be validly given on the date of such publication or, if published more than once, on the date of the first such publication.



- (b) If the Notes are for any reason no longer listed on the SIX Swiss Exchange:
  - (i) if the Notes are represented by one or more Global Certificates deposited with a custodian for DTC, notices to Holders shall only be required to be given by the Issuer in accordance with clause (c) of this Condition 14; or
  - (ii) if the Global Certificate(s) have been exchanged for Definitive Certificates, the Issuer shall send notices to Holders by first class mail at their respective addresses as recorded in the Register, and any such notice will be validly given on the fourth Business Day after the date of such mailing.
- (c) So long as the Notes are represented by one or more Global Certificates deposited with a custodian for DTC, any notices required to be given by the Issuer to the Holders hereunder shall also be given to the Indirect Holders through the Fiscal Agent to DTC for forwarding to the Indirect Holders. Any such notice will be validly given on the date of delivery to DTC in accordance with DTC's applicable procedures.

## 15. ISSUER SUBSTITUTION

- (a) The Issuer (for purposes of this Condition 15, the "**Current Issuer**") may, without the consent of the Holders, substitute any entity (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the "**Substitute Issuer**") for itself as principal debtor under the Notes upon giving not less than 10 and not more than 30 days' notice to the Holders in accordance with Condition 14 (*Notices*), *provided that*:
  - (i) the Substitute Issuer is UBS Group AG or, if the Substitute Issuer is not UBS Group AG, (A) an exemption exists from the requirement to register the Substitute Issuer as an investment company under the US Investment Company Act, and (B) at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by UBS Group AG;
  - (ii) the Current Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;
  - (iii) if the Substitute Issuer is not UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the Holders, pursuant to article 111 of the Swiss Code and on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), (A) the due and punctual payment of principal and interest and all other amounts due and payable by the Substitute Issuer under, or in respect of, the Notes upon receipt of the written request for payment of the relevant amount, and (B) upon the occurrence of a Conversion, the due delivery of the Ordinary Shares required to be delivered pursuant to Condition 8 (*Conversion*), and on the terms whereby subclause (iii) of Condition 5(i) (*Interest – Cancellation of interest; prohibited interest*), subclause (ii)(C) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), Condition 10 (*Taxation*), Condition 12 (*Events of Default*) and Condition 20 (*No Set-off by Holders*) apply to UBS Group AG and to its obligations under such guarantee either by making the necessary consequential amendments to such Conditions or including such Conditions applicable to UBS Group AG and to its obligations under such guarantee in such guarantee itself, as applicable;
  - (iv) the Current Issuer and the Substitute Issuer (A) have entered into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which the Substitute Issuer has (x) undertaken in favour of each Holder to be bound by these Terms and Conditions as the principal debtor (on a subordinated basis corresponding to Condition 4 (*Status and Subordination*)) under the Notes in place of the Current Issuer and (y) assumed the obligations of the Current Issuer under the Fiscal Agency Agreement, and (B) procure that all action, conditions and things required to be taken, fulfilled and done (including, without limitation, the obtaining of any necessary consents) to ensure that the Substitution Documents represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;

- (v) if the Substitute Issuer is resident for tax purposes in a jurisdiction (the "**New Residence**") other than that in which the Current Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Substitution Documents contain an undertaking by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Holder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10 (*Taxation*) in relation to the payment of all amounts due and payable under, or in respect of, the Notes and in relation to the guarantee referred to in subclause (iii) above, with, in the case of the Notes but not such guarantee, the substitution of references to the Former Residence with references to the New Residence, and an undertaking by the Substitute Issuer to indemnify each Holder against any Tax that is imposed on it by (or by any authority in or of) the New Residence and, if different, the jurisdiction of the Substitute Issuer's organisation with respect to any Note and that would not have been so imposed had the substitution not been made, as well as against any Tax, and any cost or expense, relating to such substitution;
- (vi) if the Substitute Issuer is not UBS Group AG, FINMA has approved such substitution (if such approval is then required under applicable Swiss laws and regulations), and the Current Issuer and the Substitute Issuer have obtained all other necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents;
- (vii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes; and
- (viii) such substitution does not give rise to a Tax Event or a Regulatory Event.
- (b) Upon any substitution pursuant to clause (a) of this Condition 15, (i) the Substitute Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Current Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Terms and Conditions, and (ii) the Current Issuer will be released from its obligations under the Notes.
- (c) After giving effect to any substitution pursuant to clause (a) of this Condition 15, (i) references to the "Issuer" in the Notes and these Terms and Conditions will be references to the Substitute Issuer, and (ii) references to the "Tax Jurisdiction" in the Notes and these Terms and Conditions will be read and construed as including the jurisdiction of establishment of the Substitute Issuer and, if different, the jurisdiction in which the Substitute Issuer is resident for tax purposes instead of or in addition to (as the case may be) references to the jurisdiction of establishment of the Issuer and Switzerland.

## 16. **CONSOLIDATION, MERGER OR SALE**

The Issuer will not consolidate with, merge with or into, or sell, convey, transfer or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially as an entirety in one transaction or a series of related transactions) to, any Person (other than with, into or to any Person of which at least 95 per cent. of such Person's capital and voting rights are held, directly or indirectly, by the Issuer) or permit any Person to merge with or into the Issuer unless (a) the Issuer will be the continuing Person, or (b) the Person formed by such consolidation or into which the Issuer is merged or that acquired such property and assets of the Issuer expressly assumes in writing (or, in the case of an acquisition of property and assets, guarantees) all of the obligations of the Issuer under the Notes.

17. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders issue further notes and, *provided* that such notes have the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and/or the first date on which interest is paid), such further notes will be consolidated and form a single series with the Notes. If the Issuer issues any such further notes pursuant to this Condition 17, references in these Terms and Conditions to "Notes" include such further notes, unless the context otherwise requires.

18. **CURRENCY INDEMNITY**

Any amount received or recovered by any Holder in a currency other than USD (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) under the Notes will only constitute a discharge of the Issuer to the extent of the amount in USD that such Holder is able to purchase with the amount so received or recovered in such other currency on the date of such receipt or recovery (or, if it is not practicable to purchase USD with such amount on such date, on the first date on which it is practicable to do so). If the amount of USD that such Holder is able to purchase is less than the amount owed by the Issuer to such Holder under the Notes, the Issuer shall indemnify such Holder against any loss sustained by it as a result. In addition, the Issuer shall indemnify such Holder for the costs of making such purchase. For purposes of this Condition 18, it is sufficient for the relevant Holder to demonstrate that it would have suffered a loss had an actual purchase been made. The indemnities under this Condition 18 will (a) constitute a separate and independent obligation from the Issuer's other obligations hereunder, (b) give rise to a separate and independent cause of action, (c) apply irrespective of any indulgence granted by any Holder and (d) continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any amount due under the Notes or any other judgment or order.

19. **RULE 144A INFORMATION**

If at any time the Issuer is neither a reporting company under Section 13 or Section 15(d) of the US Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the US Exchange Act, the Issuer will comply with any applicable requirements of Rule 144A(d)(4) under the US Securities Act in relation to the Notes.

20. **NO SET-OFF BY HOLDERS**

Subject to applicable law, each Holder and Indirect Holder, by acceptance of any direct or beneficial interest in a Note, agrees that it will not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention with respect to any amount owed to it by the Issuer in respect of, or arising in connection with, the Notes.

21. **GOVERNING LAW AND JURISDICTION**

- (a) The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by and construed in accordance with the laws of Switzerland.
- (b) The courts of the Canton of Zurich (venue being the City of Zurich) shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, including any non-contractual obligation arising out of or in connection with the Notes.

**High-trigger loss-absorbing additional tier 1 capital instrument**

|                          |                                                                                                                                              |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer</b>            | UBS Group AG                                                                                                                                 |
| <b>ISIN</b>              | US225401BJ63 (144A) / USH42097FB81 (Reg S)                                                                                                   |
| <b>Issue Date</b>        | 10.02.2025                                                                                                                                   |
| <b>Currency</b>          | USD                                                                                                                                          |
| <b>Nominal (million)</b> | 1,500                                                                                                                                        |
| <b>Interest Rate</b>     | 7.125% <sup>1</sup>                                                                                                                          |
| <b>Maturity Date</b>     | perpetual                                                                                                                                    |
| <b>Call Dates</b>        | any time during the six-month period from (and including) 10 August 2034 to (and including) 10 February 2035 or on any Reset Date thereafter |

<sup>1</sup> Rate subject to change after first reset date.

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Tier 1 Capital Notes issued by UBS Group AG are as follows:

### 1. DEFINITIONS

**"Acquiror"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Additional Amounts"** has the meaning assigned to such term in clause (b) of Condition 10 (*Taxation*).

**"Additional Tier 1 Capital"** means, at any time, any item that qualifies as additional tier 1 capital (*zusätzliches Kernkapital*) under National Regulations at such time.

**"Adjustment Spread"** means, with respect to any Alternative Benchmark Rate determined in accordance with the provisions of Condition 5(c) (*Interest – Benchmark replacement*), a spread (which may be positive or negative), or a formula or methodology for calculating such a spread, applied to such Alternative Benchmark Rate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Existing Benchmark Rate with such Alternative Benchmark Rate.

**"Affected Reset Interest Period"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Agent Insolvency Event"** has the meaning assigned to such term in subclause (c)(ii) of Condition 9 (*Payments; Agents*).

**"Agents"** means the Fiscal Agent, the Registrar, the Calculation Agent, the Swiss Paying Agent and any other agent from time to time appointed pursuant to the terms of the Fiscal Agency Agreement, and the Settlement Agent.

**"Alternative Benchmark Rate"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Alternative Loss Absorption Date"** has the meaning assigned to such term in Condition 7(e) (*Trigger Event and Viability Event – Alternative loss absorption*).

**"Alternative MMSR Page"** has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Alternative Relevant Time"** has the meaning assigned to such term in subclause (v)(A) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Approved Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Auditor"** means the accounting firm (i) appointed by the Board of Directors of the Group Holding Company or the shareholders of the Group Holding Company, as the case may be, to provide, among other things, audit and/or review opinions on the Group Holding Company's financial statements, and (ii) approved by FINMA in accordance with the Financial Market Supervisory Act (*Finanzmarktaufsichtsgesetz*) of 22 June 2007, as amended and as may be further amended from time to time.

**"Authorised Signatories"** means any two authorised officers of the Issuer signing jointly.

**"Balance Sheet Date"** means (i) with respect to any Ordinary Publication Date, the cut-off date for the measurement of the CET1 Ratio in the Quarterly Financial Accounts published on such Ordinary Publication Date, and (ii) with respect to any Extraordinary Publication Date, the cut-off date for the Reviewed Interim Measurement published upon the instruction of FINMA on such Extraordinary Publication Date.

**"Bankruptcy Event"** means any of the following events with respect to the Issuer: (i) the adjudication of bankruptcy (*Konkurseröffnung*) pursuant to articles 171, 189, 190, 191 or 192 of the DEBA, (ii) the opening of restructuring proceedings (*Sanierungsverfahren*) pursuant to articles 28 to 32 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such proceedings, **"Restructuring Proceedings"**), and/or (iii) the ordering of liquidation proceedings (*Liquidation*) pursuant to articles 33 to 37g of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG; *provided, however*, that none of the following will constitute a Bankruptcy Event: (x) mere debt collection proceedings (*Betreibungsverfahren*) pursuant to article 38 *et seq.* of the DEBA, (y) proceedings in connection with a freezing order (*Arrestverfahren*) pursuant to article 271 *et seq.* of the DEBA, and/or (z) the ordering of protective measures (*Schutzmassnahmen*) pursuant to article 26 of the Swiss Banking Act or pursuant to any successor or analogous Swiss law or regulation applicable to bank holding companies in Switzerland such as UBS Group AG (any such measures, **"Protective Measures"**), including, in the case of each of subclauses (x), (y) and (z), any steps (other than any steps described in clauses (i) through (iii) of this definition) taken under or in connection therewith.

**"BIS Regulations"** means, at any time, the capital adequacy standards and guidelines promulgated by the Basel Committee on Banking Supervision, as implemented by FINMA in Switzerland at such time.

**"BIS Risk Weighted Assets"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of risk-weighted assets of the Group as of such Balance Sheet Date, as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term **"risk-weighted assets"** as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

**"Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in (i) for purposes of the definitions of the terms "Extraordinary Publication Date", "Higher-Trigger Amount" and "Ordinary Publication Date", Zurich, and (ii) otherwise, New York City and Zurich.

**"Calculation Agent"** means UBS AG, in its capacity as calculation agent for the Notes, and includes any successor calculation agent for the Notes appointed in accordance with the terms of the Fiscal Agency Agreement.

**"Calculation Amount"** means USD 1,000.

**"Capital Adequacy Ordinance"** means the Swiss Ordinance concerning Capital Adequacy and Risk Diversification for Banks and Securities Firms of 1 June 2012, as amended and as may be further amended from time to time, or any successor Swiss law or regulation.

**"Cash Distribution"** means any dividend or distribution in respect of the Ordinary Shares that is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including any cash distribution or payment to Shareholders upon or in connection with a reduction of capital. For the avoidance of doubt, the term "Cash Distribution" does not include consideration paid or any other payments made by UBS Group AG or any of its affiliates in connection with the repurchase of Ordinary Shares in connection with any share buyback programme.

**"Certificate"** means a Global Certificate and/or a Definitive Certificate, as the case may be.

**"CET1 Capital"** means, as of any Balance Sheet Date, the aggregate amount, in the Presentation Currency, of items that constitute common equity tier 1 capital of the Group as of such Balance

Sheet Date, less any deductions from common equity tier 1 capital required to be made, in each case as determined by the Group Holding Company pursuant to the BIS Regulations applicable to the Group Holding Company as of such Balance Sheet Date, and as (i) disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) may be disclosed as a component of the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable. For the avoidance of doubt, the term "**common equity tier 1 capital**" as used in this definition has the meaning assigned to such term in the BIS Regulations in effect as of the relevant Balance Sheet Date.

"**CET1 Ratio**" means, as of any Balance Sheet Date, the CET1 Capital as of such Balance Sheet Date, divided by the BIS Risk Weighted Assets as of such Balance Sheet Date, expressed as a percentage, such ratio (or the components thereof) as determined by the Group Holding Company, and (i) as disclosed in the Quarterly Financial Accounts published on the relevant Ordinary Publication Date or (ii) constituting (or as disclosed in) the Reviewed Interim Measurement published upon the instruction of FINMA on the relevant Extraordinary Publication Date, as applicable.

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.

"**Code**" has the meaning assigned to such term in subclause (c)(iii) of Condition 10 (*Taxation*).

"**Compliant Securities**" means securities issued by UBS Group AG or any of its subsidiaries that have economic terms not materially less favourable to a Holder than these Terms and Conditions (as reasonably determined by the Issuer), *provided that*:

- (a) such securities (i) include terms that provide for the same interest rate and principal from time to time applying to the Notes, (ii) rank *pari passu* with the Notes and (iii) preserve any existing rights under these Terms and Conditions to any accrued and unpaid interest that has not been satisfied;
- (b) where such securities are issued by a subsidiary of UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the holders of such securities, on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), the due and punctual payment of all amounts due and payable by such subsidiary under, or in respect of, such securities pursuant to article 111 of the Swiss Code;
- (c) where the Notes that have been substituted or amended were listed immediately prior to their substitution or amendment, such securities are listed on (i) the SIX Swiss Exchange or (ii) such other internationally recognised stock exchange selected by the Issuer; and
- (d) where the Notes that have been substituted or amended were rated by a rating agency immediately prior to such substitution or amendment, each such rating agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to such securities.

"**Conversion**" has the meaning given to it in Condition 8(a) (*Conversion – Conversion upon a Trigger Event or a Viability Event*), and "convert" and "converted" shall be construed accordingly.

"**Conversion Capital**" means conversion capital (*Wandlungskapital*) within the meaning of the Swiss Banking Act.

"**Conversion Date**" means, with respect to any Conversion, the Trigger Event Conversion Date or the Viability Event Conversion Date, as applicable.

"**Conversion Price**" means USD 29.06, subject to any adjustment in accordance with Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

"**Current Issuer**" has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

"**Current Market Price**" means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days (or, for the purposes of subclause (i)(D) of

Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), 10 consecutive dealing days) ending on the dealing day immediately preceding such date (such period, the "**Reference Period**"), *provided* that, if at any time during the Reference Period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of the Reference Period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued and delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price cum-dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
- (b) if the Ordinary Shares to be issued and delivered do rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares were based on a price ex-dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if on each of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period the Volume Weighted Average Price was based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) that has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided, further* that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the five dealing days (or, for the purposes of subclause (i)(D) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), the 10 dealing days) in the Reference Period (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices that are available in the Reference Period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the Reference Period, the Current Market Price shall be determined by an Independent Adviser.

"**Day Count Fraction**" means, in respect of any period (the "**Calculation Period**"), the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;



"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

"**dealing day**" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares or other securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

"**DEBA**" means the Swiss Federal Debt Enforcement and Bankruptcy Act of 11 April 1889, as amended and as may be further amended from time to time.

"**Definitive Certificate**" has the meaning assigned to such term in subclause (i) of Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*).

"**Depository**" means DTC or any other Relevant Clearing System outside of Switzerland designated as Depository by the Issuer; *provided, however*, that, irrespective of the number of Regulation S Global Certificates and/or Rule 144A Global Certificates, as the case may be, outstanding, there will be no more than one Depository for the Notes at any time.

"**Distributable Items**" means, in respect of any Interest Payment Date, the aggregate of (i) net profits carried forward and (ii) freely distributable reserves, in each case, less any amounts that must be contributed to legal reserves under applicable law, all in UBS Group AG's reporting currency and as appearing in the Relevant Accounts.

"**Distribution Compliance Period**" means the 40-day period commencing on (and including) the later of (i) the day on which the Notes are first offered to Persons other than distributors (as defined in Regulation S under the US Securities Act), and (ii) the day on which the closing of the offering of the Notes occurs.

"**DTC**" means The Depository Trust Company.

"**EEA Regulated Market**" means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets on financial instruments.

"**Effective Date**" has the meaning assigned to such term in subclause (i)(C) or (i)(D), as applicable, of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Event of Default**" has the meaning assigned to such term in clause (a) of Condition 12 (*Events of Default*).

"**Exempt Reorganisation**" means a Reorganisation where, immediately after completion of the relevant proceedings, the ordinary shares or units or equivalent of Newco (or depository or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other Recognised Stock Exchange as UBS Group AG or Newco may determine.

"**Existing Benchmark Rate**" has the meaning assigned to such term in Condition 5(c) (*Interest – Benchmark replacement*).

**"Existing Shareholders"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Extraordinary Distribution"** means any Cash Distribution (i) that is expressly declared by UBS Group AG to be an extraordinary or special dividend or an extraordinary or special distribution to Shareholders as a class or any analogous or similar term, and (ii) the amount of which exceeds the arithmetic average of the ordinary dividend per Ordinary Share paid by UBS Group AG in the three most recently preceding calendar years (each such ordinary dividend translated, if necessary, into the currency in which the applicable Cash Distribution is expressed at the Prevailing Rate on the date on which such ordinary dividend was paid) by more than 25 per cent.

**"Extraordinary Publication Date"** means the Business Day on which a Reviewed Interim Measurement is published upon the instruction of FINMA, after FINMA has determined that the conditions for issuing a Trigger Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*) have been met.

**"Extraordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Fair Market Value"** means, with respect to any property on any date (the **"Relevant Valuation Date"**), the fair market value of that property as determined by an Independent Adviser, *provided* that:

- (a) the Fair Market Value of a cash amount shall be the amount of such cash;
- (b) where securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by an Independent Adviser), the Fair Market Value (i) of such securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of each of subclauses (i) and (ii), during the period of five dealing days on the relevant stock exchange or securities market commencing on the later of (x) the applicable Relevant Valuation Date and (y) the first dealing day on which such securities, options, warrants or other rights are publicly traded, or such shorter period as such securities, options, warrants or other rights are publicly traded; and
- (c) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such securities, options, warrants or other rights shall be determined by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Any amounts determined pursuant to the above shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on the Relevant Valuation Date. In addition, in the case of clause (a) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

**"Final Cancellation Date"** means the date specified in the Trigger Event Notice or a Viability Event Notice, as applicable, as being the date on which any Notes in relation to which no valid Settlement Shares Settlement Notice has been received by the Settlement Share Depository (or its designated agent(s)) on or before the Settlement Notice Cut-off Date shall be cancelled, which date is expected to be no more than 12 Business Days following the Settlement Notice Cut-off Date.

**"FINMA"** means the Swiss Financial Market Supervisory Authority FINMA and any successor thereto.

**"First Call Date"** means 10 August 2034.

**"First Reset Date"** means 10 February 2035.

**"Fiscal Agency Agreement"** means the fiscal agency agreement dated as of 10 February 2021, among the Issuer, the Fiscal Agent, the Registrar, the Calculation Agent, the Swiss Paying Agent and the other Agents from time to time party thereto, as amended by Amendment No. 1 thereto dated as of 2 January 2025, and as may be further amended, supplemented or otherwise modified from time to time.

**"Fiscal Agent"** means Deutsche Bank Trust Company Americas, in its capacity as fiscal agent for the Notes, and includes any successor fiscal agent for the Notes appointed in accordance with the terms of the Fiscal Agency Agreement.

**"Fixed Interest Rate"** means 7.125 per cent. per annum.

**"Former Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"Global Certificate"** means a Regulation S Global Certificate and/or Rule 144A Global Certificate, as the case may be.

**"Going-Concern LR Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the leverage ratio (*Höchstverschuldungsquote*) of such bank.

**"Going-Concern RWA Requirement"** means a requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going-concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the risk weighted assets (*risikogewichtete Positionen*) of such bank.

**"Governmental Entity"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Group"** means, at any time, the Group Holding Company and all its subsidiaries and other entities that are included in the Group Holding Company's consolidated capital adequacy reports prepared pursuant to National Regulations.

**"Group Holding Company"** means, at any time, the top Swiss holding company at such time of the financial group to which UBS Group AG belongs for purposes of preparing consolidated capital adequacy reports pursuant to National Regulations. As at the Issue Date, the Group Holding Company is UBS Group AG.

**"Higher-Trigger Amount"** means, as of any Publication Date, the sum of (i) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, outstanding on the relevant Balance Sheet Date that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, and (ii) the maximum portion of the aggregate principal amount, in the Presentation Currency of the Quarterly Financial Accounts or Reviewed Interim Measurement, as the case may be, to which such Publication Date relates, of all Higher-Trigger Contingent Capital, if any, issued after the relevant Balance Sheet Date, but prior to such Publication Date, that could be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, if a Higher-Trigger Write-down/Conversion Notice were delivered in accordance with the terms thereof, in the case of each of clauses (i) and (ii), as determined by UBS Group AG. For purposes of clause (ii) of this definition and, in the case of an Extraordinary Publication Date, clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into the Presentation Currency at the applicable prevailing exchange rate on the last Business Day preceding the relevant Publication Date, as determined by UBS Group AG. In the case of an Ordinary Publication Date, for purposes of clause (i) of this definition, the aggregate principal amount of any Higher-Trigger Contingent Capital that is not denominated in the Presentation Currency will be converted into

the Presentation Currency at the applicable exchange rate used for such purposes in the relevant Quarterly Financial Accounts.

**"Higher-Trigger Contingent Capital"** means any instrument issued by, or any other obligation of, any member of the Group that (i) is issued or owed to holders that are not members of the Group and (ii) is required pursuant to its terms to be converted into equity and/or fully or partially written down, or otherwise operating to increase the CET1 Capital, when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a threshold that is higher than the Threshold Ratio (with respect to the relevant Higher-Trigger Contingent Capital, its **"Higher-Trigger Threshold Ratio"**).

**"Higher-Trigger Threshold Ratio"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Contingent Capital".

**"Higher-Trigger Write-down/Conversion Date"** has the meaning assigned to such term in the definition of the term "Higher-Trigger Write-down/Conversion Notice".

**"Higher-Trigger Write-down/Conversion Notice"** means a notice delivered pursuant to the terms of any Higher-Trigger Contingent Capital that notifies the holders thereof that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio and, consequently, that such Higher-Trigger Contingent Capital will be converted into equity and/or fully or partially written down, or otherwise operate to increase the CET1 Capital, as applicable, as of a particular date (such date, the **"Higher-Trigger Write-down/Conversion Date"**). For the avoidance of doubt, if the terms and conditions of such Higher-Trigger Contingent Capital permit FINMA to waive the conversion into equity and/or write-down of such Higher-Trigger Contingent Capital notwithstanding the fact that the CET1 Ratio (or similar measure or other event described in the terms and conditions of such Higher-Trigger Contingent Capital) has fallen below its Higher-Trigger Threshold Ratio, the non-issuance of such a waiver by FINMA between the relevant Publication Date and the Trigger Event Notice Date will be deemed equivalent to the delivery of a Higher-Trigger Write-down/Conversion Notice for purposes of subclause (ii) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Holder"** means, with respect to any Note, the Person in whose name the Certificate representing such Note is registered in the Register. For the avoidance of doubt, with respect to Notes represented by a Global Certificate, no Indirect Holder or other Person will be a Holder for purposes of these Terms and Conditions or such Notes or have any rights, or be owed any obligations by the Issuer, under such Notes.

**"IBA"** means ICE Benchmark Administration® Limited (or any successor administrator of the USD SOFR ICE Swap Rate® (or any successor label)).

**"Independent Adviser"** means an independent financial institution of international repute or an independent adviser of recognised standing and expertise, in either case, appointed by the Issuer at its own expense to make any determination that is required to be made, or may be made, by an Independent Adviser under these Terms and Conditions.

**"Independent Adviser Determination Cut-off Date"** has the meaning assigned to such term in subclause (i) of Condition 5(c) (*Interest – Benchmark replacement*).

**"Indirect Holder"** means, with respect to any Note represented by a Global Certificate, any Person (other than the Holder) that owns a beneficial interest in such Notes through a bank, broker or other financial institution that (i) participates in the book-entry system of DTC, Euroclear, Clearstream, Luxembourg and/or any other clearing system (each, a **"Relevant Clearing System"**), or (ii) holds an interest in such Note through a participant in the book-entry system of any Relevant Clearing System. No Indirect Holder will have any rights, or be owed any obligations by the Issuer, under the Notes.

**"Interest Payment Date"** has the meaning assigned to such term in subclause (ii) of Condition 5(a) (*Interest – Interest Payment Dates*).

**"Interest Period"** means each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next Interest Payment Date.

**"Interest Rate"** means the Fixed Interest Rate and/or Reset Interest Rate, as the case may be.

**"Issue Date"** means 10 February 2025.

**"Issuer"** means UBS Group AG in its capacity as issuer of the Notes.

**"Junior Obligations"** means (i) all classes of share capital and participation securities (if any) of the Issuer and (ii) all other obligations of the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation.

**"Margin"** means 3.179 per cent. per annum.

**"Mid Market Swap Rate"** means, in relation to any Reset Interest Period:

- (a) the USD SOFR ICE Swap Rate on the Reset Determination Date in relation to such Reset Interest Period as it appears on the MMSR Page on such Reset Determination Date; or
- (b) if such USD SOFR ICE Swap Rate does not appear on the MMSR Page on such Reset Determination Date, the Reset Reference Bank Rate in relation to such Reset Interest Period.

**"Mid Market Swap Rate Quotation"** means, in relation to any Reset Interest Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/360 day count basis) of a fixed-for-floating USD interest rate swap transaction that:

- (a) has a term of five years commencing on the Reset Date on which such Reset Interest Period commences; and
- (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on SOFR compounded in arrear for 12 months (calculated on an Actual/360 day count basis).

**"MMSR Page"** means Bloomberg page USISSO05 Index (or (i) such other page as may replace that page on Bloomberg (or on any successor to Bloomberg), or (ii) if there is no such replacement page on Bloomberg (or on any successor to Bloomberg), such other page on such other information service, in the case of each of clauses (i) and (ii), on which the USD SOFR ICE Swap Rate is displayed and as selected by the Issuer after consultation with the Calculation Agent).

**"National Regulations"** means, at any time, (i) the Swiss national banking and capital adequacy laws, and (ii) the capital adequacy regulations promulgated by the Swiss Federal Council (*Bundesrat*) or FINMA and the interpretation thereof by FINMA or any other competent Swiss authority, in the case of each of clauses (i) and (ii), directly applicable to UBS Group AG (and/or, if different, the Group Holding Company) and/or the Group at such time.

**"New Conversion Condition"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Condition Effective Date"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Conversion Price"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"New Residence"** has the meaning assigned to such term in subclause (a)(v) of Condition 15 (*Issuer Substitution*).

**"New York Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in New York City.

**"Newco"** has the meaning assigned to such term in the definition of the term "Reorganisation".

**"Non-Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Notes"** means the USD 1,500,000,000 7.125 per cent. Tier 1 Capital Notes issued by the Issuer on the Issue Date.

**"OECD"** means the Organisation for Economic Co-operation and Development.

**"Offer Settlement Period"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Ordinary Publication Date"** means each Business Day on which Quarterly Financial Accounts are published.

**"Ordinary Shares"** means the registered ordinary shares of UBS Group AG, which as of the Issue Date have a par value of USD 0.10 each. The Ordinary Shares deliverable on Conversion will be newly issued from the capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) and/or Conversion Capital of UBS Group AG, and rank *pari passu* with all other registered ordinary shares of UBS Group AG for any and all distributions payable on them on or after the relevant Share Creation Date.

**"Ordinary Trigger Event Notice Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Other Tier 1 Contingent Convertible Capital Note"** means any capital instrument (other than the Notes) that:

- (a) is eligible in full to be (i) treated as Additional Tier 1 Capital and (ii) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both); and
- (b) subject to the terms and conditions thereof, is to be converted into Ordinary Shares when the CET1 Ratio (or equivalent capital measure of the Group described in the terms and conditions thereof) falls below a certain threshold and/or a Viability Event (or equivalent event described in the terms and conditions thereof) occurs.

**"Parity Obligations"** means (i) all obligations of the Issuer in respect of Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes), and (ii) any other securities or obligations (including, without limitation, any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with claims in respect of the Notes and/or any Parity Obligation.

**"Paying Agent"** has the meaning assigned to such term in subclause (c)(i) of Condition 9 (*Payments; Agents*).

**"Payment Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including, without limitation, dealing in foreign exchange and foreign currency deposits) in New York City.

**"Permitted Transactions"** means:

- (a) repurchases, redemptions or other acquisitions of any Ordinary Shares in connection with (x) any employment contract, benefit plan or similar arrangement with, or for the benefit of, any employees, officers, directors or consultants of any member of the Group, (y) a dividend reinvestment or shareholder share purchase plan or (z) the issuance of any Ordinary Shares (or securities convertible into, or exercisable for, Ordinary Shares) as consideration for an acquisition consummated by any member of the Group;

- (b) market-making in Ordinary Shares as part of the securities business of any member of the Group;
- (c) purchases of fractional interests in any Ordinary Shares pursuant to the conversion or exchange provisions of (x) such Ordinary Shares or (y) any security convertible into, or exercisable for, Ordinary Shares;
- (d) redemptions or repurchases of Ordinary Shares pursuant to any shareholders' rights plan; and
- (e) distributions in cash or in kind on, or repurchases, redemptions or other acquisitions of, any Ordinary Shares as a part of any solvent reorganisation, reconstruction, amalgamation or merger of any member of the Group, so long as such member (or the successor entity resulting from such reorganisation, reconstruction, amalgamation or merger) continues to be a member of the Group.

**"Person"** means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organisation or government or any agency or political subdivision thereof.

**"Presentation Currency"** means (i) with respect to any Quarterly Financial Accounts, the presentation currency of such Quarterly Financial Accounts, and (ii) with respect to any Reviewed Interim Measurement, the Presentation Currency of the Quarterly Financial Accounts that will be prepared for the relevant financial quarterly or annual period in which the relevant Extraordinary Publication Date falls.

**"Prevailing Rate"** means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (New York City time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (New York City time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Adviser determines to be appropriate.

**"Protective Measures"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Public Sector"** means the government of, or a governmental agency or the central bank in, the country of incorporation of the Group Holding Company.

**"Publication Date"** means an Ordinary Publication Date or an Extraordinary Publication Date, as the case may be.

**"Qualifying Relevant Event"** has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

**"Quarterly Financial Accounts"** means (i) the financial statements of the Group (including, without limitation, the notes thereto) in respect of a financial quarter published by the Group Holding Company, which have been reviewed by the Auditor in accordance with the International Standards on Auditing; *provided, however*, that, if the financial statements of the Group in respect of the last quarter of any year are not so reviewed, the term "Quarterly Financial Accounts" in respect of such quarter will mean instead the annual financial statements of the Group (including, without limitation, the notes thereto) in respect of such year, which have been audited by the Auditor in accordance with the International Standards on Auditing and are published in the annual report of the Group Holding Company for such year, or (ii) in the event that the Group does not publish quarterly financial statements as described in clause (i) of this definition, the financial disclosures published by the Group pursuant to and in compliance with FINMA Circular 2016/01 "Capital Adequacy Disclosures Banks", as amended and as may be further amended from time to time, or pursuant to and in compliance with any successor circular or regulation applicable to the Group Holding Company, *provided* that such financial disclosures are published for each financial quarter and the interim earnings included in such disclosures have been reviewed by the Auditor in accordance with International Standards on Auditing.

"**QIB**" has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

"**Recognised Stock Exchange**" means an EEA Regulated Market, a regulated, regularly operating, recognised stock exchange in Switzerland or any other regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

"**Record Date**" means, with respect to any Scheduled Due Date, the last Relevant Banking Day immediately preceding such Scheduled Due Date.

"**Redemption Date**" has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

"**Redemption Notice**" has the meaning assigned to such term in subclause (i) of Condition 6(e) (*Redemption and Purchase – Conditions for redemption*).

"**Reference Period**" has the meaning assigned to such term in the definition of the term "Current Market Price".

"**Register**" means the register that the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement.

"**Registrar**" means Deutsche Bank Trust Company Americas, in its capacity as registrar for the Notes, and includes any successor registrar for the Notes appointed in accordance with the Fiscal Agency Agreement.

"**Regulation S Global Certificate**" has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

"**Regulatory Event**" has the meaning assigned to such term in subclause (ii) of Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*).

"**Relevant Accounts**" means, in respect of any Interest Payment Date, the most recently published audited unconsolidated annual financial statements of UBS Group AG prepared in accordance with the Swiss Code.

"**Relevant Banking Day**" means a day other than a Saturday or Sunday, on which banks are open for business in the place of the Specified Office of the Registrar and the Fiscal Agent.

"**Relevant Clearing System**" has the meaning assigned to such term in the definition of the term "Indirect Holder".

"**Relevant Currency**" means USD or, if at the relevant time or for the purposes of the relevant calculation or determination there is a Relevant Stock Exchange but the New York Stock Exchange is not the Relevant Stock Exchange (or is the Relevant Stock Exchange but the Ordinary Shares are not quoted or dealt in thereon in USD), the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

"**Relevant Date**" means, with respect to any payment, (i) the date on which such payment first becomes due under the Notes (the "**Scheduled Due Date**"), or (ii) if the full amount of the money payable on the Scheduled Due Date has not been received by the Fiscal Agent on or before the Scheduled Due Date, the date on which the full amount of the money due on the Scheduled Due Date has been received by the Fiscal Agent.

"**Relevant Event**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).

"**Relevant Page**" means the page on Bloomberg or such other information service provider that displays the relevant information.

"**Relevant Shares**" has the meaning assigned to such term in subclause (iv) of Condition 8(e) (*Conversion – Qualifying Relevant Event*).



**"Relevant Stock Exchange"** means the New York Stock Exchange or, if at the relevant time the Ordinary Shares are not listed and admitted to trading on the New York Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing (if any).

**"Relevant Time"** means 11:00 a.m. (New York City time).

**"Reorganisation"** means proceedings that effect the interposition of a corporation or other limited liability company ("**Newco**") between the Shareholders immediately prior to such proceedings (the "**Existing Shareholders**") and UBS Group AG, *provided* that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders, (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco or the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, as the case may be, are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings, (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned subsidiaries of Newco are) the only shareholder of UBS Group AG, (iv) all subsidiaries of UBS Group AG immediately prior to such proceedings (other than Newco, if Newco is then a subsidiary of UBS Group AG) are subsidiaries of UBS Group AG (or of Newco) immediately after completion of such proceedings, and (v) immediately after completion of such proceedings, UBS Group AG (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those subsidiaries as was held by UBS Group AG immediately prior to such proceedings.

**"Reset Date"** means the First Reset Date and each day that falls on the fifth anniversary of the immediately preceding Reset Date.

**"Reset Determination Date"** means, in relation to any Reset Interest Period, the day falling two Business Days prior to the Reset Date on which such Reset Interest Period commences.

**"Reset Interest Amount"** has the meaning assigned to such term in Condition 5(b) (*Interest – Determination of the Mid Market Swap Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*).

**"Reset Interest Period"** means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date.

**"Reset Interest Rate"** means, in relation to any Reset Interest Period, the sum of the Margin and the Mid Market Swap Rate in relation to such Reset Interest Period.

**"Reset Reference Bank Rate"** means, in relation to any Reset Interest Period, the percentage rate (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent as follows:

- (a) the Calculation Agent will request each Reset Reference Bank to provide it with such Reset Reference Bank's Mid Market Swap Rate Quotation in relation to such Reset Interest Period as at the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period; and
- (b) if at least three such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the Mid Market Swap Rate Quotations provided, eliminating the highest Mid Market Swap Rate Quotation (or, in the event of equality, one of the highest) and the lowest Mid Market Swap Rate Quotation (or, in the event of equality, one of the lowest); or
- (c) if only two such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the Mid Market Swap Rate Quotations provided; or
- (d) if only one such Mid Market Swap Rate Quotation is provided, the Reset Reference Bank Rate will be the Mid Market Swap Rate Quotation provided; or

- (e) if no such Mid Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be (i) if such Reset Determination Date is in relation to any Reset Interest Period other than the Reset Interest Period commencing on the First Reset Date, the Mid Market Swap Rate in respect of the immediately preceding Reset Interest Period, or (ii) if such Reset Determination Date is in relation to the Reset Interest Period commencing on the First Reset Date, 3.946 per cent. per annum.

**"Reset Reference Banks"** means five major banks in the swap, money, securities or other market most closely connected with the Mid Market Swap Rate, as selected by the Issuer after consultation with the Calculation Agent.

**"Restructuring Proceedings"** has the meaning assigned to such term in the definition of the term "Bankruptcy Event".

**"Reviewed Interim Measurement"** means an interim measurement of the CET1 Ratio, with respect to which the Auditor has performed procedures in accordance with the International Standard on Related Services (and relevant Swiss standards and practices) applicable to agreed-upon procedures engagements.

**"Rule 144A"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

**"Rule 144A Global Certificate"** has the meaning assigned to such term in subclause (i) of Condition 2(b) (*Amount, Denomination and Form – Global Certificates*).

**"Scheduled Due Date"** has the meaning assigned to such term in the definition of the term "Relevant Date".

**"Securities"** means any shares in the capital of UBS Group AG, or any options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of UBS Group AG, excluding all Other Tier 1 Contingent Convertible Capital Notes (and each a "Security").

**"Senior Obligations"** means all obligations of the Issuer that are unsubordinated or that are subordinated and do not constitute either Junior Obligations or Parity Obligations.

**"Settlement Agency Agreement"** means the Settlement Agency Agreement dated as of the Issue Date, between the Issuer and the Settlement Agent, as amended, supplemented or otherwise modified from time to time.

**"Settlement Agent"** means UBS AG, in its capacity as settlement agent for the Notes, and includes any successor settlement agent for the Notes appointed in accordance with these Terms and Conditions.

**"Settlement Date"** means:

- (a) with respect to any Note in relation to which a valid Settlement Shares Settlement Notice is received by the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) on or before the Settlement Notice Cut-off Date,
  - (i) if the Trigger Event Notice specified that the Issuer will not appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer or if the Issuer gave a Viability Event Notice, the date that is two Business Days after the date on which the relevant Settlement Shares Settlement Notice has been so received by the Settlement Share Depository (or such agent); or
  - (ii) if the Trigger Event Notice specified that the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, the date that is two Business Days after the later of (x) the date on which the Offer Settlement Period expires or is terminated and (y) the date on which the relevant Settlement Shares Settlement Notice has been so received by the Settlement Share Depository (or such agent); and

- (b) with respect to any Note in relation to which a valid Settlement Shares Settlement Notice is not received by the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) on or before the Settlement Notice Cut-off Date, the date on which the Settlement Share Depository delivers the relevant Ordinary Shares and/or cash proceeds of the Settlement Shares Offer, as applicable, to which the Holder of such Note is entitled pursuant to Condition 8 (*Conversion*) to such Holder.

**"Settlement Notice Cut-off Date"** means the date specified as such in the Trigger Event Notice or Viability Event Notice, as applicable, which date shall be at least 20 Business Days following the applicable Suspension Date.

**"Settlement Share Depository"** means a reputable independent financial institution, clearing institution, trust company or similar entity, to be appointed by the Issuer on or prior to any date when a function ascribed to the Settlement Share Depository in these Terms and Conditions is required to be performed to perform such functions, who will hold Ordinary Shares in a designated trust account for the benefit of the Holders and otherwise on terms consistent with these Terms and Conditions.

**"Settlement Shares Offer"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Offer Agent"** has the meaning given to it in Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*).

**"Settlement Shares Settlement Notice"** has the meaning given to it in Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*).

**"Share Creation Date"** means, in relation to Ordinary Shares to be issued and delivered on Conversion, the date falling after the relevant Trigger Event Notice or Viability Event Notice, as the case may be, and on or prior to the applicable Conversion Date on which as a matter of Swiss law the relevant Ordinary Shares are paid up.

**"Shareholders"** means the holders of Ordinary Shares.

**"SOFR"** means the daily Secured Overnight Financing Rate provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate).

**"Specified Office"** means (i) in the case of Deutsche Bank Trust Company Americas, as Fiscal Agent, Paying Agent and Registrar, Trust and Agency Services, 1 Columbus Circle, 4th Floor, Mail Stop: NYC01-0417, New York, NY 10019, USA, Attn: Corporates Team, UBS Group AG, (ii) in the case of UBS AG, as Swiss Paying Agent, Calculation Agent and Settlement Agent, Bahnhofstrasse 45, 8001 Zurich, Switzerland, (iii) in the case of any other Agent, such office as is notified by the Issuer to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after the appointment of such Agent, and (iv) in the case of the Settlement Share Depository, the office designated as such in the relevant Trigger Event Notice or Viability Event Notice, as the case may be, or, in the case of each of clauses (i), (ii), (iii) and (iv), such other office as the relevant Agent or Settlement Share Depository may designate from time to time by providing notice to the Issuer and the Holders in accordance with Condition 14 (*Notices*).

**"Substitute Issuer"** has the meaning assigned to such term in clause (a) of Condition 15 (*Issuer Substitution*).

**"Substitution Documents"** has the meaning assigned to such term in subclause (a)(iv) of Condition 15 (*Issuer Substitution*).

**"Substitution or Amendment Effective Date"** has the meaning assigned to such term in subclause (b)(iii) of Condition 13 (*Meetings of Holders; Substitution and Amendment*).

**"Suspension Date"** means the date specified in the Trigger Event Notice or Viability Event Notice, as applicable, as the date on which the Depository is expected to suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures, which date is expected to be, if such Trigger Event Notice specifies that the Issuer will appoint

a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, as proximate to the expiration or termination of the Offer Settlement Period as is reasonably practicable in accordance with the rules and procedures of the Depositary; *provided, however*, that, for purposes of Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*) only, if the date on which the Depositary actually suspends such clearance and settlement is different from the date specified in the Trigger Event Notice or Viability Event Notice, as applicable, then "Suspension Date" will mean the date on which the Depositary actually suspends such clearance and settlement.

**"Swiss Banking Act"** means the Swiss Federal Act on Banks and Savings Institutions of 8 November 1934, as amended and as may be further amended from time to time.

**"Swiss Code"** means the Swiss Code of Obligations of 30 March 1911, as amended and as may be further amended from time to time.

**"Swiss Paying Agent"** has the meaning assigned to such term in subclause (c)(i) of Condition 9 (*Payments; Agents*).

**"Swiss Resolution Power"** means any statutory power of FINMA that it may exercise during Restructuring Proceedings as set forth in article 28 et seqq. of the Swiss Banking Act or in any implementing ordinance or successor Swiss law or regulation or analogous Swiss law or regulation applicable to bank holding companies incorporated under the laws of Switzerland such as UBS Group AG, including, without limitation, the power to (i) transfer the assets of the entity subject to such Restructuring Proceedings, or portions thereof, together with such entity's debt, other liabilities and contracts, or portions thereof, to another entity, (ii) stay (for a maximum of two business days) the termination of, or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of certain types of collateral or (z) rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Restructuring Proceedings is a party, (iii) partially or fully convert the debt of the entity subject to such Restructuring Proceedings into equity, and/or (iv) partially or fully write-down the obligations of the entity subject to such Restructuring Proceedings.

**"Tax Event"** has the meaning assigned to such term in subclause (ii) of Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*).

**"Tax Jurisdiction"** means Switzerland.

**"Taxes"** has the meaning assigned to such term in clause (a) of Condition 10 (*Taxation*).

**"Threshold Ratio"** means 7 per cent.

**"Tier 1 Capital"** means Additional Tier 1 Capital or any item that qualifies as common equity tier 1 capital pursuant to National Regulations.

**"Tier 1 Instruments"** means any and all (i) securities or other obligations (other than Tier 1 Shares) issued by UBS Group AG or (ii) shares, securities, participation securities or other obligations (other than Tier 1 Shares) issued by a subsidiary of UBS Group AG and having the benefit of a guarantee, credit support agreement or similar undertaking of UBS Group AG, each of which shares, securities, participation securities or other obligations described in clauses (i) and (ii) of this definition qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of the Group and/or UBS Group AG (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Tier 1 Shares"** means all classes of share capital and participation certificates (if any) of UBS Group AG or any subsidiary of UBS Group AG that qualify as common equity tier 1 capital of the Group and/or UBS Group AG under National Regulations on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis.

**"Trigger Breach Determination Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger CET1 Ratio"** means, as of any Publication Date, (i) the sum of (x) the CET1 Capital as of the relevant Balance Sheet Date and (y) the Higher-Trigger Amount as of such Publication Date, divided by (ii) the BIS Risk Weighted Assets as of the relevant Balance Sheet Date, expressed as a percentage.

**"Trigger Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(a) (*Trigger Event and Viability Event – Trigger Event*).

**"Trigger Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice"** has the meaning assigned to such term in subclause (i) of Condition 7(b) (*Trigger Event and Viability Event – Trigger Event Notice*).

**"Trigger Event Notice Date"** means an Ordinary Trigger Event Notice Date or an Extraordinary Trigger Event Notice Date, as the case may be.

**"US"** or **"United States"** means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

**"US Exchange Act"** means the US Securities Exchange Act of 1934, as amended and as may be further amended from time to time.

**"US Investment Company Act"** means the US Investment Company Act of 1940, as amended and as may be further amended from time to time.

**"US Securities Act"** means the US Securities Act of 1933, as amended and as may be further amended from time to time.

**"US Transfer Agent"** means Computershare Trust Company, N.A., in its capacity as US transfer agent for the Ordinary Shares, and includes any successor US transfer agent for the Ordinary Shares that may be appointed by UBS Group AG from time to time.

**"USD"** means United States dollars.

**"USD SOFR ICE Swap Rate"** means, on any Reset Determination Date, the USD SOFR ICE Swap Rate® (or any successor label for such rate applied by IBA) published by IBA that represents the annual mid rate as of the Relevant Time on such Reset Determination Date for USD swap transactions with a term of five years and a floating leg based on SOFR compounded in arrear for 12 months.

**"Viability Event"** has the meaning assigned to such term in subclause (ii) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Viability Event Conversion Date"** has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Viability Event Notice"** has the meaning assigned to such term in subclause (i) of Condition 7(c) (*Trigger Event and Viability Event – Viability Event*).

**"Volume Weighted Average Price"** means, in respect of an Ordinary Share or other Security on any dealing day, the order book volume-weighted average price (rounded to the same number of decimal places as the initial Conversion Price) of an Ordinary Share or such other Security, as the case may be, published on or by or derived from (i) in the case of an Ordinary Share, the relevant Bloomberg page, or (ii) in the case of a Security other than Ordinary Shares, the principal stock exchange or securities market on which such Security is then listed or quoted or dealt in, if any, or, in the case of each of clauses (i) and (ii), such other source as an Independent Adviser determines to be appropriate, on such dealing day, *provided* that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or such other Security, as the case may be, in respect of such dealing day shall be (i) the Volume Weighted Average Price, determined as provided above, on the most recently preceding dealing day on which the same can be so determined, or (ii) determined in such other manner as an Independent Adviser determines to be appropriate.

2. **AMOUNT, DENOMINATION AND FORM**

(a) *Amount and denomination*

The initial aggregate principal amount of the Notes will be USD 1,500,000,000. The Notes will be issued to Holders in minimum denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof. The Notes may be held and transferred only in minimum denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof.

(b) *Global Certificates*

(i) Notes that are initially sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A under the US Securities Act ("**Rule 144A**") are initially represented by one or more permanent registered global certificates (each, a "**Rule 144A Global Certificate**"), without interest coupons, deposited with the Fiscal Agent as custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Notes that are initially sold in an "offshore transaction" within the meaning of Regulation S of the US Securities Act are initially represented by one or more permanent registered global certificates (each, a "**Regulation S Global Certificate**"), without interest coupons, deposited with the Fiscal Agent as custodian for, and registered in the name of Cede & Co. as nominee for, DTC, *provided* that upon such Regulation S Global Certificate's deposit, all beneficial interests in the Notes represented thereby are maintained at or through Euroclear and/or Clearstream, Luxembourg until expiration of the Distribution Compliance Period. The form of Regulation S Global Certificate and the form of Rule 144A Global Certificate are set out in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.

(ii) The aggregate principal amount of the Notes represented by each of the Global Certificates may from time to time be increased or decreased by adjustments made on the records of the Registrar. Each Global Certificate shall have affixed a schedule for the purpose of recording adjustments in the aggregate principal amount thereof; *provided, however*, that, in the event of a discrepancy between the principal amounts recorded on such schedule and the amounts listed on the records of the Registrar, the principal amounts listed on the records of the Registrar will control. Any beneficial interest of an Indirect Holder in any Note represented by one of the Global Certificates that is transferred to a Person who takes delivery in the form of a beneficial interest in such Note represented by another Global Certificate will, upon transfer, cease to be a beneficial interest in such first Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Certificate for as long as it retains such an interest.

(iii) So long as the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, the Holder of a Global Certificate may grant proxies and otherwise authorise any Person, including, without limitation, participants of a Relevant Clearing System and Persons that may hold interests through such participants, to take any action that the Holder is entitled to take under these Terms and Conditions or the Notes (including, without limitation, delivery of a Settlement Shares Settlement Notice following a Trigger Event or a Viability Event in accordance with Condition 8(j) (*Conversion – Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*)), and nothing in these Terms and Conditions will prevent the Issuer or the Agents or the Settlement Share Depositary (if any) or any of their respective agents from giving effect to any such proxies or other authorisations furnished by the Holder of a Global Certificate for purposes of

this subclause (b)(iii). Although the Holders are the only Persons entitled to participate in, and vote at, any meeting of Holders, so long as the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, the Holder of a Global Certificate shall (A) obtain instructions from the relevant Indirect Holders in respect of any meeting of Holders, (B) vote at such meeting in respect of each Note represented by such Global Certificate in accordance with the instructions received from the relevant Indirect Holder and (C) abstain from representing any Note represented by such Global Certificate at a meeting of Holders for which it has not received an instruction from the relevant Indirect Holder. Only the Notes represented by such Global Certificate for which the Holder received an instruction by the relevant Indirect Holder to take part at a meeting of Holders will be deemed to be present or represented at such meeting.

(c) *Definitive Certificates*

- (i) Definitive Notes in registered form (each, a "**Definitive Certificate**") shall be issued, and a Global Certificate will be exchanged, in whole, but not in part, for Definitive Certificates, if (and only if):
  - (A) the Depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to some or all of the Global Certificates, or ceases to be a "clearing agency" registered under the US Exchange Act; or
  - (B) at any time the Depositary is no longer eligible to act as such, or the Notes cease for any reason to be eligible for clearing through the Depositary, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility of the Depositary or of the Notes, as the case may be, from or on behalf of the Depositary; or
  - (C) issuance of the Definitive Certificates is required by Swiss or other applicable laws or regulations in connection with the enforcement of rights under the Notes; or
  - (D) the Issuer provides its consent.
- (ii) If a Global Certificate is to be exchanged for Definitive Certificates pursuant to subclause (i) above, the Issuer will procure the prompt delivery (free of charge) of Definitive Certificates to the Fiscal Agent, duly executed without interest coupons, registered in the names of the relevant Indirect Holders, addresses and denominations provided in a written notice to be given by the Depositary or the Issuer to the Fiscal Agent (which notice shall be given subject to the Depositary's procedures and also specify the taxpayer identification number, if any, of each Person in whose name such Definitive Certificates are to be registered). Upon written direction of the Issuer, the Fiscal Agent will deliver such Definitive Certificates to the Holders thereof no later than five Business Days after receipt by the Fiscal Agent of the written notice provided by the Depositary (or the Issuer, as applicable) referred to above (and any other necessary information as the Fiscal Agent may reasonably request from the Issuer at such time). The Fiscal Agent shall promptly cancel and deliver to the Issuer the surrendered Global Certificates. The form of Definitive Certificate that will be issued in exchange for a beneficial interest in a Note represented by a Rule 144A Global Certificate and the form of Definitive Certificate that will be issued in exchange for a beneficial interest in a Note represented by a Regulation S Global Certificate are set out in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.
- (iii) If Definitive Certificates have been issued pursuant to this Condition 2(c), any Definitive Certificate that is lost, stolen, mutilated, defaced or destroyed may be replaced, subject to applicable laws and regulations, at the Specified Office of the

Fiscal Agent upon payment by the claimant of the fees, costs and expenses incurred by the Fiscal Agent and the Issuer in connection therewith and on such terms as to evidence, security and indemnity (which may provide, among other things, that if the Definitive Certificate allegedly or actually lost, stole or destroyed is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Certificate subsequently presented) as the Issuer may require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

### 3. **TRANSFER**

#### (a) *General*

- (i) Subject to clauses (b) and (c) of this Condition 3, title to Notes will pass on transfer by assignment (*Zession*) and due registration in the Register. All transfers of Notes and entries on the Register will be made subject to the provisions concerning transfers of Notes set forth in the Fiscal Agency Agreement, which will be made available by the Registrar to any Holder or Indirect Holder upon written request.
- (ii) Transfers of Notes, or of beneficial interests in Notes represented by Global Certificates, may be made only in accordance with the legend set forth upon the face of the applicable Global Certificate or Definitive Certificate, and the Registrar will not be required to accept for registration of transfer any Note or beneficial interests in Notes except upon presentation of evidence satisfactory to the Fiscal Agent and the Registrar that such transfer is being made in compliance with such legend.
- (iii) Transfers of Notes and the issue of new Global Certificates or Definitive Certificates, as the case may be, on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to the transfer (or the giving of such indemnity as the Fiscal Agent or the Registrar may require) by the Holder.
- (iv) No Holder may require the transfer of a Note to be registered (x) if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*), during the period of 15 days ending on (and including) the relevant Redemption Date, or (y) during the period of 15 days ending on (and including) the Record Date for any Interest Payment Date.
- (v) No Person (including any Indirect Holder) other than the Holder(s) will have any rights, or be owed any obligations by the Issuer, under the Notes. Payments of principal, interest or any other amount in respect of Notes will be made only to the Person shown on the Register as the registered holder of such Note (i.e., the Holder) at close of business on the relevant Record Date.

#### (b) *Transfer of Notes represented by a Global Certificate*

- (i) Global Certificates may be transferred only in whole, but not in part, and only to a Relevant Clearing System or any of their respective successors or nominees, in each case located outside of Switzerland, except as provided below. Beneficial interests of Indirect Holders in Notes represented by Global Certificates may be transferred only in accordance with the rules and procedures of such Relevant Clearing System, the provisions of the Fiscal Agency Agreement and this Condition 3(b).
- (ii) A beneficial interest in a Note represented by a Regulation S Global Certificate may be transferred to a Person who takes delivery in the form of a beneficial interest in a Note represented by a Rule 144A Global Certificate during the



Distribution Compliance Period, only if such exchange occurs in connection with a transfer of beneficial interests in the Notes pursuant to Rule 144A and the transferor first delivers to the Fiscal Agent and the Registrar a written certificate substantially in the form of a certificate available on request from the Registrar to the effect that the beneficial interests in the Notes are being transferred to a Person who the transferor reasonably believes is a QIB within the meaning of Rule 144A under the US Securities Act, purchasing the beneficial interests in the Notes for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

- (iii) A beneficial interest in a Note represented by a Rule 144A Global Certificate may be transferred to a Person who takes delivery in the form of a beneficial interest in a Note represented by a Regulation S Global Certificate, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the Fiscal Agent and the Registrar a written certificate substantially in the form of a certificate available on request from the Registrar to the effect that the transfer is being conducted in compliance with Rule 903 or Rule 904 of Regulation S under the US Securities Act.
- (iv) Until the termination of the Distribution Compliance Period, beneficial interests in any Regulation S Global Certificate may be held only through participants acting for and on behalf of Euroclear and/or Clearstream, Luxembourg, *provided* that this subclause (iv) shall not prohibit any transfer in accordance with subclause (ii) above.

(c) *Transfer of Notes represented by a Definitive Certificate*

- (i) If and when Definitive Certificates have been issued pursuant to Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*), one or more Notes may be transferred only in accordance with the legends set forth upon the face of the relevant Definitive Certificate and only upon the surrender (at the Specified Office of the Registrar) of the Definitive Certificate representing such Notes to be transferred, together with the form of transfer attached to such Definitive Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Fiscal Agent and the Registrar may reasonably require. A new Definitive Certificate shall be issued to the transferee in respect of the Notes that are the subject of the relevant transfer and, in the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate in respect of the balance of the Notes not transferred shall be issued to the transferor. In the case of a transfer of Notes to a Person who is already a Holder, a new Definitive Certificate representing the enlarged holding may be issued but only against surrender of the Definitive Certificate representing the existing holding of such Person.
- (ii) Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Amount, Denomination and Form – Definitive Certificates*) shall be available for delivery within three Relevant Banking Days of receipt of the form of transfer and surrender of the relevant Definitive Certificate. Delivery of new Definitive Certificate(s) will be made at the Specified Office of the Fiscal Agent to which delivery and surrender of such form of transfer and Definitive Certificate or, as the case may be, surrender of such Definitive Certificate, will have been made or, at the option of the relevant Holder and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Definitive Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the Fiscal Agent the costs of such other method of delivery and/or such insurance as it may specify.

(d) *Rule 144A*

Each Note that is initially sold in the United States to a QIB will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be sold, pledged or otherwise transferred, except (i) in accordance with Rule 144A to a Person that the Holder and any Person acting on its behalf reasonably believe is a QIB that is acquiring the Notes for its own account or for the account of one or more QIBs, (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the US Securities Act, (iii) pursuant to an exemption from registration under Rule 144 under the US Securities Act, or in accordance with another exemption from, or in a transaction not subject to, registration under the US Securities Act, if available, or (iv) pursuant to an effective registration statement under the US Securities Act, in each case, in accordance with any applicable securities laws of any state of the United States.

4. **STATUS AND SUBORDINATION**

(a) *Status*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer under the Notes are subordinated as described in clause (b) of this Condition 4.

(b) *Subordination*

In the event of (i) a Bankruptcy Event or (ii) an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer (except, in any such case, a solvent liquidation or winding-up of the Issuer solely for purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business to the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved by a valid resolution of the Holders and (y) do not provide that the Notes shall become redeemable in accordance with these Terms and Conditions),

(i) if such event occurs prior to the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes will, subject to any obligations that are mandatorily preferred by law, rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) *pari passu* with the rights and claims of holders of Parity Obligations, and (C) senior to the rights and claims of holders of Junior Obligations; *provided, however*, that, if a Trigger Event or a Viability Event subsequently occurs while such Bankruptcy Event or liquidation or winding-up, as the case may be, is continuing, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank as set forth in subclause (ii) below; or

(ii) if such event occurs on or after the occurrence of a Trigger Event or a Viability Event, the rights and claims of the Holders against the Issuer in respect of the delivery of Ordinary Shares in accordance with Condition 8 (*Conversion*) will rank (A) junior to the rights and claims of all holders of Senior Obligations, (B) junior to the rights and claims of holders of Parity Obligations, and (C) *pari passu* with the rights and claims of holders of Junior Obligations.

(c) *Claims subject to a Conversion*

Any claim of any Holder in respect of or arising under the Notes (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer subject to enforcement by any Holder pursuant to Condition 12 (*Events of Default*) or in relation to the occurrence of any other Event of Default) will be subject to, and

superseded by, Condition 8 (*Conversion*), irrespective of whether the relevant Trigger Event or Viability Event, as applicable, has occurred, or, in the case of a Viability Event, the relevant Viability Event Notice has been given, prior to or after the occurrence of an Event of Default or any other event.

## 5. INTEREST

### (a) *Interest Payment Dates*

- (i) Subject to Condition 8 (*Conversion*) and clause (h) of this Condition 5, the Notes will bear interest on their principal amount (A) from (and including) the Issue Date to (but excluding) the First Reset Date, at the Fixed Interest Rate, and (B) thereafter, at the applicable Reset Interest Rate.
- (ii) Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, interest on the Notes will be payable semi-annually in arrear on 10 February and 10 August of each year (each, an "**Interest Payment Date**"), commencing on 10 August 2025.

### (b) *Determination of the Mid Market Swap Rate, the Reset Interest Rate and the Reset Interest Amount in relation to each Reset Interest Period*

With respect to each Reset Interest Period and subject to clause (c) of this Condition 5, the Calculation Agent will, as soon as practicable after the Relevant Time on the Reset Determination Date in relation to such Reset Interest Period, determine the Mid Market Swap Rate and the Reset Interest Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period (each, a "**Reset Interest Amount**").

### (c) *Benchmark replacement*

If the Issuer (in consultation with the Calculation Agent) determines prior to any Reset Determination Date that (x) the rate referred to in clause (a) of the definition of the term "Mid Market Swap Rate" (the "**Existing Benchmark Rate**") has been discontinued or (y) there has been a public statement or publication of information by the administrator of the Existing Benchmark Rate or the regulatory supervisor for the administrator of the Existing Benchmark Rate announcing that the Existing Benchmark Rate is no longer representative, then the following provisions shall apply (subject to the subsequent operation of this Condition 5(c)):

- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine in the Independent Adviser's discretion, in accordance with subclause (iv) below, an alternative rate to the Existing Benchmark Rate (the "**Alternative Benchmark Rate**") no later than three Business Days prior to the Reset Determination Date relating to the next succeeding Reset Interest Period (such Business Day, the "**Independent Adviser Determination Cut-off Date**", and such next succeeding Reset Interest Period, the "**Affected Reset Interest Period**") for purposes of determining the Mid Market Swap Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (ii) if prior to the Independent Adviser Determination Cut-off Date the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to determine an Alternative Benchmark Rate in accordance with subclause (iv) below, then the Issuer (in consultation with the Calculation Agent) may determine in its discretion, in accordance with subclause (iv) below, the Alternative Benchmark Rate for purposes of determining the Mid Market Swap Rate in respect of the Affected Reset Interest Period and all Reset Interest Periods thereafter;
- (iii) if subclause (ii) above applies and the Issuer is unable or unwilling to determine the Alternative Benchmark Rate prior to the Reset Determination Date relating

to the Affected Reset Interest Period in accordance with subclause (iv) below, the Mid Market Swap Rate in respect of the Affected Reset Interest Period will be equal to the Mid Market Swap Rate in respect of the immediately preceding Reset Interest Period (or, if there is no preceding Reset Interest Period, the Reset Interest Rate applicable to the Affected Reset Interest Period will be equal to the Fixed Interest Rate); *provided, however*, that, if this subclause (iii) applies to the Affected Reset Interest Period, the Reset Interest Rate for all succeeding Reset Interest Periods will be the Reset Interest Rate applicable to the Affected Reset Interest Period as determined in accordance with this subclause (iii) unless (A) the Issuer, in its sole discretion, elects to determine an Alternative Benchmark Rate in respect of any such succeeding Reset Interest Period and all Reset Interest Periods thereafter in accordance with the processes set out in this Condition 5(c), and (B) an Alternative Benchmark Rate is so determined;

- (iv) in the case of any determination of an Alternative Benchmark Rate pursuant to subclause (i) or (ii) above, such Alternative Benchmark Rate will be such rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent), as applicable, determines in its reasonable discretion has replaced the Existing Benchmark Rate in customary market usage, or, if the Independent Adviser or the Issuer, as applicable, determines in its reasonable discretion that there is no such rate, such other rate as the Independent Adviser or the Issuer (in consultation with the Calculation Agent) determines in its reasonable discretion is most comparable to the Existing Benchmark Rate; and
- (v) if the Independent Adviser or the Issuer determines an Alternative Benchmark Rate in accordance with the above provisions of this Condition 5(c),
  - (A) the Independent Adviser (in the case of subclause (2) below, in consultation with the Issuer) or, following consultation with the Calculation Agent, the Issuer (as the case may be) shall also determine in its reasonable discretion (1) the method for obtaining such Alternative Benchmark Rate, including the page on or source from which such Alternative Benchmark Rate appears or is obtained (the "**Alternative MMSR Page**"), and the time at which such Alternative Benchmark Rate appears on, or is obtained from, the Alternative MMSR Page (the "**Alternative Relevant Time**"), (2) whether to apply an Adjustment Spread to such Alternative Benchmark Rate and, if so, the Adjustment Spread, which Adjustment Spread must be recognised or acknowledged as being in customary market usage in international debt capital markets transactions that reference the Existing Benchmark Rate, where such rate has been replaced by such Alternative Benchmark Rate, and (3) any alternative method for determining the Mid Market Swap Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date, which alternative method shall be consistent with any Alternative Benchmark Rate that has broad market support;
  - (B) for the Affected Reset Interest Period and all Reset Interest Periods thereafter, (1) clause (a) of the definition of the term "Mid Market Swap Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(1) above and any Adjustment Spread determined pursuant to subclause (A)(2) above, and (2) clause (b) of the definition of the term "Mid Market Swap Rate" shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to give effect to the determination described in subclause (A)(3) above;
  - (C) references to the MMSR Page and the Relevant Time in these Terms and Conditions will be deemed to be references to the Alternative MMSR Page and the Alternative Relevant Time, respectively;

- (D) if any changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" are necessary in order to implement the amendments described in subclause (B) above, such definitions shall be amended pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) to reflect such changes; and
- (E) the Issuer shall promptly give notice to the Holders in accordance with Condition 14 (*Notices*) specifying such Alternative Benchmark Rate (including any Adjustment Spread determined pursuant to subclause (A)(2) above and any alternative method for determining the Mid Market Swap Rate described in subclause (A)(3) above), the Alternative MMSR Page, the Alternative Relevant Time, and any amendments implemented pursuant to clause (c) of Condition 13 (*Meetings of Holders; Substitution and Amendment*) as described in subclauses (B) and (D) above.

Any determination that is made by an Independent Adviser or by the Issuer for purposes of this Condition 5(c) will be made in good faith and in a commercially reasonable manner.

(d) *Publication of Reset Interest Rate and interest amount payable upon redemption*

With respect to each Reset Interest Period, as soon as practicable after such determination but in any event no later than the relevant Reset Date, the Calculation Agent will cause (i) the relevant Reset Interest Rate and the relevant Reset Interest Amount determined by it, together with the Interest Payment Date in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Issuer and the Paying Agents and (ii) the relevant Reset Interest Rate determined by it to be notified to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*).

The Calculation Agent shall calculate any interest amount payable on any Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) and cause such interest amount to be notified to Issuer and the Paying Agents and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 14 (*Notices*) no later than two Business Days prior to such Redemption Date.

(e) *Calculation of amount of interest payable per Calculation Amount*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5:

- (i) the amount of interest payable per Calculation Amount on each Interest Payment Date falling on or before the First Reset Date will be USD 35.625; and
- (ii) if interest is required to be paid in respect of a Note on any other date (including, for the avoidance of doubt, the Reset Interest Amount), the amount of interest payable per Calculation Amount on such date will be calculated by:
  - (A) applying the applicable Interest Rate to the Calculation Amount;
  - (B) multiplying the product thereof by the Day Count Fraction; and
  - (C) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(f) *Calculation of amount of interest payable per Note*

Subject to Condition 8 (*Conversion*) and clause (i) of this Condition 5, the amount of interest payable in respect of a Note will be the product of:

- (i) the amount of interest per Calculation Amount; and
- (ii) the number by which the Calculation Amount is required to be multiplied to equal the denomination of such Note.

(g) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for purposes of this Condition 5, whether by the Reset Reference Banks (or any of them) or the Calculation Agent or the Independent Adviser, will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Reset Reference Banks (or any of them), the Calculation Agent or the Independent Adviser in connection with the exercise or non-exercise by the Calculation Agent or the Independent Adviser of its powers, duties and discretions under this Condition 5.

(h) *Accrual of interest in the case of redemption or a Trigger Event or a Viability Event*

- (i) Subject to Condition 8 (*Conversion*), if the Notes are to be redeemed pursuant to Condition 6(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 6(c) (*Redemption and Purchase – Redemption due to a Tax Event*) or Condition 6(d) (*Redemption and Purchase – Redemption due to a Regulatory Event*), interest on the Notes will accrue to (but excluding) the relevant Redemption Date, and will cease to accrue on such Redemption Date; *provided, however*, that if the payment with respect to any Note is improperly withheld or refused on such Redemption Date, interest will continue to accrue on the principal amount of such Note (both before and after judgment) at the relevant Interest Rate to the Relevant Date.
- (ii) Upon the occurrence of a Trigger Event or a Viability Event, interest on the Notes will cease to accrue from (and including) the date on which such Trigger Event or Viability Event occurs.

(i) *Cancellation of interest; prohibited interest*

- (i) The Issuer may, in its sole discretion, elect to cancel all or part of any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) that is otherwise scheduled to be paid on an Interest Payment Date. This subclause (i)(i) is without prejudice to the provisions of subclause (i)(ii) of this Condition 5. Non-payment of any amount of interest by the Issuer to the Fiscal Agent will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.

If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) pursuant to this subclause (i)(i) to the Holders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Holders any rights as a result of such failure.

- (ii) The Issuer will be prohibited from making, in whole or in part, any payment of interest on the Notes (including, for the avoidance of doubt, any related Additional Amounts) on the relevant Interest Payment Date if and to the extent that:

- (A) the amount of Distributable Items as at such Interest Payment Date is less than the sum of (1) the amount of such interest payment, plus (2) all other payments (other than redemption payments) made by UBS Group AG on or in respect of the Notes or any Parity Obligations or Junior Obligations since the balance sheet date of the Relevant Accounts and prior to such Interest Payment Date, plus (3) all payments (other than redemption payments) payable by UBS Group AG on such Interest Payment Date on or in respect of any Parity Obligations or Junior Obligations, in the case of each of subclauses (1), (2) and (3), excluding any portion of such payments already accounted for in determining the amount of such Distributable Items; and/or
- (B) UBS Group AG is not, or will not immediately after the relevant payment of interest be, in compliance with all applicable minimum capital adequacy requirements of the National Regulations on a consolidated (*Finanzgruppe*) basis (for the avoidance of doubt, it being understood that such minimum requirements will reflect any reduction in such requirements granted by FINMA to the Group pursuant to the Capital Adequacy Ordinance); and/or
- (C) FINMA has required the Issuer not to make such interest payment.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Fiscal Agent and shall give notice in accordance with Condition 14 (*Notices*) to the Holders, in each case as soon as practicable following any determination that interest is required to be cancelled pursuant to this subclause (i)(ii) or, where no such prior determination is made, promptly following any Interest Payment Date on which interest was scheduled to be paid if such interest is being cancelled in accordance with this subclause (i)(ii), to such effect setting out brief details as to the amount of interest being cancelled and the reason therefor. Failure to provide such certificate and notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or give any Holder any rights as a result of such failure.

- (iii) If, on any Interest Payment Date, any payment of interest scheduled to be made on such date is not made in full pursuant to subclause (i)(i) or subclause (i)(ii) of this Condition 5, UBS Group AG shall not, directly or indirectly,
  - (A) recommend to Shareholders that any dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) be paid or made on any Ordinary Shares; or
  - (B) redeem, purchase or otherwise acquire any Ordinary Shares other than as a Permitted Transaction,

in each case unless and until (x) the interest payment due and payable on the Notes on any subsequent Interest Payment Date has been paid in full (or an amount equal to the same has been paid in full to a designated third party trust account for the benefit of the Holders prior to payment by the trustee thereof to the Holders on such subsequent Interest Payment Date) or, if earlier, (y) all outstanding Notes have been cancelled in accordance with these Terms and Conditions.

- (iv) Payments of interest on the Notes are not cumulative. Notwithstanding any other provision in these Terms and Conditions, the cancellation or non-payment of any interest amount by virtue of this Condition 5(i) will not constitute a default for any purpose (including, without limitation, Condition 12 (*Events of Default*)) on the part of the Issuer. Any interest payment not paid by virtue of this Condition 5(i) will not accumulate or be payable at any time thereafter, and Holders will have no right thereto.

- (v) If UBS Group AG determines, after consultation with FINMA, that the Notes do not, or will cease to, fully qualify as Additional Tier 1 Capital, (A) the Issuer shall not, to the extent permitted under National Regulations, exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments due on the Notes on any Interest Payment Date following the occurrence of such determination, and (B) the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after such determination stating that the Issuer may no longer exercise its discretion pursuant to subclause (i)(i) of this Condition 5 to cancel any interest payments as from the date of such notice.

## 6. REDEMPTION AND PURCHASE

### (a) *No fixed redemption date*

The Notes are perpetual securities in respect of which there is no fixed redemption date. Unless previously redeemed (including by way of Conversion pursuant to Condition 8 (*Conversion*)) or purchased and cancelled in accordance with this Condition 6 and subject to Condition 8 (*Conversion*), the Notes are perpetual and may only be redeemed or purchased in accordance with this Condition 6.

### (b) *Redemption at the option of the Issuer*

Subject to clause (e) of this Condition 6, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, at any time during the period from (and including) the First Call Date to (and including) the First Reset Date or on any Reset Date thereafter at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) the relevant Redemption Date.

### (c) *Redemption due to a Tax Event*

- (i) Subject to clause (e) of this Condition 6, upon the occurrence of a Tax Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.

- (ii) A "**Tax Event**" will have occurred if the Issuer in making any payments on the Notes (A) has paid, or will or would on the next payment date be required to pay, Additional Amounts, or (B) has paid, or will or would be required to pay, any additional Tax in respect of the Notes, in the case of each of subclauses (A) and (B), under the laws or regulations of a Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws (including, without limitation, a decision of any court or tribunal, any generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any relevant tax authority), and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

### (d) *Redemption due to a Regulatory Event*

- (i) Subject to clause (e) of this Condition 6, upon the occurrence of a Regulatory Event at any time after the Issue Date, the Issuer may elect, in its sole discretion, to redeem the Notes, in whole but not in part, on the relevant Redemption Date at their aggregate principal amount, together with any accrued and unpaid interest thereon to (but excluding) such Redemption Date.



- (ii) A "**Regulatory Event**" will have occurred if any of the Notes ceases to be eligible in full to be (A) treated as Additional Tier 1 Capital, and/or (B) counted towards either the Going-Concern LR Requirement or the Going-Concern RWA Requirement (or both).

(e) *Conditions for redemption*

- (i) If the Issuer elects to redeem the Notes pursuant to clause (b), (c) or (d) of this Condition 6, then the Issuer shall give the Holders not less than 10 and not more than 60 days' notice in accordance with Condition 14 (*Notices*) (a "**Redemption Notice**"), which notice shall, subject to subclauses (ii) and (iii) below, be irrevocable and specify (x) the clause of this Condition 6 pursuant to which the redemption is to be made, (y) if any Definitive Certificates have been issued, the method by which Notes to be redeemed will be tendered, and (z) the date (which date, in the case of a redemption pursuant to clause (c) or (d) of this Condition 6, shall be a Payment Business Day) on which the Issuer will redeem the Notes pursuant to such clause of this Condition 6 (such specified date, the "**Redemption Date**").
- (ii) The Issuer may only redeem the Notes pursuant to clause (b) or (c) of this Condition 6 on the relevant Redemption Date if FINMA has approved such redemption on or prior to such Redemption Date, if such approval is then required under applicable Swiss laws and regulations.
- (iii) The Issuer may only redeem the Notes pursuant to any clause of this Condition 6 on the relevant Redemption Date if no Trigger Event or Viability Event has occurred prior to such Redemption Date.
- (iv) If the Issuer elects to redeem the Notes pursuant to clause (c) or (d) of this Condition 6, then prior to the publication of the Redemption Notice pursuant to subclause (i) above, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem under clause (c) or (d), as applicable, of this Condition 6 is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) in the case of a redemption pursuant to clause (c) of this Condition 6 only, an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right of redemption under clause (c) of this Condition 6 have arisen.

(f) *Purchases*

The Issuer or any other member of the Group or any of their respective affiliates may at any time purchase Notes at any price in the open market or otherwise, *provided* that (i) such purchase complies with any limits or conditions to which any member of the Group is subject under applicable banking laws and regulations at the time of such purchase, (ii) other than in the case of purchases made in connection with stabilisation measures in compliance with applicable law or in connection with any market making in the Notes, FINMA has approved such purchase (if such approval is then required under applicable Swiss laws and regulations) on or prior to the date of such purchase, and (iii) no Trigger Event or Viability Event has occurred prior to the date of such purchase. Any Notes so purchased may, at the option of the Issuer, be held, reissued, resold or cancelled.

(g) *Cancellation*

All Notes redeemed in accordance with this Condition 6 or by way of Conversion pursuant to Condition 8 (*Conversion*) will be cancelled and may not be reissued or resold; *provided, however*, that, in the case of Notes redeemed by way of Conversion, the Issuer will not take any action to cause such Notes to be removed from the Relevant Clearing System prior to the later of (i) the applicable Settlement Date and (ii) the Final Cancellation Date. Following the issuance and delivery of the relevant Ordinary Shares

to the Settlement Share Depository on the Conversion Date and until the later of (i) the applicable Settlement Date and (ii) the Final Cancellation Date, the Notes will evidence solely the Holder's right to receive Ordinary Shares and/or cash proceeds, as the case may be, from the Settlement Share Depository or the Settlement Shares Offer Agent (or such other relevant recipient).

(h) *Redemption of other instruments*

For the avoidance of doubt, it is understood that, if, upon the occurrence of a Tax Event or a Regulatory Event, the Issuer does not elect to redeem the Notes pursuant to this Condition 6, nothing in this Condition 6 or any other provision of these Terms and Conditions will prohibit the Issuer from redeeming (whether early, at maturity or otherwise) any other instruments issued by any member of the Group pursuant to the terms thereof.

7. **TRIGGER EVENT AND VIABILITY EVENT**

(a) *Trigger Event*

- (i) Upon the occurrence of a Trigger Event, a Conversion will occur on the applicable Trigger Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Trigger Event**" will have occurred if the Issuer gives the Holders a Trigger Event Notice in accordance with clause (b) of this Condition 7.

(b) *Trigger Event Notice*

- (i) If, with respect to any Publication Date, the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, the Issuer shall, subject to subclauses (ii) and (iii) of this Condition 7(b), give a notice (a "**Trigger Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) (x) if such Publication Date is an Ordinary Publication Date, within five Business Days of such Ordinary Publication Date (such fifth Business Day, the "**Trigger Breach Determination Date**", and the date of such notice, the "**Ordinary Trigger Event Notice Date**"), and (y) if such Publication Date is an Extraordinary Publication Date, on such Extraordinary Publication Date (the "**Extraordinary Trigger Event Notice Date**"), which notice shall:
  - (A) state that the Trigger CET1 Ratio as of such Publication Date is less than the Threshold Ratio, and a Conversion will take place;
  - (B) specify the date on which the Conversion will take place, which date shall, subject to postponement pursuant to subclause (ii) of this Condition 7(b), be no more than 20 Business Days after the date of such notice (the "**Trigger Event Conversion Date**");
  - (C) specify the Conversion Price in effect on the date of such Trigger Event Notice; and
  - (D) specify the details of the arrangement for the settlement of the Conversion (including whether or not the Issuer will appoint a Settlement Shares Offer Agent to conduct a Settlement Shares Offer, the Suspension Date, the details of the Settlement Share Depository (including its Specified Office) or, if the Issuer is unable to appoint a Settlement Share Depository prior to giving of such notice, the other arrangements it has made in accordance with subclause (i) of Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*) for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders, the procedures Holders must follow to obtain delivery of the Ordinary Shares from the Settlement Share Depository, the Settlement Notice Cut-Off Date and the Final Cancellation Date).

- (ii) If a Trigger Event Notice is required to be given pursuant to subclause (i) of this Condition 7(b), and on the relevant Publication Date any Higher-Trigger Contingent Capital is outstanding with respect to which either (x) no Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date or (y) a Higher-Trigger Write-down/Conversion Notice has been given prior to the Trigger Event Notice Date, but the Trigger Event Conversion Date is scheduled to occur prior to the relevant Higher-Trigger Write-down/Conversion Date,
  - (A) in the case of subclause (x) above, the giving of such Trigger Event Notice will be postponed until the date on which a Higher-Trigger Write-down/Conversion Notice has been given with respect to all such outstanding Higher-Trigger Contingent Capital and such date will be deemed to be the Trigger Event Notice Date; and
  - (B) in the case of subclauses (x) and (y) above, if the Trigger Event Conversion Date is scheduled to occur prior to the Higher-Trigger Write-down/Conversion Date (or, in the case of more than one Higher-Trigger Write-down/Conversion Date, the latest Higher-Trigger Write-down/Conversion Date), the Trigger Event Conversion Date will be postponed to the Higher-Trigger Write-down/Conversion Date (or the latest Higher-Trigger Write-down/Conversion Date, as applicable) and such postponement shall be specified in such Trigger Event Notice.
- (iii) If (A) a Trigger Event Notice is required to be given pursuant to subclause (i) of this Condition 7(b) in relation to an Ordinary Publication Date, and (B) prior to the earlier of the Ordinary Trigger Event Notice Date and the Trigger Breach Determination Date, FINMA, upon the request of UBS Group AG, has agreed in writing that a Conversion is not required as a result of actions taken by the Group or circumstances or events, in each case, that have had, or imminently will have, the effect of restoring the CET1 Ratio as of the Balance Sheet Date relating to the relevant Ordinary Publication Date, after giving pro forma effect to such actions, circumstances or events, to a level above the Threshold Ratio that FINMA and UBS Group AG deem, in their sole discretion, to be adequate at such time, (x) the Issuer shall not give such Trigger Event Notice pursuant to subclause (i) of this Condition 7(b) in relation to the relevant Ordinary Publication Date, and (y) the Issuer shall give notice to the Holders on or prior to the Trigger Breach Determination Date in accordance with Condition 14 (*Notices*), which notice shall state that no Conversion will occur in relation to the relevant Ordinary Publication Date.

(c) *Viability Event*

- (i) Subject to clause (e) of this Condition 7, upon the occurrence of a Viability Event:
  - (A) the Issuer shall give notice (a "**Viability Event Notice**") to the Holders in accordance with Condition 14 (*Notices*) within three days of the date on which such Viability Event occurred, which notice shall:
    - (1) state that a Viability Event has occurred and a Conversion will take place;
    - (2) specify the date on which the Conversion will take place, which date shall be no more than 20 Business Days following the occurrence of the Viability Event (the "**Viability Event Conversion Date**");
    - (3) specify the Conversion Price in effect on the date of such Viability Event Notice; and

- (4) specify the details of the arrangements for the settlement of the Conversion (including the Suspension Date, the details of the Settlement Share Depository (including its Specified Office) or, if the Issuer is unable to appoint a Settlement Share Depository prior to giving of such notice, the other arrangements it has made in accordance with subclause (i) of Condition 8(h) (*Conversion – Procedure for delivery in respect of a Conversion*) for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders, the procedures Holders must follow to obtain delivery of the Ordinary Shares from the Settlement Share Depository, the Settlement Notice Cut-Off Date and the Final Cancellation Date); and
  - (B) a Conversion will occur on the applicable Viability Event Conversion Date in accordance with Condition 8 (*Conversion*).
- (ii) A "**Viability Event**" will have occurred if prior to an Alternative Loss Absorption Date (if any):
- (A) FINMA has notified UBS Group AG in writing that it has determined a conversion or write-down, as applicable, of holders' claims in respect of the Notes and all other capital instruments issued by, or other capital obligations (whether qualifying fully or partially for capital treatment) of, any member of the Group that, pursuant to their terms or by operation of law, are capable of being converted into equity or written down at that time, is, because customary measures to improve the Group Holding Company's capital adequacy are at the time inadequate or infeasible, an essential requirement to prevent the Group Holding Company from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business; or
  - (B) customary measures to improve the Group Holding Company's capital adequacy being at the time inadequate or infeasible, the Group Holding Company has received an irrevocable commitment of direct or indirect extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving the Group Holding Company's capital adequacy and without which, in the determination of (and as notified in writing by) FINMA, the Group Holding Company would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.

For the avoidance of doubt, it is understood that a Viability Event may occur irrespective of whether or not a Trigger Event has occurred or whether any of the conditions to the issuance of a Trigger Event Notice have been met.

(d) *Determination of CET1 Ratio and Trigger CET1 Ratio*

With respect to any Publication Date, (i) the CET1 Ratio as of the relevant Balance Sheet Date, (ii) the Trigger CET1 Ratio as of such Publication Date and (iii) the components of both of the foregoing, in each case, as published on such Publication Date, will be final for purposes of this Condition 7, and any revisions, restatements or adjustments to any of the calculations described in subclauses (i) through (iii) above subsequently published will have no effect for purposes of this Condition 7.

(e) *Alternative loss absorption*

In the event of the implementation of any new, or amendment to or change in the interpretation of any existing, laws or components of National Regulations, in each case occurring after the Issue Date, that alone or together with any other law(s) or regulation(s) has, in the joint determination of UBS Group AG and FINMA, the effect that clause (c) of this Condition 7 could cease to apply to the Notes without giving rise to

a Regulatory Event, then the Issuer shall give notice to the Holders in accordance with Condition 14 (*Notices*) no later than five Business Days after such joint determination stating that such provisions will cease to apply from the date of such notice (the "**Alternative Loss Absorption Date**"), and from the date of such notice, such provisions will cease to apply to the Notes.

## 8. **CONVERSION**

### (a) *Conversion upon a Trigger Event or a Viability Event*

If the Issuer has given a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*), then:

- (i) each Note shall, subject to and as provided in this Condition 8, be redeemed and settled (the "**Conversion**") on the applicable Conversion Date by (x) the delivery of new fully paid Ordinary Shares to the Settlement Share Depository on behalf of the Holders, and (y) the cancellation of any accrued and unpaid interest on the Notes (whether or not due and payable); and
- (ii) receipt by the Settlement Share Depository of such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares in respect of the Conversion on the applicable Conversion Date shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes.

In the case of the Ordinary Shares to be delivered upon Conversion, as from the applicable Share Creation Date for such Ordinary Shares, there is no provision for the reconversion of such Ordinary Shares into Notes.

### (b) *Recourse for Ordinary Shares*

Holders shall have recourse only to the Issuer for the issue and delivery of Ordinary Shares to the Settlement Share Depository pursuant to these Terms and Conditions. After such delivery to the Settlement Share Depository, Holders shall have recourse only to the Settlement Share Depository for the delivery to them of such Ordinary Shares or, in the circumstances described in clause (h) of this Condition 8, any cash amounts to which such Holders are entitled under clause (h) of this Condition 8.

### (c) *Conversion Price and determination of number of Ordinary Shares*

- (i) Upon the occurrence of a Trigger Event or a Viability Event, as at the date on which the relevant Trigger Event Notice or Viability Event Notice, as applicable, is published, each Holder shall be deemed to have accepted, and hereby accepts and agrees, (A) to the conversion of its holding of Notes into Ordinary Shares at the Conversion Price provided for herein and that, where necessary under Swiss law, the Settlement Agent shall effect such conversion on such Holder's behalf, and (B) that its obligation to pay up the Ordinary Shares to be issued shall be set off against its claim for repayment of the principal amount upon redemption of the Notes, which claim shall be deemed to be due and payable immediately prior to the time on the Share Creation Date when, as a matter of Swiss law, the relevant Ordinary Shares are paid up. Such Ordinary Shares shall be paid up and issued on the Share Creation Date whereupon the Holders shall cease as a matter of Swiss law to be treated for all purposes under Swiss law as Holders and shall instead as of such date be treated for all purposes under Swiss law as Shareholders.
- (ii) Subject to clause (g) of this Condition 8, the Issuer, with the assistance of the Settlement Agent, where necessary under Swiss law, shall issue and deliver to the Settlement Share Depository on the applicable Conversion Date such number of Ordinary Shares in respect of each Holder as is determined by the Settlement Agent by dividing the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date by the Conversion Price in effect on the date

of relevant Trigger Event Notice or Viability Event Notice, as the case may be. The Settlement Agent shall determine such number of Ordinary Shares in accordance with this subclause (ii) as soon as practicable after publication of the relevant Trigger Event Notice or Viability Event Notice, as applicable.

- (iii) The initial Conversion Price per Ordinary Share in respect of the Notes is specified in the definition thereof. The Conversion Price is subject to adjustment to (and including) the date of the relevant Trigger Event Notice or Viability Event Notice, as the case may be, in the circumstances described in clause (d) of this Condition 8.

(d) *Anti-dilution adjustment of the Conversion Price*

- (i) Upon the occurrence of any of the events described below after 5 February 2025, the Conversion Price will be adjusted by the Issuer as follows:
  - (A) If there is a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares that alters the number of Ordinary Shares in issue, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment will become effective on the date on which the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

- (B) If UBS Group AG issues any Ordinary Shares to Shareholders as a class credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (x) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Distribution that the Shareholders would or could otherwise have elected to receive, (y) where the Shareholders may elect to receive a Cash Distribution in lieu of such Ordinary Shares or (z) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Distribution equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (C) If UBS Group AG makes or pays an Extraordinary Distribution to Shareholders, the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and

B is the portion of the aggregate Extraordinary Distribution attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Distribution by the number of Ordinary Shares entitled to receive the relevant Extraordinary Distribution. If the Extraordinary Distribution shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (C), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-the Extraordinary Distribution on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (C).

- (D) If UBS Group AG issues Ordinary Shares to Shareholders as a class by way of rights or UBS Group AG or any other member of the Group or (at the direction or request or pursuant to arrangements with UBS Group AG or any other member of the Group) any other Person issues or grants to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities that by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share that is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date), the Conversion Price will be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Effective Date;

- B is the number of Ordinary Shares that the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Effective Date (translated, if necessary, into the Relevant Currency at the Prevailing Rate on the Effective Date); and
- C is the number of Ordinary Shares to be issued or the maximum number of Ordinary Shares that may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate, as the case may be,

*provided* that, if on the Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this subclause (D), "C" will be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

For purposes of this subclause (D), "**Effective Date**" means (x) the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange or (y) if there is no Relevant Stock Exchange, the first date upon which the adjusted Conversion Price is capable of being determined in accordance with this subclause (D).

For purposes of any calculation of the consideration receivable or price pursuant to this subclause (D), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities will be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights will be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights that are attributed by UBS Group AG to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of subclauses (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be,



upon exercise of such options, warrants or rights, and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights will be the aggregate consideration or price referred to in subclause (x) or (y) above (as the case may be), divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (3) if the consideration or price determined pursuant to subclause (1) or (2) above (or any component thereof) is expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of subclause (1) above) or the relevant date of first public announcement (in the case of subclause (2) above);
- (4) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (5) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to UBS Group AG or another entity.

- (E) If UBS Group AG determines, in its sole discretion, that, notwithstanding subclauses (A) to (D) of this Condition 8(d)(i), a reduction to the Conversion Price should be made as a result of one or more events or circumstances not referred to in this Condition 8(d)(i) that would require an adjustment to the Conversion Price in order to comply with Swiss mandatory law on the protection of holders of instruments that may convert into shares issued out of capital range (*Kapitalband*), conditional capital (*bedingtes Kapital*) or Conversion Capital, the Conversion Price will be reduced (either generally or for a specified period) in such manner and with effect from such date as UBS Group AG shall determine and the Issuer shall notify to the Holders in accordance with Condition 14 (*Notices*).

(ii) Notwithstanding subclause (i) of this Condition 8(d):

(A) where

- (1) the events or circumstances giving rise to any adjustment to the Conversion Price have resulted or will result in an adjustment to the Conversion Price; or
- (2) more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time,

that, in the opinion of UBS Group AG, a modification to the operation of the adjustment provisions set forth in this Condition 8(d) is required to give the intended result, such modification will be made to the operation of the adjustment provisions set forth in this Condition 8(d) as may be determined by an Independent Adviser to be in its opinion

appropriate to give the intended result, including to ensure that (x) an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (y) the economic effect of an Extraordinary Distribution is not taken into account more than once, and (z) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency;

- (B) any adjustment to the Conversion Price will be subject to such Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time such adjustment becomes effective at the then-prevailing exchange rate as determined by the Issuer) not being less than the par value of an Ordinary Share at such time;
  - (C) UBS Group AG shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price (translated, if necessary, into the currency in which the par value of an Ordinary Share is denominated at the time of such action at the then-prevailing exchange rate as determined by the Issuer) to below the par value of an Ordinary Share then in effect;
  - (D) if any doubt arises as to whether an adjustment is to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may in its sole discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof will (in the absence of wilful default, bad faith and manifest error) be conclusive and binding on the Issuer and the Holders;
  - (E) no adjustment will be made to the Conversion Price where Ordinary Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of UBS Group AG or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme; and
  - (F) on any adjustment, if the resultant Conversion Price has more decimal places than the initial Conversion Price, it will be rounded to the same number of decimal places as the initial Conversion Price. No adjustment will be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, will be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment will be made on the basis that the adjustment not required to be made had been made at the relevant time and/or that the relevant rounding down had not been made, as the case may be.
- (iii) The Issuer shall give notice of any adjustments to the Conversion Price made pursuant to this Condition 8(d) to the Holders in accordance with Condition 14 (*Notices*) promptly after the determination thereof.
  - (iv) References in these Terms and Conditions to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

(e) *Qualifying Relevant Event*

(i) Upon the occurrence of a Relevant Event that is a Qualifying Relevant Event, then:

(A) upon the occurrence of a Trigger Event or a Viability Event where the applicable Conversion Date falls on or after the New Conversion Condition Effective Date,

(1) the Notes shall be converted on such Conversion Date into, or be exchanged on such Conversion Date for, as the case may be, Relevant Shares of the Approved Entity, *mutatis mutandis* as provided in accordance with this Condition 8, at a Conversion Price that shall be the New Conversion Price; and

(2) the Issuer shall procure the issue and/or delivery of the relevant number of Relevant Shares of the Approved Entity in the manner provided in this Condition 8 (as may be amended as described in the definition of the term New Conversion Condition); and

(B) the New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 8 for the adjustment of the Conversion Price (if necessary with such amendments as an Independent Adviser shall determine to be appropriate) and the Issuer shall give notice in accordance with Condition 14 (*Notices*) to the Holders of the New Conversion Price and of any such amendments thereafter.

(ii) Upon the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Holders in accordance with Condition 14 (*Notices*) within 10 Business Days following the occurrence of such Relevant Event, which notice shall:

(A) specify the identity of the Acquiror;

(B) specify whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event;

(C) in the case of a Qualifying Relevant Event, specify the New Conversion Price; and

(D) if applicable, specify the New Conversion Condition Effective Date.

(iii) For the avoidance of doubt, upon the occurrence of a Relevant Event that is a Non-Qualifying Relevant Event, the provisions of this Condition 8(e) shall (subject to the subsequent operation of this Condition 8(e) upon the occurrence of a subsequent Relevant Event) not apply, and the Notes will continue to be convertible into Ordinary Shares pursuant to and in accordance with the other provisions of this Condition 8 (*Conversion*), if and when the Issuer gives a Trigger Event Notice or a Viability Event Notice in accordance with Condition 7 (*Trigger Event and Viability Event*).

(iv) For purposes of these Terms and Conditions:

**"Acquiror"** means the Person (including a Governmental Entity) that, following a Relevant Event, controls UBS Group AG.

**"Approved Entity"** means an Acquiror that is body corporate that is incorporated or established under the laws of an OECD member state and that, on the occurrence of the Relevant Event, has in issue Relevant Shares.

"**Governmental Entity**" means (x) the Swiss Confederation, (y) an agency of the Swiss Confederation or (z) a person or entity (other than a body corporate) controlled by the Swiss Confederation or any such agency referred to in clause (y) of this definition; *provided, however*, that, if UBS Group AG is at any time organised in a jurisdiction outside of Switzerland, references in this definition to "the Swiss Confederation" shall be read as references to the government of such other jurisdiction.

The "**New Conversion Condition**" shall be satisfied in respect of a Relevant Event if, by no later than seven days following the occurrence of such Relevant Event, (x) UBS Group AG has, to the satisfaction of UBS Group AG, entered into arrangements with the Approved Entity that provide for delivery of Relevant Shares of the Approved Entity on Conversion on terms *mutatis mutandis* as provided in the provisions of this Condition 8, and (y) the Issuer has entered into such agreements and arrangements, and made such amendments to these Terms and Conditions, as may be required to ensure that, with effect from the New Conversion Condition Effective Date, the Notes shall, following the occurrence of a Trigger Event or a Viability Event, be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 8 (as may be so amended) at the New Conversion Price; *provided, however*, that, any failure to enter into the arrangements and agreements and/or make the amendments described in clauses (x) and (y) of this definition shall not constitute a default or an Event of Default under these Terms and Conditions.

"**New Conversion Condition Effective Date**" means the date with effect from which the New Conversion Condition has been satisfied.

"**New Conversion Price**" means, in respect of any Conversion Date falling on or after the New Conversion Condition Effective Date, the amount determined by the Issuer in accordance with the following formula:

$$NCP = ECP \times \frac{VWAPRS}{VWAPOS}$$

where:

|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NCP    | is the New Conversion Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| ECP    | is the Conversion Price in effect on the last dealing day prior to the New Conversion Condition Effective Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| VWAPRS | is the average of the Volume Weighted Average Price of the Relevant Shares of the Approved Entity (translated, if necessary, into USD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred (and where references in the definition of "Volume Weighted Average Price" to "Ordinary Shares" shall be construed as a reference to the Relevant Shares of the Approved Entity and in the definition of "dealing day", references to the "Relevant Stock Exchange" shall be to the primary Recognised Stock Exchange on which the Relevant Shares of the Approved Entity are then listed, admitted to trading or accepted for dealing). |
| VWAPOS | is the average of the Volume Weighted Average Price of the Ordinary Shares (translated, if necessary, into USD at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the last dealing day prior to the date on which the Relevant Event occurred.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

**"Non-Qualifying Relevant Event"** means a Relevant Event that is not a Qualifying Relevant Event.

**"Qualifying Relevant Event"** means a Relevant Event where:

- (A) the Acquiror is an Approved Entity; and
- (B) the New Conversion Condition is satisfied.

A **"Relevant Event"** will have occurred if, at any time after the Issue Date, any Person or Persons acting in concert acquires control of UBS Group AG (other than as a result of an Exempt Reorganisation). For the purposes of this definition "Relevant Event", **"control"** means the acquisition or holding of legal or beneficial ownership of more than 95 per cent. of the issued Ordinary Shares of UBS Group AG (whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise) and, as a consequence thereof, the Ordinary Shares are no longer admitted to trading on any Recognised Stock Exchange, and **"controlled"** shall be construed accordingly.

**"Relevant Shares"** means, in respect of an Acquiror, ordinary share capital of such Acquiror that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) that is listed and admitted to trading on a Recognised Stock Exchange.

(f) *Procedure for settlement and delivery of Ordinary Shares on Conversion*

Ordinary Shares to be issued on Conversion shall be delivered subject to and as provided below.

(g) *Fractions*

Fractions of Ordinary Shares will not be issued or delivered pursuant to these Terms and Conditions on Conversion and no cash payment will be made in lieu thereof. The number of Ordinary Shares to be issued and delivered to the Settlement Share Depository for the benefit of each Holder in respect of a Conversion shall be calculated by the Settlement Agent on the basis of the aggregate principal amount of Notes held by such Holder on the applicable Conversion Date and rounded down, if necessary, to the nearest whole number of Ordinary Shares.

(h) *Procedure for delivery in respect of a Conversion*

- (i) UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, shall on or prior to the applicable Conversion Date issue and deliver to the Settlement Share Depository such number of Ordinary Shares as is required to satisfy in full its obligation to deliver Ordinary Shares to the Holders in respect of the Conversion on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares shall be a good and complete discharge of the Issuer's (and, if UBS Group AG is not the Issuer, UBS Group AG's) obligations in respect of the Notes. If the Issuer is unable to appoint a Settlement Share Depository on or prior to the giving of the Trigger Event Notice or Viability Event Notice, as the case may be, it shall make such other arrangements for the issuance and delivery of the Ordinary Shares to be issued and delivered upon Conversion to the Holders as it considers, in its sole discretion, to be reasonable in the circumstances, which may include issuing and delivering such Ordinary Shares to another independent nominee to be held on trust for the Holders or issuing and delivering such Ordinary Shares to the Holders directly, which issuance and delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Notes as if the relevant Ordinary Shares had been issued and delivered to the Settlement Share Depository and, in which case, where the context so admits, references in these Terms and Conditions to the issue and delivery of Ordinary Shares to the Settlement Share Depository shall be construed accordingly and apply *mutatis mutandis*.

- (ii) Subject to the making of a Settlement Shares Offer and as otherwise provided herein, the Settlement Agent shall give instructions to the Settlement Share Depository for the relevant Ordinary Shares to be delivered by the Settlement Share Depository on the applicable Settlement Date to the Holders, and the Settlement Share Depository shall procure that the Ordinary Shares are so delivered to the Holders on the applicable Settlement Date.
- (iii) In respect of a Conversion as a result of the occurrence of a Trigger Event only, following receipt by the Settlement Share Depository of the Ordinary Shares and the resulting good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (i) above, the Issuer may, in its sole discretion, appoint a placement agent (the "**Settlement Shares Offer Agent**") acting on behalf, and for the accounts, of the Holders to conduct an offering of the Ordinary Shares to which the Holders are otherwise entitled (a "**Settlement Shares Offer**"). In the relevant Trigger Event Notice, the Issuer shall notify the Holders whether it will appoint such Settlement Shares Offer Agent to conduct such a Settlement Shares Offer. If it does so appoint a Settlement Shares Offer Agent, it will instruct the Settlement Share Depository to deliver the relevant Ordinary Shares to or to the order of the Settlement Shares Offer Agent for this purpose prior to the end of the Offer Settlement Period. Such Settlement Shares Offer shall be made (x) in the currency of the Issuer's choosing and at a cash price per Ordinary Share (such price translated, if necessary, into USD at the prevailing exchange rate on the date of the Trigger Event Notice as determined by the Issuer) equal to the Conversion Price in effect on the date of the Trigger Event Notice, and (y) to some or, subject to applicable laws and regulations and to such an offer being practicable in the opinion of the Issuer in the Offer Settlement Period, all Shareholders on the record date of the Trigger Event Notice then eligible to participate in such offer. Any such Settlement Shares Offer shall be completed no later than 20 Business Days after the occurrence of the Trigger Event (the "**Offer Settlement Period**"). Neither the Issuer nor the Settlement Share Depository shall incur any liability whatsoever to the Holders in respect of the appointment of such Settlement Shares Offer Agent or its conduct, save for cases of gross negligence or wilful intent.

If the Settlement Shares Offer is fully subscribed by or before the end of the Offer Settlement Period, the Holders shall, pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into USD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards). If the Settlement Shares Offer is only partially subscribed by the end of the Offer Settlement Period, the Holders shall (x) pursuant to the agreement appointing the Settlement Shares Offer Agent, be entitled to receive from the Settlement Shares Offer Agent on the fifth Business Day after the end of the Offer Settlement Period, their *pro rata* share of the aggregate cash proceeds received from the Settlement Shares Offer (such aggregate cash proceeds translated, if necessary, from the currency in which they are denominated into USD at the then-prevailing exchange rate as determined by the Settlement Shares Offer Agent (less any foreign exchange transaction costs)), such amount being rounded to the nearest cent (half a cent being rounded upwards), and (y) be entitled to receive their *pro rata* share of the number of Ordinary Shares not subscribed pursuant to the Settlement Shares Offer (rounded down to the nearest whole number of such Ordinary Shares) within the period specified below from the Settlement Share Depository. If no Ordinary Shares are subscribed in the Settlement Shares Offer, Holders shall be entitled to receive the relevant Ordinary Shares within the period specified below from the Settlement Share Depository. Notwithstanding Condition 9 (*Payments; Agents*), any cash proceeds that the Holders are entitled to receive pursuant to this subclause (iii) shall be delivered to the Holders in accordance with clause (j) of this Condition 8.

In relation to any Ordinary Shares not sold pursuant to a Settlement Shares Offer, the Settlement Agent shall give instructions to the Settlement Shares Offer Agent for such Ordinary Shares to be delivered by the Settlement Shares Offer Agent to the relevant Holders within five Business Days after the end of the Offer Settlement Period.

(i) *Taxes and duties*

None of the Issuer, any other member of the Group, any Agent, the Settlement Share Depository and the US Transfer Agent will pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of Ordinary Shares to the Settlement Share Depository or the delivery of any Ordinary Shares to the relevant recipient in accordance with the instructions given in the relevant Settlement Shares Settlement Notice. A Holder must pay any capital, stamp, issue, registration, transfer or other taxes or duties arising upon Conversion or that may arise or be paid as a consequence of or in connection with the issue and delivery of the Ordinary Shares to the Settlement Share Depository or the delivery of the Ordinary Shares to the relevant recipient in accordance with the instructions given in the relevant Settlement Shares Settlement Notice, and such Holder must pay all, if any, such taxes and duties arising by reference to any disposal or deemed disposal of such Holder's Notes or interest therein. Any capital, stamp, issue, registration, transfer or other taxes or duties arising on delivery or transfer of Ordinary Shares to a purchaser in any Settlement Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

(j) *Delivery of Ordinary Shares and cash proceeds received from a Settlement Shares Offer*

UBS Group AG, with the assistance of the Settlement Agent where necessary under Swiss law, will issue and deliver the Ordinary Shares required to be issued and delivered on Conversion to the Settlement Share Depository on behalf of the Holder of the relevant Note(s). The Issuer (or another party so authorised by the Issuer) shall instruct the US Transfer Agent to credit such Ordinary Shares to a nominee account in the name of the Settlement Share Depository to be held on behalf of the Holders on the applicable Conversion Date. Receipt by the Settlement Share Depository of such Ordinary Shares on the applicable Conversion Date shall be a good and complete discharge of the Issuer's obligations in respect of the Notes as described in subclause (h)(i) of this Condition 8.

In order to obtain delivery from the Settlement Share Depository of the Ordinary Shares and/or cash proceeds received from a Settlement Shares Offer, in each case to which it is entitled pursuant to this Condition 8, a Holder will be required to deliver to the Settlement Share Depository (or any of its agent designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) an executed settlement shares settlement notice substantially in the form that may be obtained from the Specified Office of the Settlement Agent (a "**Settlement Shares Settlement Notice**") and the relevant Certificate representing the relevant Note to the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice) on or before the Settlement Notice Cut-off Date. If such Settlement Shares Settlement Notice or Certificate is delivered after the end of normal business hours at the Specified Office of the Settlement Share Depository, such delivery shall be deemed for all purposes to have been made or given on the following New York Business Day. The Settlement Shares Settlement Notice must contain certain information, including the name of the relevant recipient in which the relevant Ordinary Shares are to be registered directly on the books of the US Transfer, and Settlement Shares Settlement Notices and Certificates must be delivered to the Settlement Share Depository (or any of its agents designated for such purpose in the Trigger Event Notice or Viability Event Notice, as applicable) in accordance with the procedures described in the relevant Trigger Event Notice or Viability Event Notice, as applicable; *provided, however*, that, if the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depository, then the Settlement Shares Settlement Notice must be given in accordance with the standard procedures of the Depository (which may include, without limitation, delivery of the notice to the Settlement Share Depository by electronic means)

and in a form acceptable to the Depositary, the Settlement Agent and the Settlement Share Depository. Subject as otherwise provided herein, the relevant Ordinary Shares and/or cash proceeds of a Settlement Shares Offer will be delivered by or on behalf of the Settlement Share Depository or the Settlement Shares Offer Agent, as applicable, in accordance with the instructions given in the relevant Settlement Shares Settlement Notice; *provided, however*, that, if the Notes are represented by one or more Global Certificates deposited with, or with a custodian for, the Depositary, then delivery of any such cash proceeds shall be made by the Settlement Shares Offer Agent in accordance with the Depositary's practices from time to time.

If a Holder delivers a valid Settlement Shares Settlement Notice and the relevant Certificate on or before the Settlement Notice Cut-off Date, then the Ordinary Shares will be delivered in respect of the relevant Note(s) by way of registering the Ordinary Shares in the name of the relevant recipient directly on the books of the US Transfer Agent on the applicable Settlement Date or such other date as is specified for delivery. Once Ordinary Shares are registered in the name of the relevant recipient directly on the books of the US Transfer Agent, such relevant recipient, as Shareholder, is expected to receive periodic account statements from the US Transfer Agent with respect to its Ordinary Shares. At the time of delivery of any Ordinary Shares to the relevant recipient by registration of such Ordinary Shares directly on the books of the US Transfer Agent, the then-valid share registration rules of UBS Group AG will apply, and UBS Group AG does not offer any assurance or guarantee that such relevant recipient will be accepted as a Shareholder with voting rights in the share register of UBS Group AG.

If a Holder fails to deliver a Settlement Shares Settlement Notice or the relevant Certificate on or before the Settlement Notice Cut-off Date or if a Holder has delivered a Settlement Shares Settlement Notice and the relevant Certificate on or prior to the Settlement Notice Cut-off Date but such Settlement Shares Settlement Notice has been determined by the Settlement Share Depository to be null and void, then the Settlement Share Depository shall continue to hold the relevant Ordinary Shares and/or, as applicable, cash proceeds received from a Settlement Shares Offer, in each case to which such Holder is entitled pursuant to this Condition 8, until a valid Settlement Shares Settlement Notice (and the Certificate representing the relevant Notes) is so delivered by such Holder. If any such Ordinary Shares or such cash proceeds received from a Settlement Shares Offer (as applicable) have not been claimed during the 10-year and 30-day period commencing on the Final Cancellation Date, the relevant claims of the applicable Holders are time-barred and the relevant Ordinary Shares and cash, as the case may be, will be transferred to the Issuer. None of the Issuer, the Settlement Share Depository and the Settlement Shares Offer Agent shall have any liability to any Holder for any loss resulting from such Holder not receiving any such Ordinary Shares and/or cash proceeds.

If not previously cancelled on the applicable Settlement Date, the relevant Notes shall be cancelled on the Final Cancellation Date and any Holder delivering a Settlement Shares Settlement Notice after the Settlement Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Ordinary Shares and/or cash proceeds from a Settlement Shares Offer, as applicable, satisfactory to the Settlement Share Depository in its sole discretion in order to receive delivery of such Ordinary Shares or such cash proceeds, as applicable. None of the Issuer, the Settlement Share Depository and the Settlement Shares Offer Agent shall have any liability to any Holder for any loss resulting from such Holder not receiving any Ordinary Shares or cash proceeds from a Settlement Shares Offer, as applicable, or from any delay in the receipt thereof, in each case as a result of such Holder failing to submit a valid Settlement Shares Settlement Notice and any relevant Certificate (if applicable), on a timely basis or at all.

Any determination as to whether any Settlement Shares Settlement Notice has been properly completed and delivered together with the relevant Certificate(s) as provided in these Terms and Conditions, or whether any evidence of entitlement to Ordinary Shares or cash proceeds received from a Settlement Shares Offer, as applicable, is satisfactory, shall be made by the Settlement Share Depository in its sole discretion and shall be conclusive and binding on the relevant Holders. In the case of Notes represented by a Global Certificate, any Settlement Shares Settlement Notice delivered prior to the day following the Suspension Date will be null and void.



(k) *Ordinary Shares*

The Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Share Creation Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Holder will not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Creation Date.

All Ordinary Shares issued and delivered to Holders upon Conversion are expected to be "restricted securities" within the meaning of Rule 144 under the US Securities Act, and accordingly, any Holder who receives Ordinary Shares upon Conversion will be subject to restrictions under the US Securities Act on its ability to resell such Ordinary Shares. Subject to applicable law and the policies and procedures of the US Transfer Agent from time to time, through the US Transfer Agent, Holders who receive Ordinary Shares upon Conversion are expected to be able to effect transfers of such Ordinary Shares with other Shareholders holding their Ordinary Shares through the US Transfer Agent, or with Shareholders holding their Ordinary Shares via DTC through custodian banks or brokers by means of DTC's Direct Registration System.

(l) *Purchase or redemption of Ordinary Shares*

UBS Group AG or any of its subsidiaries may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or securities of UBS Group AG (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Holders.

(m) *Determinations to be made by an Independent Adviser*

In the case of any determination that is required to be made by an Independent Adviser for purposes of this Condition 8, the Issuer shall use reasonable endeavours to appoint an Independent Adviser to make such determination; *provided, however*, that, notwithstanding the other provisions of these Terms and Conditions, if the Issuer is unable to so appoint an Independent Adviser or the Independent Adviser so appointed by the Issuer fails to make such determination, the Issuer, acting in good faith and a commercially reasonable manner, will make such determination.

Any determination that is made by an Independent Adviser for purposes of this Condition 8 will be made in the sole discretion of such Independent Adviser acting in good faith and in a commercially reasonable manner.

(n) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by an Independent Adviser or the Settlement Agent for purposes of this Condition 8 will (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Agents and the Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders will attach to the Independent Adviser or the Settlement Agent in connection with the exercise or non-exercise by the Independent Adviser or the Settlement Agent of its powers, duties and discretions under this Condition 8.

9. **PAYMENTS; AGENTS**

- (a) All payments required to be made under the Notes will be made available in good time in freely disposable funds in USD, which will be placed at the free disposal of the Fiscal Agent on behalf of the Holders. If the Scheduled Due Date for any payment (whether in respect of principal, interest or otherwise) in respect of the Notes is not a Payment Business Day, then the Holders will not be entitled to payment thereof until the first Payment Business Day following the Scheduled Due Date, and the Holders will not be entitled to any additional sum in relation to such payment. All payments required to be made under the Notes (including, for the avoidance of doubt, any Additional Amounts) shall be made to the Holders in USD without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality; *provided, however*, that, in the case of Notes represented by Definitive Certificates, such Definitive Certificates must be presented and, in the case of redemption, surrendered at the Specified Office of the relevant Paying Agent as a condition to receipt of any such payment.
- (b) The receipt by the Fiscal Agent of the due and punctual payment of funds in USD will release the Issuer from its obligations under the Notes to the extent of such payment.
- (c) Subject to clause (d) of this Condition 9,
  - (i) the Issuer reserves the right to terminate the appointment of any Agent, as well as to appoint or, after any such appointment, to terminate the appointment of, one or more other paying agents to carry out any payment or other similar functions in respect of the Notes (each, a "**Paying Agent**"), *provided* that (A) so long as any Note is outstanding, there will at all times be a Fiscal Agent, a Registrar, a Calculation Agent and a Settlement Agent, (B) for so long as the Notes are listed on the SIX Swiss Exchange and if then required by the regulations of the SIX Swiss Exchange, the Issuer shall maintain a Paying Agent in Switzerland, which agent shall have an office in Switzerland and be a bank or securities dealer subject to supervision by FINMA, to perform the functions of a Swiss paying agent (the "**Swiss Paying Agent**"), and (C) any successor Calculation Agent must be a leading bank or financial institution that is experienced in the calculations and determinations to be made by the Calculation Agent; and
  - (ii) if at any time the Fiscal Agent, the Registrar, the Calculation Agent, or the Swiss Paying Agent, (A) becomes incapable of acting, or (B) is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy, or makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature, or if an order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law, or if a receiver of it or of all or any substantial part of its property is appointed, or if any public officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation (any such event, an "**Agent Insolvency Event**"), then the Issuer will terminate the appointment of such Agent in accordance with the Fiscal Agency Agreement and appoint a successor Agent; and
  - (iii) if at any time the Calculation Agent fails to (A) determine the Mid Market Swap Rate or the Reset Interest Rate or duly calculate the Reset Interest Amount for any Reset Interest Period or the interest amount payable on the relevant Redemption Date (if the Notes are to be redeemed pursuant to Condition 6 (*Redemption and Purchase*)) or (B) comply with any other requirement in relation to the Notes, then the Issuer will terminate the appointment of the Calculation Agent in accordance with the Fiscal Agency Agreement and appoint a successor Calculation Agent; *provided, however*, that, if the Calculation Agent

duly calculates such Reset Interest Rate, Reset Interest Amount or interest amount payable on the relevant Redemption Date, as the case may be, prior to its termination (and the appointment of its successor) taking effect in accordance with clause (d) of this Condition 9, the Issuer may elect, in its sole discretion and upon notice to the Holders in accordance with Condition 14 (*Notices*), to cancel such termination (and appointment).

- (d) Any appointment or termination of appointment of, or any resignation by, any Agent (other than the Settlement Agent) may only take effect not less than 30 and not more than 45 days after the Issuer has notified the Holders of such appointment, termination or resignation in accordance with Condition 14 (*Notices*); *provided, however*, that, in the case of the termination of an Agent with respect to which an Agent Insolvency Event has occurred, such termination may take effect prior to the expiry of such 30-day notice period, so long as a successor Agent has been appointed to the extent required by the immediately succeeding sentence. Notwithstanding the foregoing, any termination of the appointment of, or resignation by, the Fiscal Agent, the Registrar, the Swiss Paying Agent or the Calculation Agent may not take effect until the Issuer has appointed a successor Fiscal Agent, Registrar, Swiss Paying Agent or Calculation Agent, as applicable; *provided, however*, that, if no such successor has been appointed within 30 days of the scheduled effectiveness of such termination or resignation, any Holder (on behalf of itself and all others similarly situated) or, pursuant to and in accordance with the Fiscal Agency Agreement, the Fiscal Agent, the Registrar, any Paying Agent or the Calculation Agent, as the case may be, may petition any court of competent jurisdiction for the appointment of a successor, at the expense of the Issuer.
- (e) Subject to subclause (c)(i) of this Condition 9, the Issuer may appoint or terminate the appointment of a Settlement Agent, and a Settlement Agent may resign, at any time. The Issuer will notify the Holders of any such appointment, termination or resignation in accordance with Condition 14 (*Notices*).

## 10. TAXATION

- (a) All payments to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any political subdivision thereof or any authority of or in a Tax Jurisdiction or any political subdivision thereof having the power to impose, levy, collect, withhold or assess Taxes, unless withholding, deduction or accounting for such Taxes is required by law.
- (b) In the event that any payment to be made by or on behalf of the Issuer in respect of the Notes (including, for the avoidance of doubt, payments by a Paying Agent) is subject to any withholding or deduction for, or on account of, any Taxes by requirement of law in a Tax Jurisdiction (as determined by the relevant tax authority of or in such Tax Jurisdiction), the Issuer shall pay such additional amounts as will result in the Holders receiving the amounts that they would have received in respect of the Notes if no such withholding or deduction had been required ("**Additional Amounts**").
- (c) No Additional Amounts will be payable pursuant to clause (b) of this Condition 10 in relation to any Note:
  - (i) if the relevant Holder is liable for such Taxes on such Note as a result of having some connection with the relevant Tax Jurisdiction other than its mere ownership or possession of such Note or the receipt of principal or interest in respect thereof; or
  - (ii) if such Taxes are a result of such Note having been presented for payment (where presentment is required) more than 30 days after the Relevant Date, except to the extent that the Holder would have been entitled to receive the Additional Amounts if it had presented such Note for payment on the last day of the 30-day period; or

- (iii) with respect to any Tax collected pursuant to Sections 1471 through 1474 of the US Internal Revenue Code, as amended and as may be further amended from time to time (the "**Code**"), the regulations promulgated thereunder, or applicable inter-governmental agreements or agreements with the United States Internal Revenue Service entered into in connection with the implementation of such sections of the Code, or legislation enacted by a non-United States jurisdiction in connection with the implementation of such sections of the Code (FATCA); or
  - (iv) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of 3 April 2020, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a Person other than the issuer is required to withhold tax on any interest payments; or
  - (v) to the extent any combination of subclauses (i) through (iv) above applies.
- (d) Any reference in these Terms and Conditions to amounts payable by the Issuer in respect of the Notes includes (i) any Additional Amount payable pursuant to this Condition 10 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this Condition 10.

#### 11. **STATUTE OF LIMITATIONS**

In accordance with Swiss law, (a) claims for interest payments under the Notes will become time-barred after the five-year period and (b) claims for the repayment or redemption of Notes will become time-barred after the 10-year period, in each case, commencing on the date on which such payments, repayment or redemption become due and payable.

#### 12. **EVENTS OF DEFAULT**

- (a) If any of the following events occurs, such occurrence will constitute an "**Event of Default**":
- (i) the Issuer fails to pay the principal amount of any Note if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (ii) the Issuer fails to pay any interest on the Notes if and when the same becomes due and payable under these Terms and Conditions, and such failure continues unremedied for a period of 30 days; or
  - (iii) the Issuer fails to observe or perform any other covenant, condition, or agreement contained in these Terms and Conditions, and such failure continues unremedied for a period of 60 days after written notice thereof from any Holder to the Issuer; or
  - (iv) a Bankruptcy Event;
- provided, however*, that, notwithstanding subclauses (i) to (iv) above, neither (A) the opening of Restructuring Proceedings with respect to the Issuer nor (B) the exercise of any Swiss Resolution Power with respect to the Issuer during any such Restructuring Proceedings nor (C) the ordering of any Protective Measures with respect to the Issuer that are ordered or confirmed upon the opening of or during any such Restructuring Proceedings will constitute a default or an Event of Default.
- (b) Upon the occurrence of an Event of Default relating to any failure of the Issuer to meet any payment obligation under these Terms and Conditions and subject to Condition 8

(*Conversion*), (i) such payment obligation (and such payment obligation only) will be immediately deemed a due and payable (*fällige*) payment obligation of the Issuer, and (ii) if (A) the relevant Holder has formally requested payment of such payment obligation, (B) such payment obligation has not been fulfilled within the statutory period under Swiss law commencing after the date of such formal request and (C) a writ of payment (*Zahlungsbefehl*) has been issued with respect to such payment obligation pursuant to the DEBA, the relevant Holder may institute proceedings against the Issuer in Switzerland (but not elsewhere) to enforce its rights with respect to such payment obligation under the DEBA.

- (c) If a debt collection or insolvency proceeding with respect to the Issuer is instituted in Switzerland in accordance with clause (b) of this Condition 12, the Issuer shall not (i) after having received the writ of payment (*Zahlungsbefehl*) relating to the relevant payment obligation, argue or plead that such payment obligation is not due and payable by the Issuer, or (ii) prior to the declaration of bankruptcy (or similar proceeding under Swiss insolvency laws), make any payment to the relevant Holder under or in connection with the Notes.
- (d) In the case of any Event of Default arising under subclause (a)(iii) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may seek specific performance or damages with respect to such Event of Default pursuant to the Swiss Code if so entitled thereunder. Any such damage claim of any Holder will rank junior to the rights and claims of all holders of Senior Obligations.
- (e) In the case of any Event of Default arising under subclause (a)(iv) of this Condition 12 and subject to Condition 8 (*Conversion*), any Holder may, by written notice to the Issuer, declare the principal amount of any of its Notes, together with any accrued and unpaid interest thereon, immediately due and payable, without presentment, demand, protest or other notice of any kind.
- (f) No remedy against the Issuer other than those described in this Condition 12 will be available to the Holders in connection with the Issuer's obligations under these Terms and Conditions, whether for the recovery of amounts owing under these Terms and Conditions or in respect of any breach by the Issuer of any of its other obligations under these Terms and Conditions or otherwise. In particular, no Holder may declare (i) the principal amount of any Notes due and payable prior to any Redemption Date, or (ii) any interest on any Notes due and payable prior to the relevant Interest Payment Date, except, in the case of each of subclauses (i) and (ii), pursuant to clause (e) of this Condition 12.

### 13. MEETINGS OF HOLDERS; SUBSTITUTION AND AMENDMENT

- (a) Except as otherwise specified in this Condition 13, the provisions of bondholder meetings contained in article 1157 et seqq. of the Swiss Code apply in relation to meetings of Holders.
- (b) If a Tax Event or a Regulatory Event has occurred, the Issuer may, without the consent of the Holders, either substitute all, but not some only, of the Notes for, or amend these Terms and Conditions so that they remain or become, Compliant Securities, *provided* that:
  - (i) neither a Tax Event nor a Regulatory Event arises as a result of such substitution or amendment;
  - (ii) FINMA has approved such substitution or amendment (if such approval is then required under applicable Swiss laws and regulations);
  - (iii) the Issuer has given the Holders not less than 30 days' notice of such substitution or amendment in accordance with Condition 14 (*Notices*), which notice will, subject to subclause (v) below, be irrevocable, and state the date on which such substitution or amendment will be effective (the "**Substitution or Amendment Effective Date**");

- (iv) prior to the publication of any notice pursuant to subclause (iii) above, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to substitute or amend the terms of the Notes, as applicable, pursuant to this Condition 13(b) is satisfied and the reasons therefor and such certificate will be conclusive and binding on the Holders, and (B) an opinion of independent legal advisers of recognised standing to the effect that circumstances entitling the Issuer to exercise its right to substitute or amend the terms of the Notes, as applicable, pursuant to this Condition 13(b) have arisen; and
- (v) no Trigger Event or Viability Event has occurred prior to the relevant Substitution or Amendment Effective Date.

In connection with any substitution or amendment in accordance with this Condition 13(b), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- (c) In addition to its rights under clause (b) of this Condition 13, the Issuer may, without the consent of the Holders, make any amendment to these Terms and Conditions that it considers to be (i) necessary or desirable to give effect to (A) any Alternative Benchmark Rate determined in accordance with Condition 5(c) (*Interest – Benchmark replacement*) (including any Adjustment Spread determined in accordance with subclause (v)(A)(2) thereof and any alternative method for determining the Mid Market Swap Rate if such Alternative Benchmark Rate is unavailable on the relevant Reset Determination Date determined in accordance with subclause (v)(A)(3) thereof), and any related changes to the definitions of the terms "Business Day", "Day Count Fraction", "Payment Business Day" and/or "Reset Determination Date" determined to be necessary in accordance with subclause (v)(D) thereof, or (B) the provisions of clause (a) of Condition 15 (*Issuer Substitution*) (including, without limitation, (x) if the Substitute Issuer is organised and/or resident for tax purposes in a jurisdiction other than Switzerland, any amendments to any references to the jurisdiction of "Switzerland" contained herein, including, without limitation, amendments to the definition of the term "Bankruptcy Event", the definition of the term "Business Day", the governing law of the subordination provisions set forth in Condition 4 (*Status and Subordination*) and the provisions of Condition 12 (*Events of Default*), and (y) any amendments to reflect UBS Group AG's guarantee described in subclause (a)(iii) of Condition 15 (*Issuer Substitution*)), or (C) the provisions of subclause (i)(B) and/or subclause (iii) of Condition 8(e) (*Conversion – Qualifying Relevant Event*), or (ii) formal, minor or technical in nature, or (iii) necessary to correct a manifest error, or (iv) not materially prejudicial to the interests of the Holders.
- (d) The Issuer shall notify the Holders of any amendments made pursuant to clause (c) of this Condition 13 in accordance with Condition 14 (*Notices*), which notice shall state the date on which such amendment will be effective.
- (e) Any amendment made pursuant to this Condition 13 will be binding on the Holders in accordance with its terms.

#### 14. **NOTICES**

- (a) So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Issuer (i) by means of electronic publication on the internet website of SIX Exchange Regulation Ltd (<https://www.ser-ag.com>), where notices are as at the Issue Date published under the address <https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/>, or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notice will be validly given on the date of such publication or, if published more than once, on the date of the first such publication.

- (b) If the Notes are for any reason no longer listed on the SIX Swiss Exchange:
  - (i) if the Notes are represented by one or more Global Certificates deposited with a custodian for DTC, notices to Holders shall only be required to be given by the Issuer in accordance with clause (c) of this Condition 14; or
  - (ii) if the Global Certificate(s) have been exchanged for Definitive Certificates, the Issuer shall send notices to Holders by first class mail at their respective addresses as recorded in the Register, and any such notice will be validly given on the fourth Business Day after the date of such mailing.
- (c) So long as the Notes are represented by one or more Global Certificates deposited with a custodian for DTC, any notices required to be given by the Issuer to the Holders hereunder shall also be given to the Indirect Holders through the Fiscal Agent to DTC for forwarding to the Indirect Holders. Any such notice will be validly given on the date of delivery to DTC in accordance with DTC's applicable procedures.

## 15. ISSUER SUBSTITUTION

- (a) The Issuer (for purposes of this Condition 15, the "**Current Issuer**") may, without the consent of the Holders, substitute any entity (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the "**Substitute Issuer**") for itself as principal debtor under the Notes upon giving not less than 10 and not more than 30 days' notice to the Holders in accordance with Condition 14 (*Notices*), *provided that*:
  - (i) the Substitute Issuer is UBS Group AG or, if the Substitute Issuer is not UBS Group AG, (A) an exemption exists from the requirement to register the Substitute Issuer as an investment company under the US Investment Company Act, and (B) at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by UBS Group AG;
  - (ii) the Current Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;
  - (iii) if the Substitute Issuer is not UBS Group AG, UBS Group AG has irrevocably and unconditionally guaranteed to the Holders, pursuant to article 111 of the Swiss Code and on a subordinated basis corresponding *mutatis mutandis* to Condition 4 (*Status and Subordination*), (A) the due and punctual payment of principal and interest and all other amounts due and payable by the Substitute Issuer under, or in respect of, the Notes upon receipt of the written request for payment of the relevant amount, and (B) upon the occurrence of a Conversion, the due delivery of the Ordinary Shares required to be delivered pursuant to Condition 8 (*Conversion*), and on the terms whereby subclause (iii) of Condition 5(i) (*Interest – Cancellation of interest; prohibited interest*), subclause (ii)(C) of Condition 8(d) (*Conversion – Anti-dilution adjustment of the Conversion Price*), Condition 10 (*Taxation*), Condition 12 (*Events of Default*) and Condition 20 (*No Set-off by Holders*) apply to UBS Group AG and to its obligations under such guarantee either by making the necessary consequential amendments to such Conditions or including such Conditions applicable to UBS Group AG and to its obligations under such guarantee in such guarantee itself, as applicable;
  - (iv) the Current Issuer and the Substitute Issuer (A) have entered into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which the Substitute Issuer has (x) undertaken in favour of each Holder to be bound by these Terms and Conditions as the principal debtor (on a subordinated basis corresponding to Condition 4 (*Status and Subordination*)) under the Notes in place of the Current Issuer and (y) assumed the obligations of the Current Issuer under the Fiscal Agency Agreement, and (B) procure that all action, conditions and things required to be taken, fulfilled and done (including, without limitation, the obtaining of any necessary consents) to ensure that the Substitution Documents represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;

- (v) if the Substitute Issuer is resident for tax purposes in a jurisdiction (the "**New Residence**") other than that in which the Current Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Substitution Documents contain an undertaking by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Holder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10 (*Taxation*) in relation to the payment of all amounts due and payable under, or in respect of, the Notes and in relation to the guarantee referred to in subclause (iii) above, with, in the case of the Notes but not such guarantee, the substitution of references to the Former Residence with references to the New Residence, and an undertaking by the Substitute Issuer to indemnify each Holder against any Tax that is imposed on it by (or by any authority in or of) the New Residence and, if different, the jurisdiction of the Substitute Issuer's organisation with respect to any Note and that would not have been so imposed had the substitution not been made, as well as against any Tax, and any cost or expense, relating to such substitution;
- (vi) if the Substitute Issuer is not UBS Group AG, FINMA has approved such substitution (if such approval is then required under applicable Swiss laws and regulations), and the Current Issuer and the Substitute Issuer have obtained all other necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents;
- (vii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes; and
- (viii) such substitution does not give rise to a Tax Event or a Regulatory Event.
- (b) Upon any substitution pursuant to clause (a) of this Condition 15, (i) the Substitute Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Current Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Terms and Conditions, and (ii) the Current Issuer will be released from its obligations under the Notes.
- (c) After giving effect to any substitution pursuant to clause (a) of this Condition 15, (i) references to the "Issuer" in the Notes and these Terms and Conditions will be references to the Substitute Issuer, and (ii) references to the "Tax Jurisdiction" in the Notes and these Terms and Conditions will be read and construed as including the jurisdiction of establishment of the Substitute Issuer and, if different, the jurisdiction in which the Substitute Issuer is resident for tax purposes instead of or in addition to (as the case may be) references to the jurisdiction of establishment of the Issuer and Switzerland.

## 16. **CONSOLIDATION, MERGER OR SALE**

The Issuer will not consolidate with, merge with or into, or sell, convey, transfer or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially as an entirety in one transaction or a series of related transactions) to, any Person (other than with, into or to any Person of which at least 95 per cent. of such Person's capital and voting rights are held, directly or indirectly, by the Issuer) or permit any Person to merge with or into the Issuer unless (a) the Issuer will be the continuing Person, or (b) the Person formed by such consolidation or into which the Issuer is merged or that acquired such property and assets of the Issuer expressly assumes in writing (or, in the case of an acquisition of property and assets, guarantees) all of the obligations of the Issuer under the Notes.



17. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders issue further notes and, *provided* that such notes have the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and/or the first date on which interest is paid), such further notes will be consolidated and form a single series with the Notes. If the Issuer issues any such further notes pursuant to this Condition 17, references in these Terms and Conditions to "Notes" include such further notes, unless the context otherwise requires.

18. **CURRENCY INDEMNITY**

Any amount received or recovered by any Holder in a currency other than USD (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) under the Notes will only constitute a discharge of the Issuer to the extent of the amount in USD that such Holder is able to purchase with the amount so received or recovered in such other currency on the date of such receipt or recovery (or, if it is not practicable to purchase USD with such amount on such date, on the first date on which it is practicable to do so). If the amount of USD that such Holder is able to purchase is less than the amount owed by the Issuer to such Holder under the Notes, the Issuer shall indemnify such Holder against any loss sustained by it as a result. In addition, the Issuer shall indemnify such Holder for the costs of making such purchase. For purposes of this Condition 18, it is sufficient for the relevant Holder to demonstrate that it would have suffered a loss had an actual purchase been made. The indemnities under this Condition 18 will (a) constitute a separate and independent obligation from the Issuer's other obligations hereunder, (b) give rise to a separate and independent cause of action, (c) apply irrespective of any indulgence granted by any Holder and (d) continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any amount due under the Notes or any other judgment or order.

19. **RULE 144A INFORMATION**

If at any time the Issuer is neither a reporting company under Section 13 or Section 15(d) of the US Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the US Exchange Act, the Issuer will comply with any applicable requirements of Rule 144A(d)(4) under the US Securities Act in relation to the Notes.

20. **NO SET-OFF BY HOLDERS**

Subject to applicable law, each Holder and Indirect Holder, by acceptance of any direct or beneficial interest in a Note, agrees that it will not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention with respect to any amount owed to it by the Issuer in respect of, or arising in connection with, the Notes.

21. **GOVERNING LAW AND JURISDICTION**

- (a) The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by and construed in accordance with the laws of Switzerland.
- (b) The courts of the Canton of Zurich (venue being the City of Zurich) shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, including any non-contractual obligation arising out of or in connection with the Notes.

# Global Policy on Personal Investment

Think twice before you trade or invest



## WHY we have this policy.

To prevent conflict of interest, insider dealing or other unfair business practices resulting from personal investments that could harm our clients and financial markets and damage our reputation and brand



## WHO this policy is applicable to.

UBS Persons and their connected parties.



## WHAT to know about HOW to comply.

### First, disclose and centralize

- You must disclose your and your **connected parties'** **personal investment accounts**. Remember – until the accounts have been approved for use, you can't carry out any **personal investment transaction**.
- Disclose these accounts [redacted] within 30 days of joining UBS, opening, changing or identifying an account.
- Certain personal investment accounts** must be with UBS or an approved broker [redacted]. Any transition must be done within 180 calendar days of account disclosure.

### Second, prepare to trade – get approval

- Classified as sensitive staff** for personal account dealing? You need pre-approval and pre-clearance before you can execute a personal investment transaction.
- Classified as a Restricted person?** You need pre-approval and pre-clearance to carry out transactions in **UBS Financial Instruments**. [redacted]
- You need explicit approval to carry out the transaction. Approval is valid for 24 hours from the time of approval.
- Neither sensitive staff, nor a Restricted person?** There's no need for pre-approval or pre-clearance to trade, however, the restricted activities and general prohibitions (see below) apply to everyone.

### Third, are you dealing in UBS shares?

- You can't short sell UBS financial instruments or enter into any form of transaction that "bets against" the UBS share price.
- Restricted person?** You can't trade UBS financial instruments during **blackout periods**, and you need pre-approval between blackout periods. Restricted Persons can't hold UBS financial instruments in **misused accounts**.
- Did you buy or receive UBS shares or UBS financial instruments through a **compensation or ownership plan**? There's no need for pre-approval/pre-clearance for the initial purchase and the holding period doesn't apply

when they vest, but the policy applies after that so you will need to pre-clear any sale of the shares if you are Sensitive Staff or a Restricted Person (for UBS).

### Fourth, holding period after the trade

- If you're classified as **sensitive staff** you must hold **certain financial instruments** for a minimum of thirty calendar days.

### Fifth, be aware of restricted activities and general prohibitions

- General restrictions in line with ethical conduct
- Insider dealing
- Restricted, grey and similar lists
- Transactions with UBS clients
- Excessive trading
- Market manipulation
- Research related prohibitions
- Spread betting
- Investment clubs and chatrooms
- Front running, parallel running, piggy backing
- Coverage restrictions – specifically the prohibition from trading within your mandate
- Hedging variable remuneration
- Cryptocurrency and initial coin offerings
- Public offerings

### Unlisted personal investments – disclose and clear

- Disclose any **unlisted personal investments** you have within 30 days of joining UBS [redacted] and obtain line manager approval and Employee Conduct clearance to maintain them.
- Irrespective of your sensitivity status, if you want to carry out transactions in unlisted personal investments you need pre-approval and pre-clearance [redacted]

### Enhanced Requirements

- Do you work in **AM, GWM (excl. CIO), GWM-CIO, the IB, Group Treasury, NCL and GFC Americas**. [redacted]
- The enhanced requirements include a restriction on single name instruments for some functions.
- Additional **country requirements** may also apply.

### For line managers

If you're a line manager or alternative approver, **responsibility** for adequate supervision and identification of conflicts – actual, potential and perceived – rests with you.



### References

This page is to be read in conjunction with the details set out in the Appendix, which is an integral part of the policy

# Appendix

## Global Policy on Personal Investment



### Why we have this appendix.

[REDACTED] The goal is to ensure we observe the highest ethical and professional standards and avoid any risk of real, potential or perceived conflicts of interest.

A conflict of interest is a situation in which the interest of UBS or the interest of a UBS Person could interfere (or appear to interfere) with UBS's ability to conduct business and treat its customers fairly and ethically.

UBS recognizes that a UBS Person's personal investments can:

- create a conflict of interest or the appearance of a conflict or impropriety;
- harm our clients and undermine the integrity and efficiency of the financial market;
- contravene applicable laws or regulations;
- reflect unfair business practice or constitute unethical behavior;
- undermine our reputation for integrity and damage the UBS brand.

We must avoid the risk of a UBS Person investing or divesting in a way that they benefit, or are seen to benefit, from access to privileged information. This is called insider dealing and is illegal in most jurisdictions where UBS operates. Even if there is no criminal activity, the reputational or regulatory implications can be significant as it may be considered a behavioral issue for the UBS Person or a failure of control by UBS.



### Applicability

ALL Roles; Business Divisions/ Group Functions; Business Areas; Legal Entities and Locations.

References in this document to other policies relate only to UBS policies.

### Employee Incidents and speaking up

Breaches of this policy [REDACTED] could result in disciplinary action, including dismissal, in serious cases.

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

### Supplementary policy content

Below you can find additional information on the key topics addressed in the policy on a page.

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## 1. Structure of This Policy Document

This document is structured as follows:

| <b>Section</b>      | <b>Provision</b>                       | <b>Applicable To</b>                                                 |
|---------------------|----------------------------------------|----------------------------------------------------------------------|
| 1 to 5, and 9 to 11 | Global Minimum Standard                | All UBS Persons                                                      |
| 6 to 8              | Global Minimum Standard                | All UBS Persons considered "Sensitive Staff" or "Restricted Persons" |
| [REDACTED]          | [REDACTED]                             | [REDACTED]                                                           |
| [REDACTED]          | [REDACTED]                             | [REDACTED]                                                           |
| [REDACTED]          | [REDACTED]<br>[REDACTED]               | [REDACTED]<br>[REDACTED]                                             |
| [REDACTED]          | [REDACTED]<br>[REDACTED]               | [REDACTED]<br>[REDACTED]                                             |
| [REDACTED]          | [REDACTED]<br>[REDACTED]               | [REDACTED]<br>[REDACTED]                                             |
| [REDACTED]          | [REDACTED]<br>[REDACTED]<br>[REDACTED] | [REDACTED]<br>[REDACTED]<br>[REDACTED]                               |
| [REDACTED]          | [REDACTED]                             | [REDACTED]                                                           |
| [REDACTED]          | [REDACTED]                             | [REDACTED]                                                           |
| [REDACTED]          | [REDACTED]                             | [REDACTED]                                                           |
| [REDACTED]          | [REDACTED]                             | [REDACTED]                                                           |

In the event there is a conflict between provisions of this policy, the more restrictive will apply.

[illegible]

## 2. Applicability and Scope

This Section applies to all UBS Persons and their Connected Parties. For UBS Persons the Section applies throughout their employment lifecycle with UBS including when on leave including "gardening leave" and parental leave.

## 2.1. UBS Persons

This policy applies to:

- all permanent staff (full time and part time) of UBS Group;
- external and temporary staff providing services to UBS Group; and
- anyone else providing services to UBS with access to UBS systems or who is informed by Employee Conduct to be in scope of this policy.

The above persons are collectively referred to as "UBS Persons".



## 2.2. Connected Parties

Except where prohibited under local law or otherwise stated, this policy applies to the personal investment activity of parties with a relationship to the UBS Person including:

- a) A spouse of the UBS Person or any individual considered by national law as equivalent to a spouse such as a domestic or civil partner;
- b) A child (including child of spouse) provided that they are financially dependent on the UBS Person;
- c) An individual living in the same "household";
- d) An individual whose relationship with the UBS Person is such that the UBS Person has a direct or indirect material interest in the outcome of the trade, other than fee or commission for the execution of the trade (this includes any financial dependents or individual to whose financial support the UBS Person materially contributes);
- e) any other individual over whose account the UBS Person has control;
- f) legal entities, partnerships and fiduciary institutions (including subsidiaries directly or indirectly controlled by these companies/organizations) if the UBS Person:
  - i. holds a management position within that entity,
  - ii. controls or jointly controls<sup>1</sup> the company directly or indirectly,
  - iii. is a beneficiary of this company or institution.

For the purpose of this definition "household" is defined as individuals who comprise a family unit or similar and who live together under the same roof, in certain circumstances including domestic help.

The above persons are collectively referred to as "**Connected Parties or Connected Party**".

UBS Persons shall be presumed to have a beneficial interest in any personal investment account that is held by Connected Parties listed in a), b) and c) above. This applies unless the UBS Person demonstrates, to the reasonable satisfaction of Employee Conduct, that they derive no economic benefit from, and exercise no control over, the account. Should this be demonstrated satisfactorily, Employee Conduct may grant an exception from the application of certain provisions of this policy to the Connected Parties' personal investment account.

Where a policy provision applies to a "UBS Person" the provision also applies to the UBS Person's Connected Parties unless otherwise stated.

## 2.3. Sensitive Staff and Restricted Persons

UBS Persons are responsible for knowing whether they are deemed a [Sensitive Staff](#) and/or a [Restricted Person](#) and the rules that apply to them.

For the avoidance of doubt, the criteria for determining Restricted Persons and Sensitive Staff is different and thus a UBS Person may be Sensitive Staff but not a Restricted Person and vice versa.

## 2.4. Instruments and Transactions in Scope of this Policy

Transactions in listed financial instruments in scope of this policy as detailed in [Annex A](#) must be effected through a personal investment account that has been disclosed via Affirmation Online and approved for use by Employee Conduct. For Unlisted Personal Investments see [Section B](#).

## 3. Personal Investment Accounts

This Section applies to all UBS Persons and their Connected Parties.

For the purpose of this policy a personal investment account is any account held by a UBS Person or their Connected Parties which has the capability to effect a personal investment transaction that is in scope of this policy. [Annex A](#) has a list of types of transactions and whether in scope or not.

For the avoidance of doubt the following accounts are also considered personal investment accounts:

- managed accounts (see [Glossary](#));
- employee compensation, share ownership plans (including EquatePlus – once the terms and conditions have been accepted) and registry services;

Disclosure of UBS 401k plans is only required for Restricted Persons.

For the requirements for account centralization see [Section 4](#).

<sup>1</sup> Owning 50% or more of the voting power or owning 50% or more of the voting power together with another Connected Party.

### 3.1. Disclosure of Accounts

UBS Persons must disclose both their and their Connected Parties' personal investment accounts. In Switzerland, the disclosure of Connected Parties' personal investment accounts applies to Restricted Persons only unless the UBS Person has control over the account.

Disclosure must be made via [REDACTED] within 30 days (10 days for UBS Persons in Asset Management in the US) of:

- joining UBS,
- opening an account,
- becoming aware of an account or
- making changes to an account (including ownership and closure).

UBS Persons must not effect any personal investment transactions through a personal investment account until it has been disclosed and approved for use by Employee Conduct.

### 3.2. Account Information <sup>10</sup>

Employee Conduct has the right to request and review relevant information about personal investment activity. This right extends to those activities that do not ordinarily require disclosure under this policy. UBS persons must promptly provide the information in response to a request from Employee Conduct or UBS.

UBS Persons are responsible for ensuring that Employee Conduct receives duplicate transaction information for all personal investment accounts, including those held with an approved broker via either a "feed" or the submission of account statements.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## 4. Account Centralization

This Section applies to all UBS Persons and their Connected Parties.

UBS Persons are required to maintain personal investment accounts with UBS or an approved broker ("Centralization").

[REDACTED]

[REDACTED]

The following accounts of UBS Persons and their Connected Parties require centralization. The centralization must be initiated within 30 calendar days of the disclosure (see [Section 3.1](#)) and completed within 180 calendar days of disclosure.

|                                                                                                                                     | Region | AMER                                                                               | APAC | CH  | EMEA | UK  |
|-------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------|------|-----|------|-----|
| <b>Accounts held by UBS Person or Connected Parties</b>                                                                             |        |                                                                                    |      |     |      |     |
| UBS Person's own/joint/other Ownership                                                                                              |        | Yes                                                                                | Yes  | Yes | Yes  | Yes |
| Spouse of the UBS Person or any individual considered by national law as equivalent to a spouse such as a domestic or civil partner |        | Yes – US only                                                                      | No   | No  | No   | No  |
| Child (including child of spouse) provided that they are financially dependent on the UBS Person                                    |        | Yes                                                                                | Yes  | Yes | Yes  | Yes |
| Individual living in the same household as the UBS person                                                                           |        | No                                                                                 | No   | No  | No   | No  |
| Any other Connected Party                                                                                                           |        | Contact Employee Conduct [REDACTED]<br>For non-EIA locations, contact Local C&ORC. |      |     |      |     |

[REDACTED]

[REDACTED]

#### 4.1. Exceptions

A list of countries exempt from the above centralization requirements is available within the "Country Requirements and Approved Brokers List" [REDACTED]

Temporary and external staff are exempt from the above centralization requirements.

Employee Conduct must approve any additional exception to these requirements once the account has been disclosed.

#### 5. Disclosure of Holdings

This Section applies to all UBS Persons and their Connected Parties.

UBS Persons and their Connected Parties may be required to disclose their Listed Personal Investment Holdings as detailed in the relevant Business and/or Location Annex.

#### 6. Pre-Approval and Pre-Clearance (Listed Personal Investment Transactions)

This Section applies to Sensitive Staff and their Connected Parties.

For UBS Persons that are only Restricted Persons: this Section applies to personal investment transactions in UBS financial instruments only. Where a requirement refers to Sensitive Staff it also applies to Restricted Persons and their Connected Parties for personal investment transactions in UBS financial instruments unless otherwise stated.

##### 6.1. Pre-Approval and Pre-Clearance

Sensitive Staff (and Restricted Persons for UBS transactions) must obtain Line Manager pre-approval and Employee Conduct pre-clearance before executing a personal investment transaction in certain financial instruments in scope of this policy as detailed in [Annex A](#).

[REDACTED]

If approval for a personal investment transaction is not received, then the transaction must not be executed. If rejected, as a matter of policy Employee Conduct will not provide the specific reason for the rejection. The most common reasons include:

- the answers provided by the UBS Person in the questionnaire;
- the response of the UBS Person's Line Manager; and/or
- Compliance restrictions. Due to the confidential nature of these restrictions no further information can be provided

If granted, approval for a market order is valid for 24 hours from the time of the approval.

If granted, approval for a limit order is valid for the day when the order is originally placed until the day on which the order is executed, modified or cancelled. Limit orders must be placed within 24 hours of the time that approval is granted only. Modification of an existing limit order requires new Line Manager pre-approval and Employee Conduct pre-clearance via MyTrades. Cancellation of an existing limit order requires a new Line Manager pre-approval and Employee Conduct pre-clearance [REDACTED]. A request for a limit order can be amended to a market order without the need for separate approval provided it will be executed within 24 hours of receiving the approval for the limit order and provided the UBS Person has not become aware of UPSI in the meantime.

In the few countries where MyTrades is not available, a local process will apply (see [Policy Exceptions](#)).

##### 6.1.1. Corporate Actions

The receipt of financial instruments as part of a mandatory corporate action or an event (i.e. where there is no choice to receive the financial instrument) does not require Line Manager pre-approval or Employee Conduct pre-clearance (for example, automated dividend reinvestment plans).

Subscription to the original entitlement in a rights offering including the subsequent receiving of rights and acquiring shares in respect to the rights issue (whether a choice is made to receive those rights or not) does not require Line Manager pre-approval or Employee Conduct pre-clearance.

Purchasing additional rights above the original entitlement or selling rights requires Line Manager pre-approval and Employee Conduct pre-clearance.



## 6.2. Pre-Approval and Pre-Clearance – Line Manager Responsibilities «

This Section applies to all UBS Persons who are Line Managers.

Line Managers and alternative approvers (others fulfilling a supervisory responsibility such as local managers and delegates) must carefully consider transactions presented to them for approval and must follow up on any concerns and escalate where necessary.

When deciding whether to approve requests of UBS Persons under their supervision, Line Managers and alternative approvers should consider the following factors:

- potential conflicts between the interests of the UBS Person on the one hand and UBS or UBS's clients on the other. For example, if a UBS Person is effecting personal investment transactions in the same financial instruments or issuers traded by the clients they cover;
- whether a requested personal investment transaction appears consistent with the UBS Person's usual investment pattern;
- whether the number, frequency or volume of requested personal investment transactions could be excessive, a potential distraction from the UBS Person's professional duties for UBS or represent excessive and unsuitable risk taking by the UBS Person;
- unusual or suspicious personal investment transactions that may violate rules prohibiting insider trading, market abuse or the use of manipulative and deceptive devices; or
- whether the UBS person has access to sensitive information as a part of their role with UBS.

Line Managers and alternative approvers who become aware of personal investment transactions effected by UBS Persons under their supervision that may violate UBS policies or procedures, or regulatory requirements must report the matter to Employee Conduct immediately.

## 7. Holding Period «

This Section applies to Sensitive Staff and their Connected Parties.

For UBS Persons that are not Sensitive Staff but are Restricted Persons: this Section applies only to personal investment transactions in UBS financial instruments. Where a requirement refers to Sensitive Staff, it also applies to Restricted Persons and their Connected Parties for personal investment transactions in UBS financial instruments only unless otherwise stated.

Sensitive Staff (and Restricted Persons for UBS transactions) must hold certain financial instruments in scope of this policy as detailed in [Annex A](#) for a minimum of 30 calendar days.

This applies to personal investment transactions effected through the Sensitive Staff (or Restricted Person for UBS transaction) personal investment accounts. Relevant Connected Parties' personal investment transactions are subject to a 7 calendar day holding period.

The period includes the date on which the position was established.

The holding period applies in both directions. This means both a "purchase" followed by a "sale" and a "sale" followed by a "purchase." For the avoidance of doubt, "flat" is considered a position. This is where there is a sale to zero.

The holding period is calculated on a last in, first out basis. If a position is built up in several tranches over a longer period, then it is of no relevance when calculating the minimum holding period to which tranche the current transaction refers. The deciding factor is the date of the previous last transaction (last in, first out).

The holding period applies to the sale of shares received as part of a new issue.

Derivatives purchased must have an expiry date equal to or longer than the required holding period and must be executed at the same time as any trade in the related security, if not, it will be counted as a separate trade when considering the holding period.

For automated "Fixed Standing Order" and "Dollar Cost Averaging" strategy agreements the holding period is calculated from the date the agreement was initiated or last amended.

The holding period does not apply to the vesting of UBS Financial Instruments granted by UBS under any employee compensation plans.

## 7.1. Financial Hardship and Decline in Value

Employee Conduct may permit the liquidation of investments in financial instruments before the expiration of the applicable holding period if the investment has declined in value by 20% or more from its original purchase price or in cases of financial hardship or pressing financial need provided the financial instrument is not on a relevant restricted, grey or similar list. In such cases Line Manager approval and Employee Conduct preclearance must be obtained before liquidating the investment (see [Section 5.1](#)).

## 8. Transactions in UBS Financial Instruments «

This Section applies to all UBS Persons and their Connected Parties.

This Section also applies to members of the Boards of Directors of UBS Group AG, UBS AG and the Significant Group Entities.

As a matter of principle, all requirements to personal investment transactions as set out in this policy, equally apply to transactions in [UBS Financial Instruments](#). This Section defines the additional and specific requirements related to transactions in UBS Financial Instruments.

This Section applies to all transactions in UBS Financial Instruments through a personal investment account. This includes, but is not limited to, all purchases or sales of a UBS Financial Instrument as well as transfers to or from a trust, foundation or similar entity, disposals by way of gift and charitable donations.

This Section applies to the sale of UBS financial instruments (e.g., shares or exer-sale of UBS options) received as part of a UBS Person's remuneration, employee plan or similar including Equate Plus. These requirements DO NOT apply to automated transactions such as the purchase or granting of UBS financial instruments through bonus elections and regular salary deduction share schemes.

UBS Persons may purchase or sell UBS Financial Instruments including options on UBS Shares (including writing covered calls against vested UBS Shares) subject to the below and other relevant provisions of this policy.

In addition to the prohibitions listed in the Sections below, the restrictions on hedging variable remuneration (see [Section 10.9](#)) apply.

### 8.1. Exemptions «

#### 8.1.1. Employee Compensation Plans

This policy does not apply to the receipt of UBS financial instruments by the UBS Person through the granting (by UBS) or automated vesting of UBS Shares, notional shares, options, stock appreciation rights, performance shares, blocked shares or any other award granted by UBS under any employee compensation plan to UBS Persons. Such awards are subject to the applicable plan rules, and granting and vesting are pre-determined, or otherwise occur automatically or outside the control of individual UBS Persons.

Once the UBS Shares have been received by UBS Persons they are treated as any other listed shares under this policy.

#### 8.1.2. UBS Share Ownership Plans

This policy does not apply to the provision by UBS, or the purchase or receipt by UBS Persons of UBS Shares, notional shares, options, stock appreciation rights, performance shares, blocked shares or any other award granted by UBS under a UBS employee share ownership plan, where the nature and timing of such provision, purchase or receipt has been pre-determined or otherwise occurs automatically under the relevant share ownership plan rules (e.g., the sale of UBS shares).

For the avoidance of doubt once UBS Shares have been received by UBS Persons under an employee compensation plan and are no longer subject to the applicable plan rules, they are treated as any other shares under this policy.

### 8.2. Short selling

UBS Persons and their Connected Parties are prohibited from short selling UBS Financial Instruments (e.g., purchase naked puts on UBS Financial Instruments) or entering into any form of transaction that "bets against" the UBS share price.

### 8.3. Additional Requirements for Restricted Persons

The below requirements apply to all Restricted Persons and their Connected Parties regardless of whether they work within a designated Sensitive Area (see [Section 2.3](#)) or whether the Restricted Person maintains control or influence over the transactions effected by their Connected Parties.



### 8.3.1. Restrictions on Managed Accounts

Restricted Persons are prohibited from holding UBS Financial Instruments in a Managed Account.

Restricted Persons must not transfer UBS shares into a managed account.

### 8.3.2. Blackout Periods

A Blackout Period is a period during which restrictions are imposed on dealings in UBS Financial Instruments.

#### 8.3.2.1. Regular Blackout Periods

For the purposes of this policy Regular Blackout Periods are pre-set periods starting from the close of business in New York on the seventh business day of the final month of the financial quarter of UBS AG or UBS Group AG, as the case may be, and running until (and including) the date of publication of the financial reports relating to such financial quarter.

Restricted persons with UBS 401k plans MUST not make fund decisions relating to the UBS fund option during a black out period.

#### 8.3.2.2. Ad Hoc Blackout Periods

As per the "Dealing in UBS Shares by UBS" policy (1-P-000942).

#### 8.3.2.3. Restrictions during Regular Blackout Periods

During Regular Blackout Periods, Restricted Persons are prohibited from effecting personal investment transactions in UBS Financial Instruments.

Restricted Persons must not place at any time limit orders in connection with UBS Financial Instruments that could be executed during a Regular Blackout Period.

During Regular Blackout Periods Restricted Persons are not permitted to exercise options, stock appreciation rights or warrants on UBS Financial Instruments, unless such options, stock appreciation rights or warrants were granted to them as part of their compensation package, such exercise is permitted by applicable law and such exercise does not result in a disposal of a UBS Financial Instrument during the Regular Blackout Period (i.e., ex-er-sales of UBS options or related "sales to cover" are not permitted.). Line Manager pre-approval and Employee Conduct pre-clearance must be obtained prior to such exercise.

Restricted Persons are not permitted to "buy-to-close" a short option position during a Regular Blackout Period. Delivery, settlement or closure of a written option position may be effected where an option exercise is assigned automatically to the UBS Person's open position by a third party such as an exchange, clearing house or broker.

Restricted Persons are not permitted to "sell-to-close" or take steps to exercise a long option position during a Regular Blackout Period. Exercise and settlement of a long-in-the-money option position may take place where the option exercise is applied automatically to the open position by a third party such as an exchange, clearing house or broker.

## 9. Unlisted Personal Investments

This Section applies to all UBS Persons

Unlisted personal investments (formally referred to as "private investments") are financial instruments that are not effected on or under the rules of an exchange or through an otherwise established marketplace, and other non-listed investments. Examples include:

- a direct investment where an ownership stake of the organization is received in return for that investment;
- private placements, private equity funds or hedge funds including structured products of the aforementioned (including funds of funds);
- Volcker Rule covered funds, or a derivative linked to the performance of a Volcker Rule covered fund, irrespective of whether the fund is UBS labeled or managed by UBS (see [Section 11.1](#));
- direct commercial real estate investments (excluding purchases of personal primary or secondary residences or multi-family housing) made by a UBS Person on their own or their family's behalf; or
- private securities transactions as per FINRA Rule 3280.

UBS Persons must disclose all existing unlisted personal investments [REDACTED] within 30 days<sup>†</sup> of joining UBS. This includes unlisted personal investments in Volcker Rule Covered Funds (see [Section 8.1](#)).

UBS Persons are required to obtain Line Manager pre-approval and Employee Conduct pre-clearance to:

- maintain existing unlisted personal investments;
- effect transactions in any unlisted personal investment. For the avoidance of doubt this includes establishing a new investment and any subsequent investments, as well as both full and partial sales.

Line Manager pre-approval and Employee Conduct pre-clearance must be sought [REDACTED]

[REDACTED]. If granted, approval is valid for 30 calendar days.

UBS Persons are prohibited from holding directly or indirectly an unlisted personal investment in an entity if:

- its purpose in some way relates to the UBS Person's function with UBS or is reasonably expected to in the future; and/or
- the UBS Person is responsible for providing any other financial services or directly engages in transactions with that entity on behalf of UBS except for investments into funds covered by the Volcker Rule (see [Section 11.1](#)).

If the UBS Person holds an unlisted personal investment and UBS becomes involved in a subsequent initial public offering of the issuer of that investment, then the investment must be held for at least 6 months from the time of the initial public offering before any subsequent sale. In cases of financial hardship or where the investment has declined in value by more than 20% refer to [Section 7.1](#).

## 9.1. Volcker Rule Covered Funds

This Section also applies to members of the Boards of Directors of UBS Group AG, UBS AG and the Significant Group Entities (BoD member).

[REDACTED] there are additional requirements for transactions in Volcker Covered Funds.

Volcker Covered Funds include investments in hedge funds, private equity and private equity funds, or limited partnerships (including UBS labeled funds or funds managed by UBS).

UBS Persons, BoD members and their Connected Parties may only invest in a Volcker Covered Fund that is organized and offered by UBS if they directly engage in providing investment advisory, commodity trading advisory or other services to the Volcker Covered Fund. The requirement to provide services also applies to the purchase, by a UBS person, BoD member or their Connected Parties, of and interest or derivative instrument on such Volcker Covered Funds, for example, a structured product linked to the performance of a Volcker Covered Fund.

Where a UBS Person, BoD member or their Connected Parties invests in a Volcker Rule covered fund without the appropriate approval that trade must be reversed at the UBS Person's or BoD member's own expense.

UBS Persons, BoD members and their Connected Parties who have discretionary accounts must prohibit their investment advisors/financial advisors from purchasing any Volcker Covered Funds or derivatives linked to the performance of such Volcker Covered Funds for their discretionary accounts.

## 9.2. Crowdfunding and Peer-to-Peer Lending

Crowdfunding does not require disclosure if the annual investment is less than the equivalent of 10,000 USD on any one platform.

Peer-to-peer lending does not require disclosure if the annual investment is less than the equivalent of 20,000 USD on any one platform.

<sup>†</sup> Ten calendar days for UBS Persons in Asset Management in the US.

## 10. Restricted Activities and General Prohibitions

This Section applies to all UBS Persons and their Connected Parties.

All personal investment activity must meet the high ethical standards [REDACTED].

Beyond complying with legal and regulatory requirements and avoiding the types of prohibited transactions noted below, UBS Persons must be mindful of the potential impression created by their personal trading and avoid any appearance of impropriety.

If in any doubt as to whether a proposed personal investment activity may violate UBS's Code of Business Conduct and Ethics, create an actual, potential or perceived conflict of interest or constitute prohibited behavior, UBS Persons must seek guidance from their Line Manager and Employee Conduct before engaging in the proposed activity.

### 10.1. Ethical Conduct

UBS Persons must place the interests of UBS and its clients ahead of their own personal investment interests.

UBS Persons must carefully evaluate their proposed personal trading activities and refrain from entering into transactions that could be viewed as creating a conflict of interest with clients, UBS Persons or UBS, or that in any way could create reputational risk for UBS.

When considering whether a particular transaction would create an actual, potential or perceived conflict of interest UBS Persons must consider if they possess Unpublished Price Sensitive Information not just in relation to a particular financial instrument but also to asset classes or related markets. For example:

- non-public information regarding a change in regulation;
- a market event that could impact the liquidity and prices of a class or type of financial instrument in a specified market or a broader asset class;
- operational events that might impact the company's share price;
- specific information regarding related market participants that may contribute to market disruptions or liquidity stress; or change in the tax treatment to a particular asset class.

UBS Persons must also consider carefully information obtained in connection with participation in recent management meetings, governance committees or working groups.

UBS Persons are prohibited from using any other person or institution for activities that would be contrary to this policy if they were to engage in it directly, or to evade any requirements in this policy.

### 10.2. Insider Dealing

If a UBS Person is in possession of unpublished price sensitive information regarding a financial instrument they are prohibited from effecting, or encouraging others to effect, personal investment transactions in that financial instrument for their own benefit or for the benefit of any third parties (including UBS) or from passing the unpublished price sensitive information on to third parties other than in the proper performance of their professional duties.

### 10.3. Market Manipulation

All transactions that jeopardize the transparency or proper functioning of securities markets and exchanges or the fair treatment of investors are potentially abusive and therefore prohibited.

UBS Persons must not engage in personal investment activity which aims to influence market prices or the valuation of financial instruments by falsely creating the appearance of active trading or distorting the market supply and demand of any financial instrument.

### 10.4. Front Running, Parallel Running, Piggybacking

UBS Persons must not use their knowledge about client or UBS orders to conduct personal investment transactions in advance of, or in combination with UBS or client orders.

UBS Persons are prohibited from carrying out a personal investment transaction when they are aware of actual or expected client or UBS orders in the same investment within the same business day and where execution of their personal investment transaction might either (1) adversely impact the client or UBS orders; or (2) provide an inappropriate advantage to a UBS Person.

UBS Persons are prohibited from purposely or intentionally providing advice or recommendations to clients for their personal benefit that would create an actual, potential or perceived conflict of interest.

## 10.5. Restricted, Grey and Similar Lists

UBS Persons must not engage in personal investment transactions prohibited by the rules or requirements of any restricted, grey or similar list applicable to the UBS Person's location or business.

When a UBS Person is crossed over an information barrier on an ad hoc basis, they are prohibited from executing personal investment transactions related to the relevant issuer(s).

Responsibility for maintaining the restricted, grey or similar lists rests with the Business Aligned C&ORC teams.

## 10.6. Research Related Prohibitions

UBS Persons are prohibited from effecting personal investment transactions in financial instruments of any issuer for their personal account when they know or should reasonably be expected to know of research to be published (including by UBS) concerning that issuer. If in relation to research to be published by a third party, the UBS Person must contact Control Room when made aware of the unpublished research.

If a UBS Person is aware of the preparation of new research or material changes to existing research, (e.g., they are functionally in Group Research, or they have been crossed over the Group Research Information Barrier in regard to a piece of unpublished research) they are prohibited from effecting personal investment transactions in the securities covered until such time that the research has been published and then subject to waiting 24 hours after publication as per the Restricted List. In case of doubt as to how the above Section applies, or in respect of research contact Group Research C&ORC.

## 10.7. Coverage Restrictions

UBS Persons are prohibited from effecting any personal investment transactions that relate in any way to their roles or responsibilities with UBS. This includes but is not limited to transactions:

- that are within their coverage area (including designated trading, sales, research, investment banking, marketing or credit coverage, portfolio management and client management responsibility)
- that are issued by or directly related to specific issuers or industries included within their area of coverage (including derivatives)
- involving virtual assets (including cryptocurrency and other tokens) when the UBS Persons has involvement with such through their role with UBS.

## 10.8. Transactions with UBS Clients

UBS Persons are prohibited from buying or selling financial instruments for personal investment purposes directly from or to clients for whom they have coverage responsibilities.

UBS Persons are prohibited from pooling funds with a client for investment purposes.

UBS Persons must not effect personal investment transactions at a time or in a manner, which could reasonably be expected to have an adverse effect on the interests of any client.

UBS Persons are prohibited from booking any personal investment transactions with a personal investment account from UBS trading accounts or from otherwise using the firm's systems and tools over which they have authority (except where required to do so by UBS).

## 10.9. Hedging Variable Remuneration

UBS persons are prohibited from hedging their variable remuneration. This includes directly or indirectly hedging or entering into any form of insurance or similar contract or arrangement which undermines the risk-alignment effects embedded in their remuneration arrangements. In particular and without limitation UBS persons must not directly or indirectly:

- enter into an insurance contract which would pay out if their pay (whether received or to be received) was subject to forfeiture, downward revision, claw back or other form of malus;
- hedge shares, options, stock appreciation rights, performance shares or any other award granted by UBS under any compensation plan that is tied to the UBS share price while the award is unvested, blocked or otherwise unavailable for sale or exercise; or
- use shares, options, stock appreciation rights, performance shares, cash or any other award granted by UBS under any compensation plan as collateral or security for a loan or any other form of credit arrangement while such instrument is unvested, blocked or otherwise unavailable for sale or exercise.



### 10.10. Excessive Trading

UBS Persons must avoid personal investment activity that consumes excessive time, attention or interferes with the performance of their duties for UBS or UBS clients. This may include the size, frequency or complexity of the investment activity.

### 10.11. Spread Betting

UBS Persons are prohibited from effecting spread betting transactions on all financial instruments.

### 10.12. Cryptocurrency and Initial Coin Offerings

UBS Persons are prohibited from issuing or underwriting initial coin offerings (ICO).

### 10.13. Investment Clubs and Investment Chat Rooms

UBS Persons are prohibited from participating in:

- investment clubs or similar; and
- chat rooms and similar social media sites specializing in investment tips and speculation.

### 10.14. Public Offerings

UBS Persons are prohibited from receiving an allocation of any US registered Initial Public Offering (IPO).

UBS Persons working in the US are prohibited from receiving an allocation in any IPO whether US registered or not.

UBS Persons must not seek, receive or otherwise try to obtain any preferential allocation or terms in any public offering that is not generally available to all participants in the offering (including UBS Persons).

Sensitive Staff require Line Manager pre-approval and Employee Conduct pre-clearance to participate in IPOs.

## 11. Violations of this Policy

Failure to comply with the requirements set out in this policy may be subject to the employee incident process [REDACTED] which may result in disciplinary action up to and including dismissal. UBS Persons may also be subject to regulatory sanctions and/or civil and criminal penalties.

With respect to non-permanent staff members, UBS may exercise all rights and remedies under its contract including but not limited to, termination of its relationship with the non-permanent staff member.

Employee Conduct may require UBS Persons, at their expense, to freeze or cancel any personal investment transaction, or liquidate any position resulting from a personal investment transaction that violates this policy.

UBS Persons may be required to disgorge profits, if any, resulting from personal investment transactions entered into in violation of this policy and may be required to donate those profits to charity.

## Glossary

**Affirmation Online** is the online Employee Conduct system used by UBS Persons for disclosure matters including personal account disclosure, disclosure of personal holdings of financial instruments, and disclosure and pre-clearance of unlisted financial instruments.

**Barrier Status** has the meaning given to it in the "Information Barriers" policy (1-P-004686).

**Commercial Real Estate Investments** are generally defined as industrial, hotels, multi-family housing, office and retail properties, excluding private residences.

**Connected Parties** is defined in [Section 2.2](#) of this policy.

**Corporate Action** means any event where an issuer of a financial instrument (usually debt or equity) takes action which impacts the holders of the relevant financial instrument. Some events may require no action by the holder (e.g. share splits) others may require the holder to take action or select from a range of possible actions.

**Crowd Funding** is the practice of individuals or businesses raising finance by using small amounts of capital from many individuals via an online platform.

**Domestic Partner** in Switzerland means "long-term partner" as defined in Article 1 of the Personnel Regulations/ Personnel Regulations for Senior Management.

**EEA** means the European Economic Area.

**EIA** is the online Employee Information and Approvals system.

**Employee Conduct** means Group Compliance, Regulatory & Governance (GCRG) Employee Conduct.

**Financial Instrument** means any security, debt security, loan or other financial instrument of any kind and any related derivative. This includes, but is not limited to, any common, ordinary, preferred or preference share or stock, any loan stock, warrant, loan, money market instrument (e.g. currency or interest rate products) or other transferable security and any unit in any collective investment undertaking (e.g. a mutual fund). It also includes, but is not limited to, any contract for differences, swap, option, future or forward transactions and any contract referenced on any financial instrument or any commodity. For the avoidance of doubt, it also further includes any other structure for the transfer of credit risk and any contract based on the value of any or several financial instruments (e.g. spread or contract betting) as well as any instrument that can be exercised or exchanged into a Financial Instrument and any equivalent cash settled instruments.

**FMCC Relevant Persons** are in accordance with the Hong Kong (HK) Fund Manager Code of Conduct: any employees or directors of a Fund Manager or persons accredited to a Fund Manager for conducting regulated activities:

- who in their regular functions or duties make or participate in investment decisions, or obtain information, prior to buying or selling investments on behalf of a client fund; and/or
- whose functions relate to the making of any recommendations with respect to such buying or selling; or
- any persons over whom they exercise control and influence.

Relevant Persons also includes persons who perform the same activities as above in relation to discretionary portfolios.

**Group Trade Pre-Clearance System (GTPS)** See MyTrades.

**Household** includes individuals who comprise a family unit or similar and who live together under the same roof, in certain circumstances including domestic help.

**Line Manager** means a UBS person's Line Manager or supervisor as per HRI, or any business manager or other persons authorized or designated to make such approvals or referrals under this policy on behalf of the Line Manager or supervisor.

**Managed Account** is a personal investment account in which the account holder has formally transferred authorization to effect transactions to their broker or advisor and have no prior knowledge of, nor ability to influence investment decisions in respect of the account. The account holder must not seek to directly or indirectly instruct or otherwise direct any personal investment transaction in a managed account. Robo-Advisor accounts are considered a managed account.

Employee Conduct will only determine an account to be a managed account upon receipt of evidence to the reasonable satisfaction of UBS, that the account holder has neither prior knowledge of nor ability to influence investment decisions in respect of the account.

Once approved as such, the [managed account](#) will be exempt from the following requirements:

- routine duplicate transaction reporting (see [Section 2.2](#));
- centralization to an approved broker (see [Section 4](#)). This does not apply to UBS Persons working within Switzerland or the US whereby managed accounts continue to require centralization;
- pre-approval and pre-clearance (see [Section 6.1](#)).



- restricted, grey or similar lists (see [Section 10.3](#));
- Holding Periods (see [Section 7](#)).

These exemptions are not available for any account managed by a Connected Party or a parent, parent-in-law, or sibling of the UBS Person or a Connected Party.

**MyTrades**, the replacement of the Group Trade Pre-Clearance System (GTPS), is the online Employee Conduct system used by most UBS Persons for pre-clearing personal investment transactions in public traded financial instruments. [REDACTED]

**Peer to Peer Lending** is a method of debt financing that enables individuals or businesses to borrow or lend monies directly from each other online and without the use of an official financial institution as an intermediary.

**Personal Investment Account** is defined in [Section 3](#) of this policy.

**Price Affected Securities** means securities, derivatives or other financial instruments (other than UBS Shares) whose market price or performance is totally or substantially derived<sup>45</sup> from the market price of UBS Shares. This includes, but is not limited to, debt instruments with an embedded UBS equity element such as bonds or notes convertible into or exchangeable for UBS Shares, bonds or notes with warrants to subscribe for UBS Shares attached, and contingent convertible bonds.

**Restricted, Grey or Similar List** means lists identifying companies and other issuers of financial instruments. These lists may restrict UBS Persons' personal investment activity related to companies and other issuers appearing on such lists.

**Restricted Persons** are UBS Persons who have regular access to Unpublished Price Sensitive Information / Material Non-Public Information relating to UBS. Given such regular access, they are subject to additional specific restrictions in respect to UBS Financial Instruments including but not limited to pre-clearance requirements and regular blackout periods covered in [Section 8.3.2](#) of this policy.

**Sensitive Areas** are those functions, businesses, organization units, locations and senior committees where the personal investment activities of the relevant UBS Persons may give rise to conflicts of interest – actual, potential or perceived – based on their business activities and the sensitive information to which they may have access. Such sensitive information includes, but is not limited to, price sensitive information, client order flows and positions, trading desk and client positions and strategies, pending research publications, non-public financial information about UBS clients including credit-related information, and information relating to UBS fund management activities. In addition particular Sensitive Areas may be so designated to meet the requirements or expectations of regulators, or to meet market practice.

Employee Conduct review and maintain the overall list of Sensitive Areas on the Employee Conduct intranet page.

**Sensitive Staff** are those UBS Persons that: (a) work within a Sensitive Area; and/ or, (b) are 'above', 'behind' 'approver' or 'pre-cleared' against an enhanced information barrier; and/ or, (c) are informed by management, Business Aligned C&ORC, or Employee Conduct as such.

NOTE: HR also uses the term 'sensitive' staff to identify persons who have a mandatory block leave. This status is completely unrelated to the sensitive area or status for the purposes of this policy.

**Spread Betting** is wagering on the outcome of an event where the payoff is based on the accuracy of the wager. A spread is a range of outcomes and the bet is whether the outcome is above or below the spread. Such bets are typically made on sporting or financial market events.

**UBS Financial Instruments** means UBS Shares and [Price-Affected Securities](#).

**UBS Persons** are defined in [Section 2.1](#) of the policy.

**UBS, UBS Entity or Entities** refers to UBS and its branches and representative offices worldwide, to all UBS Entities [REDACTED], including their branches and representative offices and to all joint venture/ joint ownerships entities active in the fields of banking and finance, including their branches and representative office where UBS directly or indirectly has management control.

This policy applies to all Business Divisions and Group Functions. All references to Business Divisions throughout this policy include Group Functions.

**Unlisted Personal Investments** are unlisted financial instruments for which transactions are effected other than on or under the rules of an exchange or through an otherwise established marketplace for example, investments in small companies, in connection with private placements, crowd funding, private limited partnerships and hedge funds.

**Unpublished Price Sensitive Information (UPSI)** means all information of a factual nature that is not public relating directly or indirectly to one or more issuers of financial instruments or one or more financial instruments and which, if public, may affect the

<sup>45</sup> As a rule of thumb where the market price of UBS Shares contributes more than 10% of the overall market price or performance of a financial instrument, that financial instrument's market price/ and/or performance is considered to 'substantially derive' from that of UBS Shares.

<sup>46</sup> For the avoidance of doubt financial instruments referenced to the SMI are not considered Price Affected Securities.



[REDACTED]

[REDACTED]

[REDACTED]

[illegible][illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



# Pre-Clearance and Disclosure Requirements for Group Senior Management



**WHY** we have this guidance:

We want to identify and manage all actual, potential or perceived conflicts of interest to avoid harm to our clients; and maintain the integrity and efficiency of the financial market, as well as UBS's reputation. We also want to ensure we comply with the relevant SIX listing rules.



**WHO** this guidance is applicable to:

Group Senior Management (Board of Directors and GEB) and Direct Reports of Group CEO.



**WHAT** to know about HOW to comply.

## 1. Personal Investment Transactions by GEB

The purchase of an instrument classified as a **single name** is prohibited for GEB members in their own accounts.

Any existing positions in **single name** instruments are "grandfathered" and may be held or sold. Any transactions relating to a grandfathered position requires **pre-clearance** via Employee Conduct.

The **single name** prohibition does not apply to transactions effected by the UBS Person's **connected parties** provided that they are not in a joint account or one that the UBS person has any influence over.

Whilst not prohibited by the **single name** prohibition, **connected parties** trading in their own account would still require **pre-clearance** for the transactions via Employee Conduct.

## 2. Management Transactions

Group Senior Management must obtain pre-approval and pre-clearance for **Management Transactions** effected:

- for their own account; and
- by **connected parties**.

All transactions in UBS financial instruments by **connected parties** are subject to the same **pre-approval** and **pre-clearance** requirements, irrespective of whether a power of attorney is held for the **connected party**.

Group Senior Management are **not permitted** to hold UBS **price affected securities** in a discretionary or managed account at any time.

## 3. Pre-approval of Management Transactions

Employee Conduct Switzerland acts as the entry point for **pre-clearance** requests for transactions in UBS **price affected securities** for all Group Senior Management.

The approval authorities for **Management Transactions** are as follows:

| Management Transaction by                                        | Approval authorities                                      |
|------------------------------------------------------------------|-----------------------------------------------------------|
| Members of the GEB (excl. Group CEO)                             | Group CEO and Group General Counsel                       |
| Group CEO                                                        | Chairman of the BoD and Group General Counsel             |
| Members of the BoD (excl. Chairman and Vice Chairman of the BoD) | Group General Counsel                                     |
| Chairman and Vice Chairman of the BoD                            | BoD Senior Independent Director and Group General Counsel |

**Pre-approval** for **Management Transactions** must be obtained in writing.

Employee Conduct Switzerland records centrally the written transaction approval by the relevant approval authority as set out above.

## 4. Reporting of Management Transactions

Group Senior Management are required by the rules of SIX Swiss Exchange to disclose their personal transactions (and under certain circumstances transactions effected by connected parties) in UBS shares and other **price affected securities** to the market (this includes subsequent transactions conducted by a connected party even if the initial personal transaction in UBS shares between the Group Senior Management and the connected party was exempt e.g. gifts or inheritances. See Note 1 below).

Following execution of a **Management Transaction**, the SIX reporting and disclosure process for **Management Transactions** must be adhered to:

- full details of the **Management Transaction** must be notified to Employee Conduct Switzerland within **two trading days** after conclusion of the relevant transaction. This is in order to meet the requirement under Article 56 of the SIX Listing Rules that the GEB and BoD members report their transactions to the issuer no later than the second trading day after conclusion of the transaction;
- Employee Conduct Switzerland makes the required disclosure to SIX.

## 5. Transactions by other direct reports of the Group CEO

For transactions in UBS financial instruments, the other direct reports of the Group CEO must receive **pre-approval** from the Group CEO and **pre-clearance** from Employee Conduct.

## Definitions and Glossary

### Connected parties include:

- Your spouse or any individual considered by national law as equivalent to a spouse;
- Your domestic or civil partner;
- Your children (including children of spouse) provided they are financially dependent;
- Individuals living in the same "household";
- Individuals whose relationship with you is such that you have a direct or indirect material interest in the outcome of a transaction or investment (excluding fees or commissions). This includes any financial dependents or individuals whose financial support you materially contribute;
- Individuals over whose accounts you have control;
- Legal entities, partnerships and fiduciary institutions (including subsidiaries directly or indirectly controlled by these companies / organizations) if you:
  - hold a management position within that entity
  - control or jointly control the company directly or indirectly
  - are a beneficiary of this company or institution

For the purpose of this definition "household" is defined as individuals who comprise a family unit or similar and who live together under the same roof and in certain circumstances including domestic help.

[REDACTED]

**Group Senior Management** means all members of the Board of Directors and members of the Group Executive Board of UBS Group AG together.

**Management Transaction** means transactions in UBS's equity securities, or in related financial instruments, by members of Group Senior Management or their Connected Parties

**Pre-approval** means approval from a UBS Person's line manager or other approval authority. The pre-approval is considering the request from a first line supervisory perspective.

**Pre-clearance** means a confirmation from Employee Conduct after a number of checks are performed that the UBS Person is "clear" to transact. The pre-clearance is a second line control.

**Price affected securities** means securities, derivatives or other financial instruments (other than UBS Shares) whose market price or performance is totally or substantially derived from the market price of UBS Shares. This includes, but is not limited to, debt instruments with an embedded UBS equity element such as bonds or notes convertible into or exchangeable for UBS Shares, bonds or notes with warrants to subscribe for UBS Shares attached, and contingent convertible bonds.

Other terms used in this document have the same meanings as the Global Policy on Personal Investment (1-G-000354, NRE Taxonomy; 2. Market Conduct).

### Single names include:

- Equities
- Corporate Bonds
- Government or municipal bonds from countries with lower than an AA S&P credit rating (government bonds from an individual's home country are permitted irrespective of rating)
- Commodities for speculative purposes (excluding gold and silver)
- Any structured product with a single name as an underlying or longer than 1 year if NOT via UBS

### Note 1: Transactions by connected parties after an exempt transaction

To ensure compliance with later notification requirements, the relevant **Group Senior Management** member should consider imposing a respective requirement on the connected party when they carry out the exempt transaction.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]





# Dealing in UBS Shares and UBS Long Term Debt Securities by UBS

## Managing our own conflict



### WHY

This Policy seeks to ensure that activities related to UBS Shares and Price Affected Instruments, and issuance and buy-backs of UBS Long-Term Debt securities by UBS, do not result in undue legal, regulatory or reputational risk.



### WHO

Group Functions: Group Treasury (GT), UBS Employee Trusts, Group Compliance, Regulatory & Governance (GCRG), Group Legal, Investment Bank (IB), Global Markets (GM), Debt Capital Markets (DCM), Non-Core & Legacy (NCL), Unified Global Markets (UGM), Asset Management (AM), Global Wealth Management (GWM), Personal & Corporate (P&C), Swiss Universal Bank (SUB)



### WHAT

to know about **HOW** to comply

#### 1. Application and Scope

This Policy applies globally to activities relating to UBS Shares, Price Affected Instruments, issuance and buy-backs of UBS Long-Term Debt securities by UBS.

#### 2. Roles and Responsibilities

- GT undertakes activities related to transactions in UBS Shares and Price Affected Instruments. GT also owns the issuance and buy-back processes for Long-Term Debt.
- The IB and UGM undertake activities related to UBS Shares and Price Affected Instruments, the IB also undertakes activity in UBS Long-Term Debt.
- Asset/ Investment Managers, Client/ Financial Advisors and Client Facing Employees must have a suitable investment rationale for dealing in UBS Shares, Price Affected Instruments or Long Term Debt.
- No part of the UBS Group may prepare or distribute research on UBS Shares, Long Term Debt or Price Affected Instruments.

#### 3. Blackout Periods for UBS Shares and Price Affected Instruments

- **Regular Blackout Periods** are pre-set based on the publication date of UBS AG's or UBS Group AG's quarterly financial reports.

- A separate, longer blackout period applies to restricted persons for UBS transactions for their own account.
- An **Ad-hoc Blackout Period** may also be imposed if a determination of ad-hoc Price Sensitive Information is made.
- During a Blackout Period, **restrictions** on UBS's business activities and employee trading apply.

#### 4. Ad-hoc Barrier Crossing

If you become privy to UBS Unpublished Price Sensitive Information (UPSI), you must inform the GCRG Control Room so an ad-hoc barrier crossing can be logged.

#### 5. Dealing in UBS Shares by UBS Business Units

You must not engage in active marketing or selling of UBS Shares. Price Affected Instruments or Long Term Debt - distribution should be on a reactive basis only in response to client demand.

#### Group Treasury

- GT executes a share buy-back program and hedges UBS Group AG's obligations in connection with UBS employee share and option participation plans.
- The share buy-back program **must** be executed in accordance with the **Swiss Regulatory Framework**, including during the Blackout Period.

#### Investment Bank and UGM

- Trades in UBS Shares or Price Affected Instruments including derivatives may **only** be executed by the IB, NCL and UGM. Certain **restrictions** on these activities apply.
- Derivative products on UBS Shares and Price Affected Instruments must not be executed during Regular Blackout Periods without approval by one of the C&ORC Approvers.



[Redacted text]



#### References

This page is to be read in conjunction with the details set out in the Appendix, which is an integral part of the policy

# Appendix

## Dealing in UBS Shares and UBS Long Term Debt Securities by UBS



### Why we have this appendix

This Policy sets out requirements when dealing in UBS Shares, Price Affected Instruments, UBS Long-Term Debt and the issuance and buy-back of Long-Term Debt securities by UBS Group.

During Regular UBS Shares Blackout Periods restrictions are imposed on dealings in UBS Shares and Price Affected Instruments. In addition, should any UBS staff involved with these activities or activities related to UBS issued Long-Term Debt become privy to UBS UPSI they must disclose the relevant details to the GCRG Control Room.

Trades in UBS Shares or Price Affected Instruments, including derivatives, may only be executed by the IB, CS IB, NCL and UGM, not by any other Business Division/ Area and in accordance with the restrictions contained in this Appendix. program.



### Applicability

Group Functions: Group Treasury (GT), UBS Employee Trusts, Group Compliance, Regulatory & Governance, Group Legal, Chief Financial Office (CFO), Chief Risk Office (CRO). Investment Bank (IB): Global Markets (GM), Debt Capital Markets (DCM), Non-Core & Legacy (NCL), Asset Management (AM), Global Wealth Management (GWM), Personal & Corporate (P&C), Unified Global Markets (UGM), Swiss Universal Bank.

Breaches of this policy [REDACTED] could result in disciplinary action, including dismissal, in serious cases.

Non-Financial Risk may arise anywhere in UBS as it represents failure of systems, processes, and people. In case NFR materialization relates to this policy, the detector must consider the impact in line with the Non-Financial Risk Issue and Non-Financial Risk Event guidance, as outlined in the NFR policy (1-P-000017). Where further support is required, the detector must contact their respective risk management function and/or C&ORC Controller.



### Supplementary policy content

Below you can find additional information on the key topics addressed in the policy one-pager

## 1. Application and Scope «

This Policy applies globally to activities relating to UBS Shares, Price Affected Instruments and UBS Long-Term Debt securities by UBS.

Price Affected Instruments is defined as securities, derivatives or other financial instruments (other than UBS Shares) whose market price is totally or substantially derived from the market price of UBS Shares.

The scope of this Policy does not include trading in short term debt securities in the form of commercial paper, certificates of deposit or money market deposits.

This policy does not seek to address:

- Corporate law provisions relating to acquisitions of own shares.
- Disclosure and reporting duties relating to shareholdings.
- Disclosure of information concerning UBS.
- Dealing by individuals for their personal account (see [Global Policy on Personal Investment \(1-P-000359\)](#)).

UBS employees who facilitate orders from clients and customers also need to comply with [Transactions in Restricted and Unregistered Securities \(3-B-003865\)](#).

## 2. Roles and Responsibilities «

GT undertakes activities related to transactions in UBS Shares and Price Affected Instruments to execute a share buy-back program and to hedge UBS Group AG's obligations in connection with UBS employee share and option participation plans. GT also owns the issuance and buy-back processes for Long Term Debt.

The Investment Bank (IB) undertakes the following activities related to UBS Shares, Price Affected Instruments and UBS Long Term Debt:

- Share purchases for a UBS Share buy-back program
- IB GM provides liquidity to the market, facilitates client orders and takes principal positions in respect of UBS Shares and Price Affected Instruments and UBS Long-Term Debt. GM also execute derivative products with UBS Shares or UBS Long-Term Debt as an underlying, including structured notes.
- IB DCM performs activities relating to issuance of UBS Long Term Debt and buy-backs.

NCL may facilitate client orders and take principal positions and NCL may also execute derivative products with UBS Shares as an underlying. UGM facilitate client orders in respect of UBS Shares and Price Affected Instruments.

Asset Managers, Investment Managers, Client/ Financial Advisors and Client Facing Employees (CFEs) such as Relationship Managers and Investment Consultants in GWM and SUB must not engage in active marketing or solicitation of UBS Shares, Price Affected Instruments or Long-Term Debt. Distribution should be on a reactive basis only in response to client demand. Procedures and controls must be maintained and adhered to which are reasonably designed to ensure that any decision to deal in UBS Shares, Price Affected Instruments or Long-Term Debt has a suitable investment rationale that clearly demonstrates that the decision to deal was in the best interest of UBS's clients.

Restrictions on trading, marketing and distribution of UBS Shares, Price Affected Instruments and Long-Term Debt are outlined in this Policy and must be complied with when undertaking these activities.

No part of the UBS Group may prepare or distribute research on UBS Shares, Long Term Debt or Price Affected Instruments.

## 3. Blackout Periods for UBS Shares and Price Affected Instruments «

### 3.2 Regular UBS Shares Blackout Period

The Regular UBS Shares Blackout Period is the period during which restrictions are imposed on dealings in UBS Shares and Price Affected Instruments. These Blackout Periods are pre-set periods starting on (and including) the first day immediately following the closing date of UBS AG's or UBS Group AG's fiscal quarter and running until (and including) the date of publication of the financial reports relating to that fiscal quarter.

Note that there is also a separate blackout period applied to restricted persons for UBS transactions for their own account. The blackout period for personal account dealing is longer, to remove the potential for personal conflicts of interest to arise.

### 3.3 Ad Hoc Blackout Period

A determination of Ad-hoc Price Sensitive Information may also be made, [REDACTED] and following that an Ad Hoc Blackout Period may also be imposed. GCRG Employee Conduct will then implement the Blackout Period, including any restrictions on dealing in UBS Shares and Price Affected Instruments, in line with the determination made, which may include restrictions on UBS activities or personal accounting dealing (PAD) restrictions for relevant individuals. If the Blackout Period is in connection with UBS Unpublished Price Sensitive Information (UPSI) it will end at the close of business on the day the UBS UPSI is made public or deemed by the required parties under the Global Disclosure Policy to no longer be Price Sensitive Information. GCRG Employee Conduct will communicate the imposition and termination of an Ad Hoc Blackout Period to all persons or parts of UBS affected including details of any restrictions.

### 3.4 Restrictions during Blackout Periods

During a UBS Shares Regular Blackout Period the following restrictions on UBS's business activities apply

- Purchases of UBS Shares for a share buy-back program are only permitted if:
  - Execution is delegated to a bank or securities dealer, or a trading unit protected by information barriers, such as the IB; and
  - The purchases are in relation to and in compliance with instructions received prior to the start of the Blackout Period (see Section 5.2.2).
- No trading instructions or executions in relation to UBS Shares or Price Affected Instruments can be made to hedge UBS's employee share and options plans (see Section 3); and



- To IB activities:
  - Market making activity must be reasonable by reference to prevailing client and market conditions.
  - Principal trading activity is not permitted if it results in the assumption of wholly new positions.
  - Transactions in derivative products on UBS Shares or Price Affected Instruments must not be executed unless conducted for market making purposes, prior approval by an IB C&ORC Approver (as defined in Section 5.5.2) has been granted or the transaction is subject to an exemption as specified in this Policy (see Section 5.4.2).

## 4. Ad Hoc Barrier Crossing «

Staff involved with business activities in relation to UBS Shares, Price Affected Instruments and UBS issued debt may become privy to UBS UPSI by virtue of their involvement. [REDACTED]

[REDACTED] Individuals exposed to UBS UPSI must disclose the relevant details to the GCRG Control Room. After confirmation by Group Legal that the information is considered to be UBS UPSI the GCRG Control Room will record the receipt of UPSI on the Grey List and log an ad-hoc barrier crossing for those individuals in possession of the UPSI. Affected personnel must comply with any obligations and restrictions notified to them by the GCRG Control Room. The barrier crossing will remain as long as the individuals are privy to UBS UPSI which triggered the barrier crossing.

## 5. Dealing in UBS Shares and Long Term Debt by UBS Business Units «

### 5.1 General

#### 5.1.1 Principal Positions in UBS Shares and Long Term Debt

Principal positions in UBS Shares and Price Affected Instruments may only be held by UBS Group by:

- Group Treasury (GT);
- UBS Employee Plans;
- Investment Bank (IB);
- Non-Core & Legacy (NCL); and
- Unified Global Markets (UGM).

Principal positions in UBS Long Term Debt may only be held by Group Treasury or the Investment Bank.

#### 5.1.2 Limits/ Targets on UBS Shares and Capital Instruments

To manage the capital of UBS, the Group Chief Finance Officer (GCFO) sets supplementary limits/ targets on UBS Shares (which covers physical holdings of shares plus long and short positions from derivative contracts) and UBS's own Capital Instruments. The UBS Shares limit includes a specific sub-limit on IB/ NCL sale of puts on UBS shares. Specifically, the GCFO sets limits/ targets for the maximum amount, held on balance sheet, of UBS Shares, and Capital Instruments issued by UBS or other Systemically Important Banks. A business owned limit is applied to overall exposure in Long-Term Debt and should the Contingent Funding Plan be invoked it would be considered by the Liquidity Crisis Task Force.

Under the Swiss Capital Adequacy Ordinance (CAO) UBS is prohibited from holding Capital Instruments of other banks with a conversion or write-off trigger or Bail-in Bonds at UBS's own risk. [REDACTED]

[REDACTED]

[REDACTED]

#### 5.1.3 Research

No part of the UBS Group may prepare or distribute research on UBS Shares, Long Term Debt or Price Affected Instruments.



GT undertakes activities related to transactions in UBS Shares and Price Affected Instruments for two purposes:

- ### 5.2.1 UBS Share Buy-back Program

As a matter of principle GT will not undertake transactions with the purpose of stabilizing the price of common stock in UBS Group AG.

Prior to issuing individual trading instructions to the IB, GT Capital Management seeks written approval from the GCFO<sup>1</sup>. GT Capital Management also consults with the Group Disclosure Counsel to ensure that disclosure considerations are appropriately reflected. Only following that does GT Capital Management progress to issue the instructions. Information on individual tranches is generally considered to be Confidential with information restricted on a 'need to know' basis but not UBS UPSI given the applicable volume restrictions (see Section 5.2.2).

### 5.2.2 Swiss Regulatory Framework and Internal Restrictions for UBS Share Buyback Programs

The treatment of black-out periods, during which share buybacks are prohibited, is regulated in Article 124 of the Financial Market Infrastructure Ordinance<sup>3</sup> (FMIO). The UBS Shares Blackout Period (see Section 3.1) has been designed to meet these requirements.

<http://www.finnia.org/submit-your-financial-aid-application>

<sup>2</sup> Article 124, paragraph 2 FMIO.

<sup>6</sup> The mandate to UBS AG to execute the share repurchase is disclosed in the official notice to the share buy-back program.

subject to individual instructions by UBS Group AG. During the term of the share buy-back program, UBS Group AG may give individual trading instructions to UBS AG which outline the parameters within which UBS AG can execute.

Further to meet the restrictions contained in the FMIO, the trading parameters set by GT Capital Management must have been set prior to publication of the buyback offer and may be adjusted once a month for the duration of the buy-back program. If the parameters are set or adjusted within the blackout periods set out in the FMIO, the buy-back may be performed only after a waiting period of 90 days. Internally to meet this restriction the IB can continue to execute during the regular UBS Shares Blackout Period but only in relation to and in compliance with instructions received prior to the start of the Blackout Period.

In addition, Article 123.1 of the FMIO provides for volume limits applicable to share buy-backs<sup>6</sup>. Market executions completed under a UBS Shares buy-back program must therefore comply with these volume restrictions.

## 5.3 Hedging

To hedge the liabilities of UBS's employee share and options plans (UBS Employee Plans) GT Capital Management may from time to time, instruct GT Asset Liability Management (ALM) to execute transactions in UBS Shares or Price Affected Instruments. Typical events requiring adjustment of UBS Share positions are grants, sale of forfeitures, roll-over into employee plans, dividend reinvestment and option exercises.

A target hedge ratio is approved by the GCFO<sup>7</sup>. GT Capital Management monitor the hedge ratio and if share purchases are needed to maintain the ratio at or above the approved target seek approval from the GCFO to purchase shares sufficient to achieve target. GT Capital Management also consults with the Group Disclosure Counsel to ensure that disclosure considerations are adequately reflected. Once approved and if no impediments are raised from a disclosure perspective GT Capital Management instruct ALM to undertake the required share executions. ALM executes the trading instruction from GT Capital Management on share volume and timing of execution. Consistent with treatment of executions for under the share buy-back program these executions are generally considered to be Confidential, with information restricted on a 'need to know' basis. Transactions in UBS Shares completed by ALM do not come under the legal safe harbor outlined in Section 5.2.2 and therefore the related requirements do not apply. GT Capital Management can give trading instructions to ALM more than once per calendar month, but no instructions or executions can be made during a Regular or Ad Hoc UBS Shares Blackout Period.

Delivery obligations for employee plans and option exercises, which are not covered through purchases in the market, are executed via an internal transfer of shares from GT and the UBS Employee Plan at the price defined in the plan documents. Internal Transfers between GT and UBS Employee Plans are not subject to the UBS Shares Black-out Period.

## 5.4 UBS Long Term Debt Issuance & Buy-backs

### 5.4.1 Long Term Debt Issuance

As with a share buy-back issuance of Long Term Debt involves multiple stages starting with development of a funding plan, including the amount of debt, what type and issuance timeline. GT will make a funding plan recommendation based on projected funding, liquidity and capital requirements. The funding plan is proposed by the GCFO to the Group ALCO for approval with external transactions in debt securities executed in relation to the funding or capital plan approved by the GCFO<sup>8</sup>. Information related to planning a long-term debt issue is Confidential information which needs to be restricted on a 'need to know' basis.

### 5.4.2 Restrictions and Procedures

The issuance process exposes UBS staff involved to Confidential information which needs to be restricted on a 'need to know' basis. The Funding Plan, particularly the information about what kind of debt will be issued, and, any part of the planning and strategy process, and information related to the issuance of long-term debt generally is considered to be Confidential and employees only receive that information on a 'need to know' basis. Generally, issuance terms of Long Term Debt are not considered UBS UPSI because a new issue would not be expected to impact the value of existing UBS issued debt or UBS Shares. However, should exceptional circumstances arise where there is heightened sensitivity to UBS's capital or liquidity position then (for example) debt issuance could be perceived by external parties as indicating a financial concern and in these circumstances this could impact the price of UBS Shares. Through confirmation from Group Legal, debt issuance would in these circumstances

[REDACTED]



be UBS UPSI and information surrounding any issuance should be treated accordingly, including notification to the GCRG Control Room as outlined in Section 4.

Usually whether UBS is conducting open market repurchases under a repurchase program or a tender offer there would be public disclosure via a press release, regulatory filing or offer documentation. There may be occasions where UBS wishes to engage in privately negotiated open market repurchases or other mechanisms which are not publicly disclosed. Should such a case arise any proposed repurchase exercise must be referred to Group Legal, who may also engage external counsel, to confirm that the facts and circumstances surrounding the repurchase do not trigger tender offer rules. Evidence of referral to Group Legal must be maintained by the responsible business personnel.

## 5.5 UBS Investment Bank, Non-Core & Legacy, and Unified Global Markets

### 5.5.1 Activities

IB staff undertake market executions for UBS share buy-back programs. These trade executions fall under a legal safe harbour dependent on maintenance of organizational segregation between GT (who provide guidance) and the IB who execute in the market (as described in Section 5.2). IB DCM perform activities relating to UBS Long Term Debt issuance and buy-backs (as described in Section 5.4). The IB also issue and execute derivative products with UBS Shares as an underlying, including structured notes. Derivative products on UBS Shares may be executed in response to third party demand or at the instigation of UBS. IB GM also provide liquidity to the market, facilitate client orders and take principal positions<sup>9</sup> in respect of UBS Shares and Price Affected Instruments. UBS is a significant market maker in UBS Shares and Price Affected Instruments.

NCL may facilitate client orders, take principal positions and execute derivative products with UBS Shares as an underlying. UGM facilitate client orders in respect of UBS Shares and Price Affected Instruments.

UBS has issued Capital Instruments in various currencies and markets, which are subject to strict regulatory restrictions on redemption by UBS (see Section 5.4.2) and secondary market trading.

### 5.5.2 Restrictions and Procedures – UBS Shares and Price Affected Securities

- IB GM trading desks are functionally separated from both GT and IB DCM. IB DCM is behind an Enhanced Information Barrier.
- As outlined in Section 4 UBS staff exposed to UBS UPSI are required to notify the GCRG Control Room.
- UBS employees who facilitate orders from clients and customers also need to comply with [Transactions in Restricted and Limited Securities \(TS-E-003865\)](#).

The following restrictions apply to the execution of trades in UBS Shares or Price Affected Instruments, including derivatives:

- These trade types may only be executed by the IB, NCL and UGM and not by any other Business Division/ Area.
- Market making by the IB is permitted during Regular UBS Shares Blackout Periods to satisfy client demand and create liquidity. Market making positions during such periods should be reasonable by reference to prevailing client and market conditions.
- Principal trading may be undertaken by the IB and NCL during UBS Shares Blackout Periods [REDACTED]. This activity must not result in the assumption by UBS of wholly new positions.
- Derivative products on UBS Shares or Price Affected Instruments must not be executed if any person involved in structuring or pricing the products is in possession of any UBS UPSI.
- Staff exposed to UBS UPSI and subject to an Ad Hoc barrier crossing (see Section 3.2) may be subject to and must comply with any further restrictions imposed through the Ad Hoc barrier crossing.
- Any new derivative product in relation to UBS Shares or Price Affected Instruments must be pre-cleared by one of the Global or relevant Regional Head of IB C&ORC, or the Head of C&ORC Market Conduct Taxonomy (the IB C&ORC Approvers)<sup>10</sup>. These

[REDACTED]

Approvers will consult with the GCRG Control Room before approving. IB C&ORC may prohibit or place restrictions on the issue or provision of such products.

- Derivative products on UBS Shares and Price Affected Instruments must not be executed during Regular Blackout Periods without prior approval by one of the IB C&ORC Approvers. The IB C&ORC Approvers will review the request with the GCRG Control Room prior to providing any approval. Any approval will consider:
  - Whether the transaction is in response to an unsolicited client request, and the nature of such request.
  - Whether UBS is one of several underlying issuers (and the proportion attributed to UBS).
  - Whether the product is similar to those executed by other firms (and the nature of those products) and whether the product is similar to products previously executed by UBS.
- The requirement for pre-clearance by an IB C&ORC Approver does not apply to:
  - Transactions undertaken for market making purposes (and subject to the criteria previous bullet point).
  - Issuances where a client or third party has access to a tool enabling them to create structured notes without the involvement of UBS personnel, beyond the initial approval for them to have such access. Also issuances to fulfil client orders, received on a reverse enquiry basis with execution through an automated tool, and the only involvement of UBS staff in trade execution is to input the order, as specified by the client, into a note issuance tool.
  - Derivative products which reference a broad market index or diversified basket which includes UBS Shares or Price Affected Instruments subject to the following. To meet this criteria the index should contain at least 10 individual components, none of which comprise more than 30% by market value at trade inception.
  - Transactions in exchange traded derivatives or single stock vanilla OTC derivatives on UBS Shares which look-like exchange traded equivalents, where the client request has been received on a reverse enquiry basis. This exemption only applies where this has been agreed in advance with an IB C&ORC Approver and with the understanding that IB C&ORC may apply additional restrictions should this become appropriate.
  - Trade executions in line with pre-approved criteria, where specific criteria have been proposed by the business for a particular product and approved by an IB C&ORC Approver subject to any restrictions under this Policy or included in the pre-approval.
  - Orders received by UGM from a GWM Client Advisor and received by them on a reverse enquiry basis, i.e. there is no direct interaction between the client and the IB and the only involvement of UGM staff is to input the order or pricing request as specified by the client.
  - Orders received from a GWM client by a UGM Product Specialist on an execution-only basis.
- Evidence of IB C&ORC approval must be maintained by the business requestor.
- Restrictions on dealing by individuals for their personal account will apply in accordance with the [Global Policy on Personal Investment \(1-P-000350\)](#)

## 5.6 Marketing and Distribution Activities

The following general principles apply in relation to the marketing of UBS Shares or Price Affected Instruments (including derivatives):

- UBS does not engage in active marketing or selling of UBS Shares or Price Affected Instruments.
- UBS does not provide any advice or opinion to clients in relation to UBS Shares or Price Affected Instruments.
- UBS does not offer any view to clients on the future development of the UBS Share price.
- Distribution of UBS Shares and Price Affected Instruments should be on a reactive basis only in response to client demand.
- UBS personnel must not discuss with clients the results or strategies of UBS and must make clients aware that they do not have access to sensitive information about UBS Shares (also note the requirements under Section 3.2).
- Term sheets or other marketing material relating to UBS Shares or Price Affected Instruments should not be sent to clients on an unsolicited basis. Any term sheets or marketing material that is sent to a client at the client's request must contain the appropriate disclaimer (see Section 5.9).

The following activities are permitted:

- Provision of general product advice to clients to explain how a product works, or the merits of one type of product over another. The advice must relate to the technical nature of the product and not include advice or comment on the merits of UBS.
- A client may disclose or describe a particular investment strategy or aim which would be consistent with an investment in UBS Shares. Where it is consistent with a client's stated investment strategy or aim, then UBS personnel may raise with the client UBS Shares or Price Affected Instruments provided the appropriate disclaimer in Section 4.9 is used.

- UBS may be requested to issue derivative products on UBS Shares which are to be distributed or marketed by third party intermediaries. Often these intermediaries request UBS to issue press advertisements or other marketing material in respect of the products or undertake other activities. These are permitted provided that the advertisement or marketing material:
  - i. clearly displays the name of the third party and it is clear that the product has been structured and marketed at the request of the third party,
  - ii. does not expressly solicit orders or contain any UBS contact details designed to facilitate the taking of orders in respect of the product; and
  - iii. contains the appropriate disclaimer set out in Section 5.9.
- Issuing an advertisement or notification in relation to any product where this is required under the rules of any exchange or regulatory body.
- Product notifications to existing clients on a standard or regular basis notifying them of all (or particular types of) products issued by UBS provided that:
  - i. the notification is sent only to existing clients,
  - ii. contain only factual information relating to product terms,
  - iii. there is no associated marketing activity by UBS personnel, and
  - iv. the notification contains the appropriate disclaimer set out in Section 5.9

## 5.7 Asset Managers, Client Advisors/ Financial Advisors, Investment Managers and CFEs

### 5.7.1 General Approach

Asset Managers, Client Advisors (CAs), Financial Advisors (FAs), Investment Managers (IMs) and CFEs would not be expected to be in possession of UBS UPSI. Dealing in UBS Shares and Price Affected Instruments by Asset Managers, CAs/ FAs, Investment Managers and CFEs for client accounts is therefore not affected by the existence of UBS Shares Blackout Periods. If UBS UPSI did come into the possession of or become available to any Asset Manager, CA/ FA, Investment Manager or CFE they would be required to notify the GCRG Control Room [REDACTED] and Business Aligned Compliance, who may impose restrictions.

### 5.7.2 Asset Managers Investing in UBS Shares and Price Affected Instruments

When investing in UBS Shares and Price Affected Instruments Asset Managers, CAs, FAs, IMs and CFEs must adhere to the general principles applicable to trading activities. Investments in UBS Shares and Price Affected Instruments must be:

- Compliant with any local regulatory obligations.
- In the best interest of clients [REDACTED]
- Compliant with the investment objectives and guidelines of the relevant portfolios/ mandates (as determined by the portfolio manager).
- Consistent with any duty to seek best execution [REDACTED]

Consistent with these principles Asset Managers, CAs, FAs, IMs and CFEs must maintain and adhere to procedures and controls reasonably designed to ensure that all investment decisions to deal in UBS Shares or Price Affected Instruments have a suitable investment rationale that clearly demonstrates that the decision to deal was in the best interest of UBS's clients. Some jurisdictions have local restrictions on dealing in UBS Shares or Price Affected Instruments. Asset Managers, CAs, FAs, IMs and CFEs are responsible for knowing, understanding and abiding by any restrictions for the jurisdictions in which they operate. Management should have knowledge and oversight of any dealing in UBS Shares or Price Affected Instruments for which they are responsible.

These principles and requirements also apply also to dealings in UBS issued debt securities.

If in doubt Asset Managers, CAs and FAs should consult business aligned C&ORC.

In respect of Global Wealth Management Americas, UBS Shares, Price Affected Instruments and UBS debt securities are not eligible for discretionary managed programs where UBS Financial Services is the manager or sponsor of the program. They are eligible in discretionary dual-contract programs where the third party manager is not affiliated with UBS.



### 5.7.3 No Recommendations, Discussion or Comment

Asset Managers, CAs/ FAs, IMs and CFEs are not permitted to make any recommendations to clients in respect of UBS Shares, Price Affected Instruments or UBS Long Term Debt securities or to discuss with clients the results or strategies of UBS. Clients must also be made aware that they do not have access to sensitive information about UBS, UBS Shares, Price Affected Instruments or UBS Long Term Debt Securities.

### 5.8 IB C&ORC reviews

GCRG may perform independent reviews of dealings in financial instruments (including UBS Shares, Price Affected Instruments and UBS Long Term Debt securities) as part of the Global Minimum Monitoring Control Standards or otherwise.

### 5.9 Disclaimers

The following disclaimers should be used as appropriate:

- **Term Sheet/ Press Advertisements/ Standard Product Notifications:** "UBS does not prepare or distribute research on UBS Shares or Price Affected Instruments and does not express a view on the direction of the price of such securities or UBS results or strategies."
- **GWM and BB Syros:** "UBS Group does not prepare or distribute research on UBS Shares or Price Affected Instruments. Accordingly Client and Financial Advisors are not permitted to discuss with customers the results or strategies of UBS and must make clients aware that they do not have access to sensitive information about UBS Shares or Price Affected Instruments."



## Glossary

**UBS Shares Blackout Period:** The Regular UBS Shares Blackout Period is the period during which restrictions are imposed on dealings in UBS Shares and Price Affected Instruments. Regular UBS Shares Blackout Periods are pre-set periods starting on (and including) the first day immediately following the closing date of UBS AG's or UBS Group AG's fiscal quarter and running until (and including) the date of publication of the financial reports relating to that fiscal quarter.

A determination of Ad-hoc Price Sensitive Information may also be made [REDACTED] and following a determination an Ad-Hoc UBS Shares Blackout Period may be imposed.

**Capital Instruments:** Securities which count as capital for bank regulatory capital purposes so Common Equity Tier 1 and Additional Tier 1 (high trigger or low trigger).

**Grey List:** A highly confidential list of parties (usually an issuer or a company) in respect of which UBS has Unpublished Price Sensitive Information or certain types of Protected Information.

**Price Affected Instruments:** Securities, derivatives or other financial instruments (other than UBS Shares) whose market price is totally or substantially derived from the market price of UBS Shares.

**Inside Information/ Unpublished Price Sensitive Information (UPSI):** [REDACTED]

[REDACTED] Inside Information and UPSI are used interchangeably and are defined as information which is:

- Of a precise and factual nature; and
- Has not been made public; and
- Relates (directly or indirectly) in the context of this Policy to UBS AG or UBS Group AG; and
- May affect the price of any UBS Financial Instrument or related Financial Instrument(s) if made public.

It also includes information that reasonable investors would consider relevant in determining whether to buy, sell, hold or otherwise act in relation to such us Financial Instrument(s). UPSI is Protected Information under the Policy.

**Not public/Non-Public:** Information is non-public until it has been effectively communicated to the market place and is available to the general public. Information is generally regarded as non-public until it has been broadly disseminated, such as by means of a press release carried over a major news service, a major news publication, a research report or publication, a public filing made with a regulatory agency, materials sent to shareholders or potential investors such as a proxy statement or prospectus, or materials available from public disclosure services.

**Precise:** information will be considered to be of a precise nature if it indicates a set of circumstances which exist (or may reasonably be expected to come into existence), or an event which has occurred (or which may reasonably be expected to occur), and is specific enough to enable a conclusion to be drawn on the possible effect that set of circumstances or event on the price of the financial instrument.

**Information relevant to Reasonable Investors:** a list of common (but not exhaustive) examples of information that may be regarded as relevant by a reasonable investor are:

- Information regarding the interpretation of financial results and events.
- Certain non-financial performance indicators.
- Information regarding senior management, material products and services or transactions and corporate actions.
- Certain management, organizational or shareholder.
- Certain litigation or regulatory proceedings or sanctions.
- Forward-looking information.

**Protected Information:** In the context of this Policy Protected Information is Unpublished Price Sensitive Information related to UBS AG or UBS Group AG.

**Trading Windows:** Periods that are not a Blackout Period.

**UBS:** UBS Group AG, UBS AG and its branches, and any company or other legal entity active in UBS's financial businesses which is either wholly or majority, directly or indirectly, owned or controlled by UBS AG or UBS Group AG and intended to be held indefinitely. This includes joint ventures where there is, directly or indirectly, control by UBS AG or UBS Group AG.

**UBS Shares:** Means common stock in UBS Group AG.

**Long Term Debt:** includes all UBS debt of effective maturity greater than one year at issuance (excluding Certificates of Deposit), issued in the form of TLAC, MTNs, EMTNs, senior unsubordinated (collateralized or not) and subordinated notes (including, but not limited to Additional Tier 1 Capital) from operating entities and holding companies



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CERTIFICATION UNDER SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002

I, Sergio Ermotti, certify that:

1. I have reviewed this annual report on Form 20-F of UBS Group AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 17, 2025

/s/ Sergio Ermotti  
Name: Sergio Ermotti  
Title: Group Chief Executive Officer

CERTIFICATION UNDER SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002

I, Todd Tuckner, certify that:

1. I have reviewed this annual report on Form 20-F of UBS Group AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 17, 2025

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

CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002  
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of UBS Group AG, a Swiss corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2024 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m or 78o(d)) and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2025

/s/ Sergio Ermotti  
Name: Sergio Ermotti  
Title: Group Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002  
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of UBS Group AG, a Swiss corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2024 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m or 78o(d)) and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2025

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

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

Basel, 17 March 2025

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in each of the following registration statements of UBS Group AG:

- (1) on Form S-8 (Registration Numbers 333-200634; 333-200635; 333-200641; 333-200665; 333-215254; 333-215255; 333-228653; 333-230312; 333-249143; and 333-272975), and each related prospectus currently outstanding under any of the aforementioned registration statements,

of our reports dated 14 March 2025, with respect to the consolidated financial statements of UBS Group AG and the effectiveness of internal control over financial reporting of UBS Group AG, included in this Annual Report (Form 20-F) for the year ended 31 December 2024, filed with the Securities and Exchange Commission.

/s/ Ernst & Young Ltd

## **Exhibit 17**

As of December 31, 2024, Credit Suisse (USA) LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of UBS Group AG and UBS AG, is the issuer of the following securities, which are fully and unconditionally guaranteed by UBS Group AG and UBS AG on a several basis.

- 7½% Notes due 2032