

# UBS Group AG

Standalone financial statements and regulatory  
information for the year ended 31 December 2023



**UBS**

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# UBS Group AG standalone financial statements

Audited I

## Income statement

	Note	USD m		CHF m	
		For the year ended	31.12.22	For the year ended	31.12.22
Dividend income from investments in subsidiaries	4	6,352	4,373	5,677	4,255
Other operating income	5	10	48	10	46
Financial income	6	5,412	2,002	4,850	1,911
Income from valuation of investments in subsidiaries	3, 13	21,934		18,461	
<b>Operating income</b>		<b>33,707</b>	6,423	<b>28,998</b>	6,212
Personnel expenses	7	40	20	36	19
Other operating expenses	8	269	15	241	14
Financial expenses	9	5,608	1,987	5,030	1,897
Impairment of investments in subsidiaries	3, 13	22,138		19,886	
<b>Operating expenses</b>		<b>28,055</b>	2,022	<b>25,193</b>	1,930
<b>Extraordinary income<sup>1</sup></b>	3	<b>17,317</b>		<b>15,771</b>	
<b>Extraordinary expenses<sup>1</sup></b>	3	<b>16,319</b>		<b>14,861</b>	
Profit / (loss) before income taxes		6,651	4,401	4,714	4,282
Tax expense / (benefit)		(9)	12	(8)	11
<b>Net profit / (loss)</b>		<b>6,660</b>	4,389	<b>4,722</b>	4,271

<sup>1</sup> Reflects the write-off of additional tier 1 (AT1) instruments formerly issued by Credit Suisse Group AG in a total amount of USD 17,317m (CHF 15,771m) and the write-off of the corresponding internal AT1 instruments issued by Credit Suisse AG in a total amount of USD 16,319m (CHF 14,861m). Refer to Note 3 for more information.

## Balance sheet

	Note	USD m		CHF m	
		31.12.23	31.12.22	31.12.23	31.12.22
<b>Assets</b>					
Liquid assets	10	3,563	1,312	2,999	1,213
Marketable securities		111	106	93	98
Other short-term receivables	11	6,444	2,638	5,424	2,438
Accrued income and prepaid expenses	12	2,862	839	2,409	775
<b>Total current assets</b>		<b>12,980</b>	<b>4,895</b>	<b>10,925</b>	<b>4,524</b>
Investments in subsidiaries	13	73,419	41,199	61,797	38,080
<i>of which: investment in UBS AG and Credit Suisse AG</i>		<i>72,567</i>		<i>61,079</i>	
<i>of which: investment in UBS AG</i>			<i>40,889</i>		<i>37,793</i>
Financial assets	14	121,288	62,975	102,087	58,207
Other non-current assets		1,165	336	980	310
<b>Total non-current assets</b>		<b>195,872</b>	<b>104,509</b>	<b>164,864</b>	<b>96,597</b>
<b>Total assets</b>		<b>208,852</b>	<b>109,404</b>	<b>175,789</b>	<b>101,121</b>
<i>of which: amounts due from subsidiaries</i>		<i>133,730</i>	<i>67,514</i>	<i>112,559</i>	<i>62,403</i>
<b>Liabilities</b>					
Current interest-bearing liabilities	15	7,094	4,344	5,971	4,015
Accrued expenses and deferred income	16	3,879	2,082	3,265	1,924
<b>Total short-term liabilities</b>		<b>10,973</b>	<b>6,426</b>	<b>9,236</b>	<b>5,940</b>
Long-term interest-bearing liabilities	17	127,787	61,682	107,557	57,012
Compensation-related long-term liabilities	18	3,629	3,201	3,054	2,959
Other long-term liabilities		896	2	754	2
<b>Total long-term liabilities</b>		<b>132,312</b>	<b>64,885</b>	<b>111,366</b>	<b>59,973</b>
<b>Total liabilities</b>		<b>143,285</b>	<b>71,311</b>	<b>120,601</b>	<b>65,913</b>
<i>of which: amounts due to subsidiaries</i>		<i>5,320</i>	<i>2,614</i>	<i>4,478</i>	<i>2,416</i>
<b>Equity</b>					
Share capital	19	346	359	341	352
Statutory capital reserve		45,356	23,826	43,440	23,522
<i>of which: capital contribution reserve</i>		<i>32,731</i>	<i>23,826</i>	<i>33,648</i>	<i>23,522</i>
<i>of which: other statutory capital reserve</i>		<i>12,625</i>	<i>0</i>	<i>9,792</i>	<i>0</i>
Statutory earnings reserve		44	0	37	0
<i>of which: reserve for treasury shares held by subsidiaries</i>		<i>44</i>	<i>0</i>	<i>37</i>	<i>0</i>
Voluntary earnings reserve		18,174	16,364	11,477	13,620
Treasury shares	20	(5,013)	(6,844)	(4,830)	(6,557)
<i>of which: against capital contribution reserve</i>		<i>(1,133)</i>	<i>(2,525)</i>	<i>(1,053)</i>	<i>(2,407)</i>
Net profit / (loss)		6,660	4,389	4,722	4,271
<b>Equity attributable to shareholders</b>		<b>65,567</b>	<b>38,093</b>	<b>55,188</b>	<b>35,209</b>
<b>Total liabilities and equity</b>		<b>208,852</b>	<b>109,404</b>	<b>175,789</b>	<b>101,121</b>

## Reconciliation of equity

<i>In USD m</i>	Share capital	Statutory capital reserve	<i>of which: capital contribution reserve</i>	<i>of which: other statutory capital reserve</i>	Statutory earnings reserve	Voluntary earnings reserve	Treasury shares	Net profit / (loss)	Total equity
<b>Balance as of 31 December 2022</b>	<b>359</b>	<b>23,826</b>	<b>23,826</b>	<b>0</b>	<b>0</b>	<b>16,364</b>	<b>(6,844)</b>	<b>4,389</b>	<b>38,093</b>
Appropriation of prior-year profit						3,549		(3,549)	0
Acquisition of Credit Suisse Group AG as of 1 January 2023	19	24,392	32,850	(8,459)	541	0	(435)		24,517
Treasury shares issued in the acquisition of the Credit Suisse Group	(19)	(1,474)	(1,474)			(1,474)	2,967		0
Dividend distribution		(839)	(839)					(839)	(1,679)
Change in reserve for own shares					(497)	497			0
Transactions in treasury shares						(207)	(1,816)		(2,024)
Share capital currency conversion <sup>1</sup>	(6)	6	1,630	(1,624)					0
Reclassification <sup>2</sup>			(22,707)	22,707					0
Cancellation of shares <sup>3</sup>	(7)	(554)	(554)			(554)	1,115		0
Net profit / (loss) for the period								6,660	6,660
<b>Balance as of 31 December 2023</b>	<b>346</b>	<b>45,356</b>	<b>32,731</b>	<b>12,625</b>	<b>44</b>	<b>18,174</b>	<b>(5,013)</b>	<b>6,660</b>	<b>65,567</b>

<i>In CHF m</i>	Share capital	Statutory capital reserve	<i>of which: capital contribution reserve</i>	<i>of which: other statutory capital reserve</i>	Statutory earnings reserve	Voluntary earnings reserve	Treasury shares	Net profit / (loss)	Total equity
<b>Balance as of 31 December 2022</b>	<b>352</b>	<b>23,522</b>	<b>23,522</b>	<b>0</b>	<b>0</b>	<b>13,620</b>	<b>(6,557)</b>	<b>4,271</b>	<b>35,209</b>
Appropriation of prior-year profit						3,512		(3,512)	0
Acquisition of Credit Suisse Group AG as of 1 January 2023	18	22,545	30,363	(7,818)	500	0	(402)		22,661
Treasury shares issued in the acquisition of the Credit Suisse Group	(18)	(1,362)	(1,362)			(1,362)	2,702		(40)
Dividend distribution		(759)	(759)					(759)	(1,517)
Change in reserve for own shares					(463)	463			0
Transactions in treasury shares						(191)	(1,602)		(1,793)
Share capital currency conversion <sup>1</sup>	(5)	5	1,507	(1,502)					0
Reclassification <sup>2</sup>			(19,113)	19,113					0
Cancellation of shares <sup>3</sup>	(6)	(511)	(511)			(511)	1,028		0
Foreign Currency Translation						(4,054)			(4,054)
Net profit / (loss) for the period								4,722	4,722
<b>Balance as of 31 December 2023</b>	<b>341</b>	<b>43,440</b>	<b>33,648</b>	<b>9,792</b>	<b>37</b>	<b>11,477</b>	<b>(4,830)</b>	<b>4,722</b>	<b>55,188</b>

<sup>1</sup> In 2023, as approved by shareholders at the Annual General Meeting (the AGM) held on 5 April 2023, the share capital currency was changed from the Swiss franc to the US dollar. The conversion resulted in an increase of share capital by USD 22m (CHF 20m), which was allocated to the Other statutory capital reserve. The following reduction of the nominal value per share to USD 0.10 (from CHF 0.10) resulted in a share capital decrease of USD 28m (CHF 25m), which was allocated to the Capital contribution reserve. As a consequence of the change in the share capital currency, the Capital contribution reserve was also converted from Swiss francs to US dollars, resulting in an increase of USD 1,602m (CHF 1,482m), with the offset recorded in the Other statutory capital reserve. The conversion was implemented with a retroactive effect as of 1 January 2023 for accounting purposes based on the closing exchange rate from 30 December 2022. <sup>2</sup> In 2023, the Swiss Federal Court confirmed the practice of the Swiss Federal Tax Administration (SFTA) that limits the capital contribution reserve distributable to the shareholders free of withholding tax to an amount confirmed by the SFTA. In order to align the capital contribution reserve to the amount confirmed by the SFTA, an amount of USD 22,707m (CHF 19,113m) was reclassified from the Capital contribution reserve to the Other statutory capital reserve. This resulted in a capital contribution reserve balance of USD 32,731m (CHF 33,648m) as of 31 December 2023 that can be distributed free of withholding tax to the shareholders of UBS Group AG. The capital contribution reserve includes an amount of USD 24,498m (CHF 22,643m) confirmed by the SFTA, which was transferred from the former Credit Suisse Group AG to UBS Group AG upon the acquisition in 2023 and represented the amount of total shareholders' equity less share capital as per Acquisition of Credit Suisse Group AG as of 1 January 2023. <sup>3</sup> On 5 April 2023, the shareholders at the AGM also approved the cancellation of 62,548,000 shares, each with a nominal value of CHF 0.10, purchased under the 2021 share repurchase program. Share capital was reduced by the nominal value of the repurchased shares upon cancellation, i.e., USD 7m (CHF 6m). The capital contribution reserve and the voluntary earnings reserve were each reduced by 50% of the total capital reduction amount exceeding the nominal value upon cancellation of the repurchased shares, i.e., each by USD 554m (CHF 511m). Amounts disclosed in Swiss francs may differ from the purchase price of the shares due to the applied method of converting US dollar amounts to Swiss franc amounts for presentation purposes. The events described in the aforementioned footnotes 1, 2 and 3 did not change the total equity reported for UBS Group AG.

## Statement of proposed appropriation of total profit and dividend distribution out of total profit and capital contribution reserve

The Board of Directors (the BoD) proposes that the Annual General Meeting of Shareholders on 24 April 2024 approve the appropriation of total profit and an ordinary dividend distribution of USD 0.70 (gross) in cash per share of USD 0.10 nominal value under the terms set out below:

### Appropriation of and distribution out of total profit

	USD m	CHF m
	For the year ended	For the year ended
	<b>31.12.23</b>	<b>31.12.23</b>
Net profit for the period	6,660	4,722
Profit / (loss) carried forward	0	0
<b>Total profit available for appropriation</b>	<b>6,660</b>	<b>4,722</b>
Appropriation to voluntary earnings reserve	(5,448)	(3,704)
Dividend distribution: USD 0.70 (gross) per dividend-bearing share, USD 0.35 of which out of total profit <sup>1</sup>	(1,212)	(1,018) <sup>2</sup>
<b>Profit / (loss) carried forward</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Dividend-bearing shares are all shares issued except for treasury shares held by UBS Group AG as of the record date. The amount of USD 1,212m presented is based on the total number of shares issued as of 31 December 2023. If the final total amount of the dividend is higher or lower, the difference will be balanced through the appropriation to the voluntary earnings reserve. <sup>2</sup> For illustrative purposes, converted at the closing exchange rate as of 31 December 2023 (CHF / USD 1.19).

### Distribution out of capital contribution reserve

	USD m	CHF m
	For the year ended	For the year ended
	<b>31.12.23</b>	<b>31.12.23</b>
Statutory capital reserve, of which capital contribution reserve before proposed distribution	32,731	33,648
Dividend distribution: USD 0.70 (gross) per dividend-bearing share, USD 0.35 of which out of capital contribution reserve <sup>1</sup>	(1,212)	(1,018) <sup>2</sup>
<b>Statutory capital reserve, of which capital contribution reserve after proposed distribution</b>	<b>31,519</b>	<b>32,630</b>

<sup>1</sup> Dividend-bearing shares are all shares issued except for treasury shares held by UBS Group AG as of the record date. The amount of USD 1,212m presented is based on the total number of shares issued as of 31 December 2023. <sup>2</sup> For illustrative purposes, converted at the closing exchange rate as of 31 December 2023 (CHF / USD 1.19).

As set out above, half of the ordinary dividend distribution of USD 0.70 (gross) in cash per share is payable out of total profit and the other half is payable out of the capital contribution reserve. The portion of the dividend paid out of total profit will be subject to a 35% Swiss withholding tax.

The ordinary dividend distribution is declared in US dollars. Shareholders whose shares are held 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 directly registered in the US share register with Computershare will be paid dividends in US dollars.

Provided that the proposed dividend distribution out of the total profit and the capital contribution reserve is approved, the payment of the dividend will be made on 3 May 2024 to holders of shares on the record date of 2 May 2024. The shares will be traded ex-dividend as of 30 April 2024 and, accordingly, the last day on which the shares may be traded with entitlement to receive the dividend will be 29 April 2024.

# Notes to the UBS Group AG standalone financial statements

## Note 1 Corporate information

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UBS Group AG is incorporated and domiciled in Switzerland and its registered office is at Bahnhofstrasse 45, CH-8001 Zurich, Switzerland. UBS Group AG operates under Art. 620 et seq. of the Swiss Code of Obligations as an *Aktiengesellschaft* (a corporation limited by shares).

The UBS Group AG standalone financial statements are prepared in accordance with the principles of the Swiss law on accounting and financial reporting (32nd title of the Swiss Code of Obligations).

The significant accounting and valuation principles applied are described in Note 2.

UBS Group AG is the ultimate holding company of the UBS Group, the grantor of certain deferred compensation plans of UBS and the issuer of loss-absorbing capital notes which qualify as Basel III additional tier 1 (AT1) capital on a consolidated UBS Group basis and senior unsecured debt which contributes to the total loss-absorbing capacity (TLAC) of the Group.

The proceeds from the issuances of loss-absorbing AT1 capital notes and TLAC-eligible senior unsecured debt instruments are either on-lent to UBS AG or Credit Suisse AG, or used for downstream funding in the form of debt securities issued by Credit Suisse AG.

› Refer to Notes 15 and 17 for more information about the main terms and conditions of the loss-absorbing AT1 capital notes and TLAC-eligible senior unsecured debt instruments issued

Furthermore, UBS Group AG grants Deferred Contingent Capital Plan (DCCP) awards to UBS Group employees. These DCCP awards also qualify as Basel III AT1 capital on a consolidated UBS Group basis.

As of 31 December 2023, UBS Group AG's distributable items for the purpose of AT1 capital instruments were USD 65.1bn (CHF 54.7bn) (31 December 2022: USD 37.7bn (CHF 34.8bn)). For this purpose, distributable items are defined in the terms and conditions of the relevant instruments as 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.

## Note 2 Accounting policies

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### Foreign currency translation

Transactions denominated in foreign currency are translated into US dollars at the spot exchange rate on the date of the transaction. At the balance sheet date, all current assets and short-term liabilities, as well as *Financial assets* measured at fair value that are denominated in a foreign currency, are translated into US dollars using the closing exchange rate. For *Other non-current assets* and long-term liabilities, where the asset mirrors the terms of a corresponding liability or the asset and liability otherwise form an economic hedge relationship, the asset and liability are treated as one unit of account for foreign currency translation purposes, with offsetting unrealized foreign currency translation gains and losses based on the closing exchange rate presented net in the income statement. *Investments in subsidiaries* measured at historic cost are translated at the spot exchange rate on the date of a contribution. Currency translation effects from dividends paid in Swiss francs are recognized in equity. All other currency translation effects are recognized in the income statement.

The main currency translation rates used by UBS Group AG are provided in Note 33 in the "Consolidated financial statements" section of the UBS Group Annual Report 2023.

### Presentation currencies

The primary presentation currency of the standalone financial statements of UBS Group AG is the US dollar, in line with its functional currency. Amounts in Swiss francs are additionally presented for each component of the financial statements. UBS Group AG applies the modified closing rate method for converting US dollar amounts into Swiss francs: assets and liabilities are translated at the closing rate, equity positions at historic rates, and income and expense items at the weighted average rate for the period. All resulting currency translation effects are recognized separately in *Voluntary earnings reserve*, amounting to a negative currency translation effect of CHF 6,397m as of 31 December 2023 (31 December 2022: negative CHF 2,343m).

## Note 2 Accounting policies (continued)

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### Marketable securities

*Marketable securities* include investments in alternative investment vehicles (AIVs) with a short-term holding period. The holding period is deemed short term if the vesting of the awards hedged by the AIV is within 12 months after the balance sheet date. These are equity instruments and are measured at fair value based on quoted market prices or other observable market prices as of the balance sheet date. Gains and losses resulting from fair value changes are recognized in *Financial income* and *Financial expenses*, respectively.

### Financial assets

*Financial assets* include investments in AIVs with a long-term holding period. The holding period is deemed long term if the vesting of the awards hedged by the AIV is more than 12 months after the balance sheet date. These are equity instruments and are measured at fair value based on their quoted market prices or other observable market prices as of the balance sheet date. Gains and losses resulting from fair value changes are recognized in *Financial income* and *Financial expenses*, respectively.

*Financial assets* also include loans to and fixed-term deposits with UBS AG, as well as debt securities issued by Credit Suisse AG, all with a remaining maturity of more than 12 months. The loans granted to UBS AG substantially mirror the terms of the perpetual AT1 capital notes and the TLAC-eligible senior unsecured debt instruments issued. The loans and deposits are measured at cost value. The debt securities represent downstream funding to Credit Suisse AG which substantially mirrors the terms of TLAC-eligible senior unsecured debt instruments issued. These securities are measured at cost value.

› Refer to Note 14 for more information

### Derivative instruments

UBS Group AG uses derivative instruments to manage exposures to foreign currency risks from investments in foreign subsidiaries and exposures to interest rate risk from certain fixed-rate debt instruments. The derivative instruments are entered into with UBS AG and Credit Suisse AG, mirroring the conditions of the transactions that they enter into with third parties.

Derivative instruments are measured at fair value based on quoted market prices or other observable market prices as of the balance sheet date. Unrealized gains and losses are recognized on the balance sheet as *Accrued income and prepaid expenses* and *Accrued expenses and deferred income*, respectively. Corresponding gains and losses resulting from fair value changes are recognized in *Financial income* and *Financial expenses*, respectively.

### Hedge accounting

UBS Group AG applies the following hedge accounting policies where requirements on risk management, documentation and effectiveness are met:

#### *Fair value hedges of interest rate risk related to debt instruments*

UBS Group AG designates certain fixed-rate issued debt instruments and fixed-to-floating interest rate derivatives as hedged items and hedging instruments, respectively, in fair value hedge accounting relationships. The hedged risk is determined as the change in the fair value of the issued debt instruments attributable to changes in the designated benchmark interest rates. The effective portion of gains and losses of the hedging instruments is deferred on the balance sheet as *Accrued income and prepaid expenses* or *Accrued expenses and deferred income*.

#### *Hedge accounting for Investments in subsidiaries*

UBS Group AG applies hedge accounting for certain investments in subsidiaries denominated in currencies other than the US dollar, which are designated as hedged items. For this purpose, foreign exchange (FX) derivatives, mainly FX forwards and FX swaps, are used and designated as hedging instruments. The hedged risk is determined as the change in the fair value of the hedged item arising solely from changes in spot FX rates. Consequently, UBS Group AG designates the spot element of the FX derivatives as hedging instruments. Changes in the fair value of the hedging instruments attributable to changes in forward points are not part of a hedge accounting designation and are recognized in *Financial income* or *Financial expenses* in the income statement. The effective portion of gains and losses of these FX derivatives is deferred on the balance sheet as *Accrued income and prepaid expenses* or *Accrued expenses and deferred income* to the extent no change is recognized in the carrying amount of the hedged item arising from changes in spot FX rates. Otherwise, the effective portion of gains and losses of these FX derivatives is matched with the corresponding valuation adjustments of the hedged item recorded in the income statement and recognized either as a reduction of *Impairment of investments in subsidiaries* or as *Extraordinary income*.



## Note 2 Accounting policies (continued)

### Investments in subsidiaries

Investments in subsidiaries are equity interests that are held to carry on the business of the UBS Group or for other strategic purposes. They include all subsidiaries directly held by UBS Group AG through which UBS conducts its business on a global basis. The investments are carried at cost less impairment and generally measured individually except for the investments in UBS AG and Credit Suisse AG which are combined as a valuation unit given that these investments are economically closely interlinked and also considering the contemplated merger of UBS AG and Credit Suisse AG by the end of the second quarter of 2024.

The carrying amount of an investment is tested for impairment annually and when indicators of a potential decrease in value exist, which include significant operating losses incurred or a severe depreciation of the currency in which the investment is denominated. If an investment in a subsidiary is impaired, its value is generally written down to the recoverable amount. Subsequent recoveries in value can be recognized up to the original cost value if, forecasts of future profitability provide sufficient evidence that an increased recoverable amount is supported. Management may exercise its discretion as to what extent and in which period a recovery in value is recognized.

The investments in UBS AG and Credit Suisse AG were combined for impairment (reversal) testing purposes as a "valuation unit". The "discounted cash flow" based valuation as of 31 December 2023 confirmed a recoverable amount of the combined entity above the assigned book value of USD 72,567m (CHF 61,079m), which is below the cost value of the investment in the combined entity.

› Refer to Note 3 and Note 13 for more information

› Refer to Note 3a in the "Consolidated financial statements" section of the UBS Group Annual Report 2023 for a description of businesses of the UBS Group

### Long-term interest-bearing liabilities

Long-term interest-bearing liabilities include perpetual loss-absorbing capital notes that qualify as Basel III AT1 capital and TLAC-eligible senior unsecured debt instruments at Group level. They are presented at nominal value. Any difference to nominal value, e.g., premium, discount or external costs that are directly related to the issue, is deferred as *Other non-current assets* or *Other long-term liabilities* and amortized to *Financial expenses* or *Financial income* over the maturity of the instrument or until the first call date or optional redemption date, where applicable.

› Refer to Note 17 for more information

### Treasury shares

Treasury shares acquired by UBS Group AG are recognized at acquisition cost and are presented as a deduction from shareholders' equity.

Upon disposal of treasury shares or settlement of related share-based awards, any realized gain or loss is recognized in *Voluntary earnings reserve*. Realized gains and losses from settlement of share-based awards represent the difference between the acquisition cost of the UBS Group AG shares and the grant date fair value of the share-based awards. For the year ended 31 December 2023, a net loss of USD 207m (CHF 191m) from settlement of share-based awards was recognized in *Voluntary earnings reserve* (2022 comparative period: net loss of USD 111m (CHF 102m)).

For UBS Group AG shares acquired by a direct or indirect subsidiary, a *Reserve for treasury shares held by subsidiaries* is created in UBS Group AG's equity.

› Refer to Note 20 for more information

### Share-based and other deferred compensation plans

#### Share-based compensation plans

The grant date fair value of equity-settled share-based compensation awards granted to employees is generally recognized over the vesting period of the awards. Awards granted by UBS Group AG in the form of UBS Group AG shares and notional shares are settled by delivering UBS Group AG shares at vesting, except in jurisdictions where this is not permitted for legal or tax reasons. They are recognized as *Compensation-related long-term liabilities* if vesting is more than 12 months after the balance sheet date, or as *Accrued expenses and deferred income* if vesting is within 12 months of the balance sheet date. The amount recognized is adjusted for forfeiture assumptions, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date. The grant date fair value is based on the UBS Group AG share price on the date of grant, taking into consideration post-vesting sale and hedge restrictions, dividend rights, non-vesting conditions, and market conditions, where applicable.

Upon settlement of the share-based awards, any realized gain or loss on the treasury shares is recognized in *Voluntary earnings reserve*. Realized gains and losses from settlement of share-based awards represent the difference between the acquisition cost of the UBS Group AG shares and the grant date fair value of the share-based awards.

## Note 2 Accounting policies (continued)

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### Other deferred compensation plans

Deferred compensation plans that are not share-based, including DCCP awards and awards in the form of AIVs, are accounted for as cash-settled awards. The present value or fair value of the amount payable to employees that is settled in cash is recognized as a liability generally over the vesting period, as *Compensation-related long-term liabilities* if vesting is more than 12 months after the balance sheet date, and as *Accrued expenses and deferred income* if vesting is within 12 months from the balance sheet date. The liabilities are remeasured at each balance sheet date at the present value of the corresponding DCCP award and the fair value of investments in AIVs. Gains and losses resulting from remeasurement of the liabilities are recognized in *Other operating income* and *Other operating expenses*, respectively.

### Recharge of compensation expenses

Expenses related to deferred compensation plans are recharged by UBS Group AG to its subsidiaries employing the personnel. Upon recharge, UBS Group AG recognizes a receivable from its subsidiaries corresponding to a liability representing its obligation toward the employees.

### Dispensations in the standalone financial statements

As UBS Group AG prepares consolidated financial statements in accordance with IFRS, UBS Group AG is exempt from various disclosures in the standalone financial statements. The dispensations include the management report and the statement of cash flows, as well as certain note disclosures.

## Note 3 Acquisition of Credit Suisse Group AG

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### Acquisition of Credit Suisse Group AG

On 12 June 2023, UBS Group AG formally acquired Credit Suisse Group AG through merger by absorption. In the standalone financial statements of UBS Group AG, the acquisition has been applied retroactively as of 1 January 2023, whereby assets of USD 108,029m (CHF 99,850m), liabilities of USD 83,512m (CHF 77,189m) and equity of USD 24,517m (CHF 22,661m) were recognized. In exchange, the transferring shareholders obtained 176m shares of UBS Group AG previously held as treasury shares. In addition, contingent liabilities of USD 879m (CHF 812m) were assumed.

As part of acquisition accounting, UBS Group AG recorded an impairment of its investment in Credit Suisse AG of USD 21,855m (CHF 19,648m) for the difference between the book value of the assets and liabilities acquired (through merger by absorption of Credit Suisse Group AG as of 19 March 2023) and the fair value of UBS shares provided to the Credit Suisse Group AG shareholders as of 12 June 2023.

As of 31 December 2023, the investments of UBS Group AG in both UBS AG and Credit Suisse AG were aggregated for impairment (reversal) testing purposes. Such an aggregation (i.e., "valuation unit") is permitted under the accounting rules applicable to UBS Group AG given that UBS AG and Credit Suisse AG are closely interlinked due to the contemplated merger of these two entities by the end of the second quarter of 2024 (as per the merger agreement signed in December 2023). The applicable accounting rules also permit that the historic cost value for the investment in Credit Suisse AG, as per the former Credit Suisse Group AG standalone financial statements, can be combined with the cost value for the investment in UBS AG. The book value assigned to the investment in the combined entity (UBS AG and Credit Suisse AG) of USD 72,567m (CHF 61,079m) is below the cost value under these rules and below the recoverable amount determined as of 31 December 2023 by using a discounted cash flow model based on the business plan for the combined entity. As of 31 December 2022, the book value of the investment in UBS AG was capped at its cost value of USD 40,889m (CHF 37,793m).

### Write-off of additional tier 1 (AT1) instruments formerly issued by Credit Suisse Group AG

On 19 March 2023, as ordered by the Swiss Financial Market Supervisory Authority (FINMA), additional tier 1 (AT1) instruments formerly issued by Credit Suisse Group AG in a total amount of USD 17,317m (CHF 15,771m) were written off together with the corresponding internal AT1 instruments issued by Credit Suisse AG in a total amount of USD 16,319m (CHF 14,861m). These amounts are included in the income statement in *Extraordinary income* and *Extraordinary expenses*, respectively.

# Income statement notes

## Note 4 Dividend income from investments in subsidiaries

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Dividend income from UBS AG	6,000	4,200	5,361	4,087
Dividend income from UBS Business Solutions AG	266	173	238	168
Dividend income from Credit Suisse Services AG	82		75	
Dividend income from Credit Suisse LP Holding AG	3		3	
<b>Total dividend income</b>	<b>6,352</b>	<b>4,373</b>	<b>5,677</b>	<b>4,255</b>

## Note 5 Other operating income

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Fair value gains on AIV awards	0	45	0	44
Gains related to equity-settled awards	9	3	8	2
Other	1		1	
<b>Total other operating income</b>	<b>10</b>	<b>48</b>	<b>10</b>	<b>46</b>

## Note 6 Financial income

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Interest income on onward lending to UBS AG and Credit Suisse AG <sup>1</sup>	2,477	1,929	2,220	1,841
Interest income on debt securities issued by Credit Suisse AG <sup>1</sup>	2,430		2,180	
Interest income on other interest-bearing assets	309	55	278	53
Fair value gains on investments in AIVs	23	0	20	0
Other	173	18	152	17
<b>Total financial income</b>	<b>5,412</b>	<b>2,002</b>	<b>4,850</b>	<b>1,911</b>

<sup>1</sup> The proceeds from the issuances of loss-absorbing AT1 capital notes and TLAC-eligible senior unsecured debt are either on-lent to UBS AG or Credit Suisse AG, or used for downstream funding in the form of debt securities issued by Credit Suisse AG. Refer to Note 1 for more information.

## Note 7 Personnel expenses

Personnel expenses of USD 40m (CHF 36m) for the year ended 31 December 2023 include recharges from UBS AG and UBS Business Solutions AG of USD 20m (CHF 18m) for personnel-related costs for activities performed by the personnel of those companies for the benefit of UBS Group AG (USD 20m (CHF 19m) for the year ended 31 December 2022) and personnel expenses of USD 20m (CHF 18m) for employees of the former Credit Suisse Group AG for the period 1 January to 31 May 2023. The average number of employees (full-time equivalents) for this period was more than 50 but did not exceed 250.

UBS Group AG had no employees throughout 2023 and 2022. All employees of the UBS Group, including the members of the Group Executive Board (the GEB) of UBS Group AG, were employed by subsidiaries of UBS Group AG. As of 31 December 2023, the UBS Group employed 112,842 personnel (31 December 2022: 72,597) on a full-time equivalent basis.

## Note 8 Other operating expenses

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Fair value losses on AIV awards	22	0	19	0
Capital tax	16	5	15	5
Impairment of intangible assets	6		6	
Other	224	10	202	10
<b>Total other operating expenses</b>	<b>269</b>	<b>15</b>	<b>241</b>	<b>14</b>

## Note 9 Financial expenses

	USD m		CHF m	
	For the year ended		For the year ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Interest expense on interest-bearing liabilities	5,446	1,931	4,883	1,842
Fair value losses on investments in AIVs	0	44	0	42
Other	162	13	148	13
<b>Total financial expenses</b>	<b>5,608</b>	<b>1,987</b>	<b>5,030</b>	<b>1,897</b>

## Balance sheet notes

### Note 10 Liquid assets

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Current deposits	2,290	1,039	1,927	960
Cash collateral	1,036	0	872	0
Time deposits with UBS AG	237	274	200	253
<b>Total liquid assets</b>	<b>3,563</b>	<b>1,312</b>	<b>2,999</b>	<b>1,213</b>

### Note 11 Other short-term receivables

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Onward lending to UBS AG <sup>1</sup>	3,328	2,000	2,801	1,849
Debt securities issued by Credit Suisse AG	2,000		1,683	
Receivables from employing entities related to compensation awards	955	590	804	545
Other	161	48	136	44
<b>Total other short-term receivables</b>	<b>6,444</b>	<b>2,638</b>	<b>5,424</b>	<b>2,438</b>

<sup>1</sup> Short-term receivables from the onward lending to UBS AG of the proceeds from the issuances of TLAC-eligible senior unsecured debt and loss-absorbing AT1 perpetual capital notes.

### Note 12 Accrued income and prepaid expenses

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Accrued interest income	1,884	839	1,585	775
Deferred gains on FX derivatives	825		694	
Other	154	0	129	0
<b>Total accrued income and prepaid expenses</b>	<b>2,862</b>	<b>839</b>	<b>2,409</b>	<b>775</b>

## Note 13 Investments in subsidiaries

Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held by UBS Group AG or UBS AG and Credit Suisse AG, respectively. The proportion of ownership interest held is equal to the voting rights held by UBS Group AG or UBS AG and Credit Suisse AG, respectively. The country where the respective registered office is located is also the principal place of business. UBS AG and Credit Suisse AG operate through a global network of branches and a significant proportion of their business activity is conducted outside Switzerland, 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, 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 2023

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
Credit Suisse AG	Zurich, Switzerland	CHF 4,399.7	100.0
Credit Suisse Services AG	Zurich, Switzerland	CHF 1.0	100.0

<sup>1</sup> UBS Business Solutions AG holds subsidiaries in China, India, Israel and Poland.

### Individually significant subsidiaries of UBS AG as of 31 December 2023<sup>1</sup>

Company	Registered office	Primary business	Share capital in million	Equity interest accumulated in %
UBS Americas Holding LLC	Wilmington, Delaware, USA	Group Items	USD 2,900.0 <sup>2</sup>	100.0
UBS Americas Inc.	Wilmington, Delaware, USA	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, USA	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, USA	Global Wealth Management	USD 0.0	100.0
UBS Securities LLC	Wilmington, Delaware, USA	Investment Bank	USD 1,283.1 <sup>3</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> Consists of common share capital of USD 1,000 and non-voting preferred share capital of USD 2,900,000,000. <sup>3</sup> Consists of common share capital of USD 100,000 and non-voting preferred share capital of USD 1,283,000,000.

### Individually significant subsidiaries of Credit Suisse AG as of 31 December 2023

Company	Registered office	Primary business	Share capital in million	Equity interest accumulated in %
Credit Suisse International	London, United Kingdom	Non-core and Legacy	USD 7,267.5	97.6 <sup>1</sup>
Credit Suisse (Schweiz) AG	Zurich, Switzerland	Personal & Corporate Banking	CHF 100.0	100.0
Credit Suisse Holdings (USA), Inc.	Wilmington, United States	Investment Bank	USD 0.0	100.0

<sup>1</sup> UBS Group AG owns the remaining 2.4%.

Individually significant subsidiaries of UBS AG and Credit Suisse AG are those entities that contribute significantly to the Group's financial position or results of operations, based on a number of criteria, including the subsidiaries' equity and their contribution to the Group's total assets and profit or loss before tax, in accordance with Swiss regulations.

› Refer to Note 28 in the "Consolidated financial statements" section of the UBS Group Annual Report 2023 for more information

## Note 14 Financial assets

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Long-term receivables from UBS AG and Credit Suisse AG	71,696	62,455	60,346	57,727
of which: onward lending <sup>1</sup>	70,462	61,371	59,307	56,724
Debt securities issued by Credit Suisse AG <sup>2</sup>	49,143		41,363	
Investments in alternative investment vehicles at fair value related to awards vesting after 12 months	203	281	171	260
Other	246	238	207	220
<b>Total financial assets</b>	<b>121,288</b>	<b>62,975</b>	<b>102,087</b>	<b>58,207</b>

<sup>1</sup> Onward lending to UBS AG or Credit Suisse AG of the proceeds from the issuances of TLAC-eligible senior unsecured debt and / or loss-absorbing AT1 perpetual capital notes, respectively. <sup>2</sup> Downstream funding in the form of debt securities issued by Credit Suisse AG with the proceeds from the issuance of TLAC-eligible senior unsecured debt. Refer to Note 1 for more information.

## Note 15 Current interest-bearing liabilities

As of 31 December 2023, current interest-bearing liabilities totaled USD 7,094m (CHF 5,971m), consisting of loss-absorbing additional tier 1 (AT1) perpetual capital notes and TLAC-eligible senior unsecured debt instruments of USD 3,328m (CHF 2,801m) and loans from UBS AG and UBS Switzerland AG of USD 3,766m (CHF 3,170m). As of 31 December 2022, current interest-bearing liabilities totaled USD 4,344m (CHF 4,015m), consisting of loss-absorbing additional tier 1 (AT1) perpetual capital notes of USD 2,000m (CHF 1,849m) and loans from UBS AG and UBS Switzerland AG of USD 2,344m (CHF 2,167m).

Notes issued, overview by amount, maturity and coupon					31.12.23		31.12.22	
					Carrying amount		Carrying amount	
Currency	Notional (million)	Contractual maturity	First optional call date	Coupon <sup>1</sup>	in USD	in CHF	in USD	in CHF
<b>High-trigger loss-absorbing additional tier 1 perpetual capital notes</b>								
USD	2,000 <sup>2</sup>	Perpetual	31.1.23	5%	0	0	2,000	1,849
USD	2,500 <sup>3</sup>	Perpetual	31.1.24	7%	2,500	2,104	0	0
<b>Total high-trigger loss-absorbing additional tier 1 perpetual capital notes</b>					<b>2,500</b>	<b>2,104</b>	<b>2,000</b>	<b>1,849</b>
<b>TLAC-eligible senior unsecured notes</b>								
EUR	750	4.3.24	n/a	2.125%	828	697	0	0
<b>Total TLAC-eligible senior unsecured notes</b>					<b>828</b>	<b>697</b>	<b>0</b>	<b>0</b>

<sup>1</sup> For TLAC-eligible senior unsecured notes, the disclosed coupon rate refers to the contractual coupon rate applied from the issue date up to the contractual maturity date or, if applicable, to the first optional call date. For the loss-absorbing additional tier 1 perpetual capital notes, the disclosed coupon rate refers to the contractual fixed coupon rate from the issue date up to the first optional call date. <sup>2</sup> Instrument was redeemed on 31 January 2023. <sup>3</sup> On 4 December 2023, UBS Group AG announced that it intended to redeem the instrument on 31 January 2024, the first call date.

## Note 16 Accrued expenses and deferred income

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Short-term portion of compensation-related liabilities	1,404	1,191	1,182	1,101
<i>of which: Deferred Contingent Capital Plan</i>	399	391	336	361
<i>of which: other deferred compensation plans</i>	1,005	801	846	740
Accrued interest expense	1,896	796	1,596	736
Other	579	95	487	88
<b>Total accrued expenses and deferred income</b>	<b>3,879</b>	<b>2,082</b>	<b>3,265</b>	<b>1,924</b>

## Note 17 Long-term interest-bearing liabilities

As of 31 December 2023, long-term interest-bearing liabilities totaled USD 127,787m (CHF 107,557m), consisting of loss-absorbing AT1 perpetual capital notes and TLAC-eligible senior unsecured debt instruments of USD 127,543m (CHF 107,352m) and fixed-term loans from UBS AG of USD 244m (CHF 205m). As of 31 December 2022, long-term interest-bearing liabilities totaled USD 61,682m (CHF 57,012m), consisting of loss-absorbing AT1 perpetual capital notes and TLAC-eligible senior unsecured debt instruments of USD 61,444m (CHF 56,792m) and fixed-term loans from UBS AG of USD 238m (CHF 220m).

Notes issued, overview by amount, maturity and coupon				31.12.23		31.12.22		
				Carrying amount		Carrying amount		
Currency	Notional (million)	Contractual maturity	First optional call date	Coupon <sup>1</sup>	in USD (million)	in CHF (million)	in USD (million)	in CHF (million)
<b>High-trigger loss-absorbing additional tier 1 perpetual capital notes</b>								
SGD	700 <sup>2</sup>	Perpetual	28.11.23	5.875%	0	0	523	483
USD	2,500 <sup>3</sup>	Perpetual	31.1.24	7.0%	0	0	2,500	2,311
AUD	700	Perpetual	27.8.24	4.375%	477	402	477	440
SGD	750	Perpetual	4.9.24	4.85%	568	478	560	518
USD	1,575	Perpetual	7.8.25	6.875%	1,575	1,326	1,575	1,456
CHF	275	Perpetual	13.11.25	3.0%	327	275	298	275
USD	750	Perpetual	2.6.26	3.875%	750	631	750	693
USD	750	Perpetual	29.7.26	5.125%	750	631	750	693
USD	1,500	Perpetual	12.2.27	4.875%	1,500	1,263	1,500	1,386
CHF	265	Perpetual	16.2.27	3.375%	315	265	287	265
USD	1,750	Perpetual	13.11.28	9.25%	1,750	1,473	0	0
USD	1,500 <sup>4</sup>	Perpetual	10.2.31	4.375%	1,500	1,263	1,500	1,386
USD	1,750 <sup>4</sup>	Perpetual	13.11.33	9.25%	1,750	1,473	0	0
<b>Total high-trigger loss-absorbing additional tier 1 perpetual capital notes</b>					<b>11,262</b>	<b>9,479</b>	<b>10,718</b>	<b>9,907</b>
<b>Low-trigger loss-absorbing additional tier 1 perpetual capital notes</b>								
USD	1,250	Perpetual	19.2.25	7.0%	1,250	1,052	1,250	1,155
<b>Total low-trigger loss-absorbing additional tier 1 perpetual capital notes</b>					<b>1,250</b>	<b>1,052</b>	<b>1,250</b>	<b>1,155</b>
<b>TLAC-eligible senior unsecured notes</b>								
EUR	750	4.3.24	n/a	2.125%	0	0	802	742
CHF	400 <sup>5</sup>	18.5.24	18.5.23	0.625%	0	0	433	400
USD	1,300 <sup>6</sup>	30.7.24	30.7.23	1.008%	0	0	1,300	1,202
JPY	130,000 <sup>7</sup>	8.11.24	8.11.23	0.719%	0	0	991	916
EUR	1,250 <sup>8</sup>	30.11.24	30.11.23	1.5%	0	0	1,337	1,236
CHF	400 <sup>9</sup>	30.1.25	30.1.24	0.875%	475	400	433	400
EUR	1,500	21.3.25	21.3.24	1.0%	1,656	1,394	1,605	1,483
USD	2,500	26.3.25	n/a	3.75%	2,500	2,104	0	0
EUR	1,750	17.4.25	17.4.24	1.25%	1,932	1,626	1,872	1,731
NOK	1,000	28.5.25	n/a	3.6%	98	83	0	0
EUR	1,500	17.7.25	17.7.24	1.25%	1,656	1,394	0	0
USD	1,750	5.8.25	5.8.24	4.49%	1,750	1,473	1,750	1,618
GBP	500	8.8.25	n/a	2.75%	638	537	0	0
USD	2,000	11.9.25	11.9.24	2.593%	2,000	1,683	0	0
GBP	750	12.9.25	12.9.24	2.125%	956	805	0	0
USD	2,500	24.9.25	n/a	4.125%	2,500	2,104	2,500	2,311
EUR	1,500	16.1.26	16.1.25	3M EURIBOR + 100 bps	1,656	1,394	0	0
EUR	1,500	29.1.26	29.1.25	0.25%	1,656	1,394	1,605	1,483
CHF	150	23.2.26	n/a	1.25%	178	150	162	150
EUR	2,000	2.4.26	2.4.25	3.25%	2,208	1,859	0	0
USD	2,000	15.4.26	n/a	4.125%	2,000	1,683	2,000	1,849
USD	2,000	17.4.26	n/a	4.55%	2,000	1,683	0	0
USD	1,200	12.5.26	12.5.25	4.488%	1,200	1,010	1,200	1,109
USD	600	12.5.26	12.5.25	Compounded Daily SOFR + 158bps	600	505	600	555
USD	1,500	5.6.26	5.6.25	2.193%	1,500	1,263	0	0
USD	1,500	15.7.26	15.7.25	6.373%	1,500	1,263	0	0
EUR	1,250	1.9.26	1.6.26	1.25%	1,380	1,162	1,337	1,236
EUR	2,000	13.10.26	13.10.25	2.125%	2,208	1,859	0	0
EUR	1,250	3.11.26	3.11.25	0.25%	1,380	1,162	1,337	1,236
USD	1,750	12.1.27	12.1.26	5.711%	1,750	1,473	0	0
USD	1,300	30.1.27	30.1.26	1.364%	1,300	1,094	1,300	1,202
USD	2,000	2.2.27	2.2.26	1.305%	2,000	1,683	0	0
EUR	1,000	15.6.27	15.6.26	2.75%	1,104	929	1,070	989
EUR	1,500	24.6.27	24.6.26	1.0%	1,656	1,394	0	0
USD	1,750	5.8.27	5.8.26	4.703%	1,750	1,473	1,750	1,618
USD	2,000	10.8.27	10.8.26	1.494%	2,000	1,683	2,000	1,849
GBP	750	30.9.27	30.9.26	7.0%	956	805	0	0



## Note 17 Long-term interest-bearing liabilities (continued)

Notes issued, overview by amount, maturity and coupon						31.12.23		31.12.22	
Currency	Notional (million)	Contractual maturity	First optional call date	Coupon <sup>1</sup>	Carrying amount		Carrying amount		
					in USD (million)	in CHF (million)	in USD (million)	in CHF (million)	
<b>TLAC-eligible senior unsecured notes</b>									
JPY	8,300	27.10.27	27.10.26	0.904%	59	49	0	0	
USD	1,250	22.12.27	22.12.26	6.327%	1,250	1,052	0	0	
USD	2,250	9.1.28	9.1.27	4.282%	2,250	1,894	0	0	
EUR	1,250	14.1.28	14.1.27	0.65%	1,380	1,162	0	0	
EUR	1,000	24.2.28	n/a	0.25%	1,104	929	1,070	989	
EUR	1,046	17.3.28	17.3.27	4.625%	1,155	972	0	0	
USD	2,000	23.3.28	23.3.27	4.253%	2,000	1,683	2,000	1,849	
JPY	5,000	4.4.28	4.4.26	1.1%	35	30	0	0	
USD	1,200	12.5.28	12.5.27	4.751%	1,200	1,010	1,200	1,109	
GBP	750	9.6.28	9.6.27	2.25%	956	805	0	0	
USD	1,750	11.8.28	11.8.27	6.442%	1,750	1,473	0	0	
EUR	1,500	5.11.28	5.11.27	0.25%	1,656	1,394	1,605	1,483	
JPY	20,000	9.11.28	9.11.27	0.973%	142	119	152	141	
CHF	440	9.11.28	9.11.27	0.435%	523	440	476	440	
USD	2,000	12.1.29	12.1.28	3.869%	2,000	1,683	0	0	
EUR	3,000	1.3.29	1.3.28	7.75%	3,313	2,788	0	0	
CHF	360	24.8.29	24.8.28	0.375%	428	360	389	360	
EUR	1,000	10.9.29	n/a	0.65%	1,104	929	0	0	
USD	1,500	22.9.29	22.9.28	6.246%	1,500	1,263	0	0	
GBP	400	3.11.29	3.11.28	1.875%	510	429	483	446	
GBP	450	15.11.29	15.11.28	2.125%	574	483	0	0	
EUR	100	11.3.30	11.3.29	1.19%	110	93	0	0	
EUR	1,000	15.6.30	15.6.29	3.125%	1,104	929	1,070	989	
USD	1,500	13.8.30	13.8.29	3.126%	1,500	1,263	1,500	1,386	
EUR	1,000	11.1.31	11.1.30	4.375%	1,104	929	0	0	
USD	3,000	1.4.31	1.4.30	4.194%	3,000	2,525	0	0	
EUR	1,250	3.11.31	n/a	0.875%	1,380	1,162	1,337	1,236	
USD	2,000	11.2.32	11.2.31	2.095%	2,000	1,683	2,000	1,849	
EUR	977	17.3.32	17.3.31	4.75%	1,079	908	0	0	
AUD	38	25.3.32	25.3.25	Zero coupon accreting (annual yield of 4.5%)	26	22	25	23	
EUR	1,500	2.4.32	2.4.31	2.875%	1,656	1,394	0	0	
USD	3,250	14.5.32	14.5.31	3.091%	3,250	2,735	0	0	
EUR	30	21.9.32	21.9.27	4.03%	33	28	32	30	
EUR	1,500	18.1.33	n/a	0.625%	1,656	1,394	0	0	
USD	1,500	11.2.33	11.2.32	2.746%	1,500	1,263	1,500	1,386	
EUR	1,250	24.2.33	n/a	0.625%	1,380	1,162	1,337	1,236	
JPY	10,000	16.3.33	n/a	1.82%	71	60	0	0	
AUD	200	21.3.33	21.3.26	6.1%	136	115	0	0	
USD	1,500	5.8.33	5.8.32	4.988%	1,500	1,263	1,500	1,386	
USD	3,000	12.8.33	12.8.32	6.537%	3,000	2,525	0	0	
GBP	750	7.9.33	7.9.32	7.375%	956	805	0	0	
JPY	10,000	27.10.33	27.10.32	1.269%	71	60	0	0	
USD	2,000	15.11.33	15.11.32	9.016%	2,000	1,683	0	0	
USD	2,250	12.1.34	12.1.33	5.959%	2,250	1,894	0	0	
CHF	52	30.6.34	n/a	Zero coupon accreting (annual yield of 2.4726605548%)	61	52	0	0	
EUR	100	4.7.34	11.7.28	2.455%	110	93	0	0	
USD	1,750	22.9.34	22.9.33	6.301%	1,750	1,473	0	0	
AUD	39	18.8.35	18.8.30	Zero coupon accreting (annual yield of 2.5%)	27	22	26	24	
USD	40	24.11.35	24.11.26	2.21%	40	34	40	37	
AUD	45	3.12.35	3.12.24	2.3%	31	26	31	28	
USD	25	25.2.36	25.2.24	2.37%	25	21	25	23	
USD	40	4.3.36	4.3.24	2.49%	40	34	40	37	
EUR	45	17.5.37	16.5.27	3.73%	50	42	48	45	
AUD	60	18.5.37	18.5.25	Zero coupon accreting (simple interest of 8.92%)	41	35	39	36	
EUR	120	15.9.37	15.9.34	4.1%	133	112	128	119	
AUD	64	9.2.38	9.2.26	Zero coupon accreting (annual yield of 6.85%)	43	36	0	0	
EUR	90	15.2.38	15.2.33	4.5%	99	84	0	0	
AUD	40	16.3.38	16.3.30	6.25%	27	23	0	0	
AUD	52	17.3.38	17.3.26	Zero coupon accreting (simple interest of 9.8%)	36	30	0	0	
EUR	80	21.11.38	21.11.30	Zero coupon accreting (annual yield of 5.61%)	89	75	0	0	
EUR	60	30.11.38	30.11.30	5.05%	66	56	0	0	

## Note 17 Long-term interest-bearing liabilities (continued)

Notes issued, overview by amount, maturity and coupon						31.12.23		31.12.22	
Currency	Notional (million)	Contractual maturity	First optional call date	Coupon <sup>1</sup>	Carrying amount		Carrying amount		
					in USD (million)	in CHF (million)	in USD (million)	in CHF (million)	
<b>TLAC-eligible senior unsecured notes</b>									
EUR	25	30.11.38	30.11.32	5.05%	28	23	0	0	
EUR	25	22.6.42	22.6.29	3.63%	28	23	27	25	
EUR	37	8.9.42	8.9.32	4.09%	41	34	40	37	
JPY	10,000	28.9.42	n/a	1.79%	71	60	76	70	
EUR	42	16.1.43	16.1.33	4.85%	46	39	0	0	
USD	1,500	11.2.43	11.2.42	3.179%	1,500	1,263	1,500	1,386	
EUR	76	17.2.43	17.2.33	Zero coupon accreting (annual yield of 4.7250005926%)	83	70	0	0	
EUR	25	29.6.43	29.6.33	5.05%	28	23	0	0	
EUR	50	30.6.43	30.6.31	5.15%	55	46	0	0	
USD	2,000	15.5.45	n/a	4.875%	2,000	1,683	0	0	
USD	86	29.3.47	29.3.27	Zero coupon accreting (annual yield of 4.02%)	86	72	82	76	
USD	395	29.3.48	29.3.24	Zero coupon accreting (annual yield of 4.6%)	395	333	0	0	
USD	190	29.6.48	29.6.24	Zero coupon accreting (annual yield of 5%)	190	160	0	0	
USD	247	31.8.48	31.8.24	Zero coupon accreting (annual yield of 5%)	247	207	0	0	
USD	131	26.10.48	26.10.24	Zero coupon accreting (annual yield of 5.35%)	131	110	0	0	
USD	130	27.12.48	27.12.24	Zero coupon accreting (annual yield of 5.4%)	130	110	0	0	
USD	155	30.1.49	30.1.24	Zero coupon accreting (annual yield of 5.35%)	155	131	0	0	
USD	155	30.1.49	30.1.24	Zero coupon accreting (annual yield of 5.35%)	155	131	0	0	
USD	129	30.1.49	30.1.24	Zero coupon accreting (annual yield of 5.3%)	129	109	0	0	
USD	160	29.5.49	29.5.24	Zero coupon accreting (annual yield of 4.7%)	160	135	0	0	
USD	159	27.6.49	27.6.24	Zero coupon accreting (annual yield of 4.5%)	159	133	0	0	
USD	163	4.11.49	4.11.24	Zero coupon accreting (annual yield of 3.8%)	163	138	157	146	
USD	137	4.3.50	4.3.25	Zero coupon accreting (annual yield of 3.6%)	137	116	133	123	
USD	231	14.4.50	14.4.25	Zero coupon accreting (annual yield of 4%)	231	195	222	206	
USD	113	22.5.50	22.5.25	Zero coupon accreting (annual yield of 3.5%)	113	95	109	101	
USD	566	27.5.50	27.5.25	Zero coupon accreting (annual yield of 3.5%)	566	476	547	505	
USD	60	22.9.50	22.9.24	Zero coupon accreting (annual yield of 2.8%)	60	51	59	54	
USD	108	12.1.51	12.1.26	Zero coupon accreting (annual yield of 2.7%)	108	91	105	97	
USD	358	29.1.51	29.1.26	Zero coupon accreting (annual yield of 2.8%)	358	301	348	322	
USD	185	26.2.51	26.2.26	Zero coupon accreting (annual yield of 3%)	185	156	180	166	
AUD	98	26.2.51	26.2.26	Zero coupon accreting (annual yield of 3.01%)	67	56	65	60	
USD	290	26.5.51	26.5.26	Zero coupon accreting (annual yield of 3.5%)	290	244	280	259	
EUR	98	16.8.52	16.8.32	Zero coupon accreting (annual yield of 4.04%)	109	91	105	97	
AUD	50	7.12.53	7.12.26	Zero coupon accreting (simple interest of 16%)	34	29	0	0	
USD	325	31.1.60	31.1.25	Zero coupon accreting (annual yield of 3.85%)	325	273	0	0	
<b>Total TLAC-eligible senior unsecured notes</b>					<b>115,031</b>	<b>96,821</b>	<b>49,476</b>	<b>45,730</b>	

<sup>1</sup> For TLAC-eligible senior unsecured notes, the disclosed coupon rate refers to the contractual coupon rate applied from the issue date up to the contractual maturity date or, if applicable, to the first optional call date. For the loss-absorbing additional tier 1 perpetual capital notes, the disclosed coupon rate refers to the contractual fixed coupon rate from the issue date up to the first optional call date. <sup>2</sup> Instrument was redeemed on 28 November 2023. <sup>3</sup> On 4 December 2023, UBS Group AG announced that it intended to redeem the instrument on 31 January 2024, the first call date. <sup>4</sup> The notes are subject to write-down upon the occurrence of a trigger event or a viability event. Following approval of a minimum amount of conversion capital by UBS Group AG's shareholders, upon the occurrence of a trigger event or a viability event the notes will be converted into UBS Group AG ordinary shares rather than be subject to write-down. <sup>5</sup> Instrument was redeemed on 18 May 2023. <sup>6</sup> Instrument was redeemed on 30 July 2023. <sup>7</sup> Instrument was redeemed on 8 November 2023. <sup>8</sup> Instrument was redeemed on 30 November 2023. <sup>9</sup> Instrument was called on 11 January 2024.

## Note 18 Compensation-related long-term liabilities

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Long-term portion of compensation-related liabilities	3,629	3,201	3,054	2,959
<i>of which: Deferred Contingent Capital Plan</i>	1,296	1,209	1,091	1,118
<i>of which: other deferred compensation plans</i>	2,333	1,992	1,964	1,841
<b>Total compensation-related long-term liabilities</b>	<b>3,629</b>	<b>3,201</b>	<b>3,054</b>	<b>2,959</b>

## Note 19 Share capital

As of 31 December 2023, the issued share capital consisted of 3,462,087,722 registered shares with a nominal value of USD 0.10 each (31 December 2022: 3,524,635,722 shares with a nominal value of CHF 0.10 each).

- › Refer to **Reconciliation of equity for further information on changes of share capital**
- › Refer to **"UBS shares" in the "Capital, liquidity and funding, and balance sheet" section of this report for more information about UBS Group AG shares**

## Note 20 Treasury shares

	Number of registered shares	Average price in USD	Average price in CHF
<b>Balance as of 31 December 2021</b>	<b>303,195,328</b>	<b>15.35</b>	<b>14.41</b>
<i>of which: treasury shares held by UBS Group AG</i>	<i>301,812,111</i>	<i>15.34</i>	<i>14.40</i>
<i>of which: treasury shares held by UBS AG and other subsidiaries</i>	<i>1,383,217</i>	<i>17.87</i>	<i>16.03</i>
Acquisitions	360,148,093	17.32	16.46
Disposals	(7,112,184)	17.55	16.59
Cancellation <sup>1</sup>	(177,787,273)	17.00	15.66
Delivery of shares to settle equity-settled awards	(60,392,076)	14.56	13.53
<b>Balance as of 31 December 2022</b>	<b>418,051,888</b>	<b>16.42</b>	<b>15.73</b>
<i>of which: treasury shares held by UBS Group AG<sup>2</sup></i>	<i>416,881,911</i>	<i>16.42</i>	<i>15.73</i>
<i>of which: treasury shares held by UBS AG</i>	<i>1,169,977</i>	<i>18.67</i>	<i>17.40</i>
Acquisitions <sup>3</sup>	141,390,875	24.89	22.63
Disposals	(6,461,062)	24.74	22.42
Cancellation <sup>1</sup>	(62,548,000)	17.82	16.44
Treasury shares issued in the acquisition of the Credit Suisse Group <sup>4</sup>	(178,031,769)	16.67	15.41
Delivery of shares to settle equity-settled awards	(59,168,495)	18.36	16.79
<b>Balance as of 31 December 2023</b>	<b>253,233,437</b>	<b>19.97</b>	<b>19.22</b>
<i>of which: treasury shares held by UBS Group AG<sup>2</sup></i>	<i>251,812,721</i>	<i>19.91</i>	<i>19.18</i>
<i>of which: treasury shares held by UBS AG and other subsidiaries</i>	<i>1,420,716</i>	<i>30.33</i>	<i>26.76</i>

<sup>1</sup> In 2023, as approved by the shareholders at the Annual General Meeting held on 5 April 2023, the cancellation of 62,548,000 shares, each with a nominal value of CHF 0.10, purchased under the 2022 share repurchase program, was executed. (In 2022, as approved by the shareholders at the Annual General Meeting held on 6 April 2022, the cancellation of 177,787,273 shares, each with a nominal value of CHF 0.10, acquired under the 2021 share repurchase program from its inception in 2021 until 18 February 2022, was executed.) <sup>2</sup> Treasury shares held by UBS Group AG had a carrying value of USD 5,013m (CHF 4,830m) as of 31 December 2023 (31 December 2022: USD 6,844m (CHF 6,557m)). <sup>3</sup> Includes 2,709,430 shares held by Credit Suisse Group AG and its subsidiaries as of 1 January 2023, the date of the acquisition of Credit Suisse Group AG. Refer to Note 3 for more information. <sup>4</sup> In May 2023, 178,031,769 shares purchased under the 2022 share repurchase program and originally intended for cancellation purposes were repurposed for the acquisition of the Credit Suisse Group and 175,649,481 shares were transferred to the Credit Suisse Group shareholders in an exchange of shares as consideration for the acquisition of the Credit Suisse Group on 12 June 2023 (1 UBS Group AG share for 22.48 Credit Suisse AG shares).

## Additional information

### **Note 21 Assets pledged to secure own liabilities and assets subject to retention of title**

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As of 31 December 2023, total pledged assets of UBS Group AG amounted to USD 6,637m (CHF 5,586m). These assets consisted of certain liquid assets, marketable securities and financial assets and were pledged to UBS AG. As of 31 December 2022, total pledged assets of UBS Group AG amounted to USD 3,401m (CHF 3,143m). The associated liabilities secured by these pledged assets were USD 3,833m (CHF 3,226m) and USD 2,543m (CHF 2,351m) as of 31 December 2023 and 31 December 2022, respectively.

As of 31 December 2023, liquid assets in the amount of USD 5m were held in an escrow account.

### **Note 22 Contingent liabilities**

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As of 31 December 2023, total contingent liabilities of UBS Group AG amounted to USD 1,470m (CHF 1,237m), of which USD 820m (CHF 690m) related to positions assumed from the former Credit Suisse Group AG upon its acquisition. The contingent liabilities include indemnities, guarantees, letters of responsibility and letters of comfort issued for the benefit of subsidiaries and creditors of subsidiaries. In some instances the amount of exposure of UBS Group AG is not specified but relates to specific circumstances such as the solvency of subsidiaries, and therefore no related amount is included in the aforementioned figure.

#### **Joint and several liability – value-added tax**

UBS Group AG is jointly and severally liable for the combined value added tax (VAT) liability of UBS entities that belong to the VAT group of UBS in Switzerland.

## Note 23 Share ownership of the members of the Board of Directors, the Group Executive Board and other employees

### Shares awarded

	For the year ended 31.12.23			For the year ended 31.12.22		
	Number of shares	Value of shares in USD m <sup>1</sup>	Value of shares in CHF m <sup>1</sup>	Number of shares	Value of shares in USD m <sup>1</sup>	Value of shares in CHF m <sup>1</sup>
Awarded to members of the BoD	325,516	8	7	281,112	6	5
Awarded to members of the GEB	3,128,457	62	53	3,602,659	65	60
Awarded to other UBS Group employees	60,779,366	1,213	1,021	58,601,111	1,052	973
<b>Total</b>	<b>64,233,339</b>	<b>1,283</b>	<b>1,080</b>	<b>62,484,882</b>	<b>1,123</b>	<b>1,038</b>

<sup>1</sup> Shares awarded to members of the BoD during 2023 for the period from the 2022 AGM to the 2023 AGM were valued at CHF 20.092 and shares awarded during 2022 for the period from the 2021 AGM to the 2022 AGM were valued at CHF 19.194 (average closing price of UBS shares over the last 10 trading days leading up to and including the grant date). Shares (including notional shares) awarded to members of the GEB in office during disclosed periods and other UBS Group employees were valued at weighted average grant date fair value (USD 19.96 for the year ended 31 December 2023 and USD 17.96 for the year ended 31 December 2022). For illustrative purposes, the value of the shares was converted at the closing exchange rates as of 31 December 2023 (CHF / USD 1.19) and 31 December 2022 (CHF / USD 1.08), accordingly.

› Refer to the “Compensation” section of this report for more information about the terms and conditions of the shares awarded to the members of the Board of Directors and the Group Executive Board

### Number of shares of BoD members<sup>1</sup>

Name, function	on 31 December	Number of shares held	Voting rights in %
Colm Kelleher, Chairman	2023	456,045	0.035
	2022	339,084	0.022
Lukas Gähwiler, Vice Chairman <sup>2</sup>	2023	342,248	0.026
	2022	283,907	0.019
Jeremy Anderson, Senior Independent Director	2023	140,812	0.011
	2022	119,660	0.008
Claudia Böckstiegel, member	2023	16,523	0.001
	2022	7,814	0.001
William C. Dudley, member	2023	80,333	0.006
	2022	66,646	0.004
Patrick Firmenich, member	2023	53,405	0.004
	2022	27,275	0.002
Fred Hu, member	2023	112,265	0.009
	2022	97,543	0.006
Mark Hughes, member	2023	65,916	0.005
	2022	48,497	0.003
Nathalie Rachou, member	2023	46,057	0.003
	2022	31,126	0.002
Julie G. Richardson, member	2023	155,623	0.012
	2022	138,204	0.009
Dieter Wemmer, member	2023	147,251	0.011
	2022	132,320	0.009
Jeanette Wong, member	2023	115,567	0.009
	2022	93,440	0.006
<b>Total</b>	<b>2023</b>	<b>1,732,045</b>	<b>0.131</b>
	<b>2022</b>	<b>1,385,516</b>	<b>0.090</b>

<sup>1</sup> Includes blocked and unblocked shares held by BoD members, including those held by related parties. No options were granted in 2023 and 2022. <sup>2</sup> Includes 127,386 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.

## Note 23 Share ownership of the members of the Board of Directors, the Group Executive Board and other employees (continued)

### Share ownership / entitlements of GEB members<sup>1</sup>

Name, function	on 31 December	Number of unvested shares / at risk <sup>2</sup>	Number of vested shares	Total number of shares	Potentially conferred voting rights in %
Sergio Ermotti, Group Chief Executive Officer	2023	1,218,685	1,220,864	2,439,549	0.185
	2022	-	-	-	-
Ralph A.J.G. Hamers, former Group Chief Executive Officer	2023	-	-	-	-
	2022	349,441	5,238	354,679	0.023
Michelle Beraux, Group Integration Officer	2023	100,618	0	100,618	0.008
	2022	-	-	-	-
Christian Bluhm, Group Chief Risk Officer	2023	715,033	51	715,084	0.054
	2022	707,979	0	707,979	0.046
Mike Dargan, Group Chief Operations and Technology Officer	2023	408,308	56,024	464,332	0.035
	2022	386,141	17,955	404,096	0.026
Suni Harford, President Asset Management	2023	1,226,219	128,081	1,354,300	0.103
	2022	1,028,210	44,202	1,072,412	0.070
Naureen Hassan, President UBS Americas	2023	48,861	0	48,861	0.004
	2022	0	0	0	0.000
Robert Karofsky, President Investment Bank	2023	1,116,181	446,655	1,562,836	0.118
	2022	1,037,028	364,914	1,401,942	0.092
Sabine Keller-Busse, President Personal & Corporate Banking and President UBS Switzerland	2023	998,319	460,442	1,458,761	0.111
	2022	973,150	566,106	1,539,256	0.101
Iqbal Khan, President Global Wealth Management	2023	1,118,165	32,287	1,150,452	0.087
	2022	960,301	0	960,301	0.063
Edmund Koh, President UBS Asia Pacific	2023	906,095	530,000	1,436,095	0.109
	2022	724,865	579,937	1,304,802	0.085
Ulrich Körner, CEO of Credit Suisse AG	2023	314,134	15,126	329,260	0.025
	2022	-	-	-	-
Barbara Levi, Group General Counsel	2023	462,894	76,075	538,969	0.041
	2022	407,195	45,818	453,013	0.030
Beatriz Martin Jimenez, Head Non-core and Legacy and President UBS EMEA	2023	381,209	81,823	463,032	0.035
	2022	-	-	-	-
Markus Ronner, Group Chief Compliance and Governance Officer	2023	642,528	3,129	645,657	0.049
	2022	586,283	0	586,283	0.038
Stefan Seiler, Head Group Human Resources & Group Corporate Services	2023	270,359	0	270,359	0.020
	2022	-	-	-	-
Todd Tuckner, Group Chief Financial Officer	2023	219,246	338,962	558,208	0.042
	2022	-	-	-	-
Sarah Youngwood, former Group Chief Financial Officer	2023	-	-	-	-
	2022	299,729	0	299,729	0.020
<b>Total</b>	2023	10,146,854	3,389,519	13,536,373	1.026
	2022	7,460,322	1,624,170	9,084,492	0.593

<sup>1</sup> Includes all vested and unvested shares of GEB members, including those held by related parties. No options were held in 2023 and 2022 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 our Annual Report 2023 for more information. <sup>2</sup> Includes shares granted under variable compensation plans with forfeiture provisions. For the 2019/20 and 2020/21 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 "Group compensation" in the "Compensation" section of this report for more information about the plans.

## Note 24 Related parties

Related parties are defined under the Swiss Code of Obligations as direct and indirect participants with voting rights of 20% or more, management bodies (BoD and GEB), external auditors, and direct and indirect investments in subsidiaries. Payables due to members of the GEB and the external auditors are provided in the table below. Amounts due from and due to subsidiaries are provided on the face of the balance sheet.

	USD m		CHF m	
	31.12.23	31.12.22	31.12.23	31.12.22
Payables due to the members of the GEB	175	110	147	102
<i>of which: Deferred Contingent Capital Plan</i>	75	44	63	40
<i>of which: other deferred compensation plans</i>	100	66	84	61
Payables due to external auditors	0	0	0	0

To the General Meeting of  
UBS Group AG, Zürich

Basel, 27 March 2024

## Report of the statutory auditor

### Report on the audit of the financial statements



#### Opinion

We have audited the financial statements of UBS Group AG (the Company), which comprise the balance sheet as at 31 December 2023 and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply 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 financial statements" 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.



#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements.

### **Impairment of investments in subsidiaries**

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**Area of Focus** Following the acquisition of Credit Suisse Group AG by UBS Group AG on 12 June 2023, UBS Group AG recorded an impairment of USD 21.9 billion on its investment in Credit Suisse AG as of 30 June 2023. This impairment aimed to align the book value of the assets and liabilities acquired through the merger by absorption of Credit Suisse Group AG with the fair value of the treasury shares provided to Credit Suisse Group AG shareholders as of 12 June 2023, following the "consideration paid approach."

As of 31 December 2023, the combined investments in UBS AG and Credit Suisse AG were tested for impairment using the portfolio valuation method. The impairment testing confirmed that the recoverable amount of the combined entity, determined using a discounted dividend model, exceeded the carrying amount of the combined investment in UBS AG and Credit Suisse AG. Consequently, a reversal of the impairment of USD 21.9 billion recorded as of 30 June 2023, was recognized.

Due to the inherent uncertainties in valuing investments in subsidiaries, including forecasting and management's judgments, and considering the significance of the account with USD 72.6 billion as of 31 December 2023, we identified this area as a key audit matter.

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**Our audit response**

Our audit procedures included the review of management's process over the valuation of investments in subsidiaries and other participations, including the impairment test. We verified management's assumptions related to combining the investments in UBS AG and Credit Suisse AG under the portfolio valuation method and to the inputs used in the relevant valuation models.

We obtained an understanding and evaluated the relevant controls addressing the identified risks and tested the design and operating effectiveness of these controls. Our focus was on controls over the review of the various valuation models and the estimation of future cashflows, as well as governance and oversight over management's valuation process.

We assessed the appropriateness of the valuation methodology, taking into account the nature of the investment and the underlying business. With the support of valuation specialists we assessed the assumptions and methodologies used by management, to determine the recoverable amount of the investment in subsidiaries.

We also assessed the relevant disclosure within note 13 to the financial statements of UBS Group AG.





#### **Other information**

The Board of Directors is responsible for the other information in the annual report. The other information comprises the information included in the annual report, but does not include the consolidated financial statements of UBS Group AG and UBS AG, the standalone financial statements of UBS Group AG, the compensation report and our auditor's reports thereon.

Our opinions on the consolidated financial statements of UBS Group AG and UBS AG, the standalone financial statements of UBS Group AG and the compensation report do not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements**

The Board of Directors is responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTSuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

## Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Maurice McCormick  
Licensed audit expert  
(Auditor in charge)



Spiros Kavadias  
Licensed audit expert

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