

Independent auditor's report

related to the reduction of share capital with release of funds

UBS Group AG, Zurich

To the General Meeting of
UBS Group AG, Zurich

Basel, 4 March 2022

Independent auditor's report related to the reduction of share capital with release of funds

We have audited in accordance with article 732 para. 2 Swiss Code of Obligations (CO) whether the claims of the creditors of UBS Group AG are fully covered despite the proposed reduction of the share capital.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the balance sheet as of 31 December 2021 and for executing the capital reduction in accordance with the legal requirements.

Board of Directors' proposal

The Board of Directors proposes to reduce the current share capital of CHF 370'242'299.50 divided into 3'702'422'995 registered shares with a nominal value of CHF 0.10

By cancelling 177'787'273 registered shares with a nominal value of CHF 0.10 per share or a total of CHF 17'778'727.30

resulting in a new share capital amount of CHF 352'463'572.20

After the reduction, the share capital will be divided into 3'524'635'722 shares with a nominal value of CHF 0.10.

Auditor's responsibility

Our responsibility is to express an opinion based on our audit as to whether the claims of the creditors are fully covered despite the reduction of the share capital. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the claims of the creditors are fully covered despite the reduction of the share capital.

An audit involves performing procedures to obtain audit evidence about the disclosures in the Board of Directors' proposal. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the proposal, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the claims of the creditors of UBS Group AG are fully covered despite the proposed reduction of the share capital.

Ernst & Young Ltd



Maurice McCormick
Licensed audit expert
(Auditor in charge)



Jan Marxfeld
Licensed audit expert

Enclosure

- ▶ Balance Sheet as of 31 December 2021 (before and after the capital reduction)

Balance Sheet of UBS Group AG

In million	Before capital reduction as of 31 December 2021		Treasury shares repurchased in 2022 ¹		Total before capital reduction		Capital reduction		Total after capital reduction ²	
	USD	CHF ³	USD	CHF ³	USD	CHF ³	USD	CHF ³	USD	CHF ³
Assets										
Liquid assets	1,901	1,733	(522)	(479)	1,380	1,255			1,380	1,255
Marketable securities	102	93			102	93			102	93
Other short-term receivables	4,942	4,505			4,942	4,505			4,942	4,505
Accrued income and prepaid expenses	927	845			927	845			927	845
Total current assets	7,872	7,177	(522)	(479)	7,350	6,698			7,350	6,698
Investments in subsidiaries	41,199	37,560			41,199	37,560			41,199	37,560
<i>of which: investment in UBS AG</i>	<i>40,889</i>	<i>37,277</i>			<i>40,889</i>	<i>37,277</i>			<i>40,889</i>	<i>37,277</i>
Financial assets	56,350	51,373			56,350	51,373			56,350	51,373
Other intangible assets	0	0			0	0			0	0
Other non-current assets	26	24			26	24			26	24
Total non-current assets	97,576	88,957			97,576	88,957			97,576	88,957
Total assets	105,448	96,133	(522)	(479)	104,926	95,655			104,926	95,655
<i>of which: amounts due from subsidiaries</i>	<i>63,587</i>	<i>57,970</i>	<i>(522)</i>	<i>(479)</i>	<i>63,065</i>	<i>57,492</i>			<i>63,065</i>	<i>57,492</i>
Liabilities										
Current interest-bearing liabilities	4,732	4,314			4,732	4,314			4,732	4,314
Accrued expenses and deferred income	1,846	1,683			1,846	1,683			1,846	1,683
Total short-term liabilities	6,578	5,997			6,578	5,997			6,578	5,997
Long-term interest-bearing liabilities	55,034	50,172			55,034	50,172			55,034	50,172
Compensation-related long-term liabilities	3,116	2,841			3,116	2,841			3,116	2,841
Total long-term liabilities	58,149	53,013			58,149	53,013			58,149	53,013
Total liabilities	64,727	59,010			64,727	59,010			64,727	59,010
<i>of which: amounts due to subsidiaries</i>	<i>741</i>	<i>675</i>			<i>741</i>	<i>675</i>			<i>741</i>	<i>675</i>
Equity										
Share capital	377	370			377	370	(18)	(18)	359	352
General reserves	26,161	25,682			26,161	25,682	(1,502)	(1,383)	24,660	24,299
<i>of which: statutory capital reserve</i>	<i>26,161</i>	<i>25,682</i>			<i>26,161</i>	<i>25,682</i>	<i>(1,502)</i>	<i>(1,383)</i>	<i>24,660</i>	<i>24,299</i>
<i>of which: capital contribution reserve</i>	<i>26,161</i>	<i>25,682</i>			<i>26,161</i>	<i>25,682</i>	<i>(1,502)</i>	<i>(1,383)</i>	<i>24,660</i>	<i>24,299</i>
Voluntary earnings reserve	14,146	11,153			14,146	11,153	(1,502)	(1,383)	12,644	9,770
Treasury shares	(4,629)	(4,345)	(522)	(479)	(5,150)	(4,824)	3,022	2,784	(2,128)	(2,040)
<i>of which: against capital contribution reserve</i>	<i>(1,242)</i>	<i>(1,145)</i>	<i>(260)</i>	<i>(238)</i>	<i>(1,502)</i>	<i>(1,383)</i>	<i>1,502</i>	<i>1,383</i>	<i>0</i>	<i>0</i>
Reserve for own shares held by subsidiaries	0	0			0	0			0	0
Net profit / (loss)	4,664	4,264			4,664	4,264			4,664	4,264
Equity attributable to shareholders	40,720	37,124	(522)	(479)	40,199	36,645	0	0	40,199	36,645
Total liabilities and equity	105,448	96,133	(522)	(479)	104,926	95,655	0	0	104,926	95,655

¹ Additional shares repurchased under the 2021 share repurchase program in February 2022. ² Reflects the balance sheet of UBS Group AG as of 31 December 2021 as disclosed in the standalone financial statements after the effects of the capital reduction as proposed to the AGM on 6 April 2022. ³ Disclosed in Swiss Francs as additional presentation currency. Amounts in Swiss Francs for shares repurchased under the 2021 share repurchase program may differ from the purchase price due to the applied method of converting US dollar to Swiss Francs for presentation purposes.