



UBS Group AG

Compensation Report 2020

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Compensation



Julie G. Richardson
Chair of the
Compensation Committee
of the Board of Directors

Dear Shareholders,

The Board of Directors and I wish to thank you for your support once again at last year's Annual General Meeting and for sharing your views on our compensation practices over the past year.

Throughout 2020, the Board of Directors (BoD) Compensation Committee continued to oversee the compensation process, ensuring that rewards reflect performance, appropriate risk-taking and support the alignment of employees' interests with those of our shareholders. As the Chair of the Compensation Committee, I am pleased to present our Compensation Report for 2020.

As part of our ongoing engagement with shareholders during 2020, we received positive feedback in response to the changes we made in 2019, notably the introduction of a long-term incentive plan. In our annual review of the compensation framework, we concluded that it remains well suited to support us in achieving our ambitions for the Group and that it provides strong alignment with shareholders' interests.

Strategy and execution leading to strong results

2020 resulted in unprecedented times and challenges for society, clients and employees due to the COVID-19 pandemic. It required us to focus on safeguarding the well-being of our employees and their families, serving our clients and ensuring operational continuity.

Our employees met these challenges with energy, determination and commitment to continue delivering value for both our clients and shareholders.

Clients continued to place their trust in UBS during a tough year, as they sought stability, and we helped them navigate uncertainty through advice and solutions. UBS's strength and resilience allowed us to responsibly deploy resources for the benefit of clients, employees and society throughout the pandemic.

UBS performed well in this environment, demonstrating the strength of its strategy, as well as its integrated and diversified business model. The resilience of our operations, our disciplined risk management and our ongoing investment in technology and infrastructure have been critical in successfully operating through the pandemic. Our full-year results further demonstrate that our strategy is the right one for UBS as we continuously adapt and accelerate the pace of change.

Our employees worked from home to a significant degree throughout 2020, serving our clients and enabling us to deliver on our targets, to make progress toward our strategic objectives and to accelerate progress on our digitalization agenda. This is also reflected in our total shareholder returns in 2020, which outperformed those of our peers.

We met or exceeded all our financial targets in 2020. Our return on CET1 capital was 17.4%, compared with our target of 12–15%, and our return on tangible equity was 12.8%. We delivered the lowest cost / income ratio since 2006 at 73.3%, compared with our target of 75–78%. Every region and business division contributed over USD 1 billion in profits, as we benefited from our business and geographical diversification.

› Refer to "Financial and operating performance" in our Annual Report 2020 for further details about our Group and business division performance

Supporting society and clients

- We committed USD 30 million to various COVID-19-related aid projects that provide support across the communities in which we operate.
 - A part of this amount has been used to match the USD 15 million raised by our clients and our employees for the UBS Optimus Foundation's COVID-19 Response Fund.
 - Lending and commitments to clients globally significantly increased in 2020, including CHF 3 billion to Swiss small and medium-sized entities (SMEs) under the Swiss government-backed program and USD 656 million under the US Paycheck Protection Program.
 - As previously communicated, we intend to donate any economic profits from these programs to COVID-19 relief efforts.
- › Refer to ubs.com/insociety for more information about how we support society and clients

Delivered on our capital returns commitment

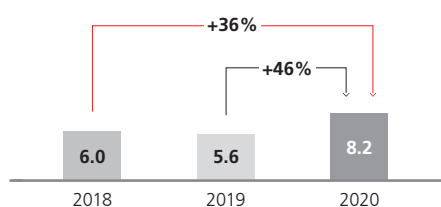
Our financial position remained very strong despite the uncertainties caused by the COVID-19 pandemic. Credit impairments and expected credit loss expenses under IFRS 9 were elevated compared with prior years, although our loan impairment ratios remain low by industry standards, reflecting the quality of our loan book. UBS neither required nor received any COVID-19-related financial support from the Swiss federal government. Our strong financial position and capital generation by our businesses enabled us to pay out the full dividend for 2019 and accrue a dividend for the 2020 financial year.

The balance between cash dividends and share repurchases has been adjusted from 2020 onward, with a greater weight on share repurchases compared with prior years. We remain committed to returning excess capital to our shareholders and delivering total capital returns consistent with our previous levels. For 2020, the BoD intends to propose a dividend of USD 0.37 per share for approval at the Annual General Meeting of shareholders on 8 April 2021.

In the first quarter of 2021, we repurchased the remaining CHF 100 million of our 2018–2021 USD 2 billion share repurchase program, which is now complete and closed. In February 2021, we launched a new three-year share repurchase program of up to CHF 4 billion, of which we expect to execute up to USD 1 billion by the end of the first quarter of 2021.

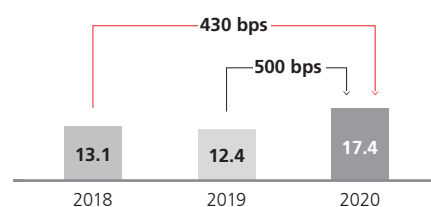
Group profit before tax

USD billion



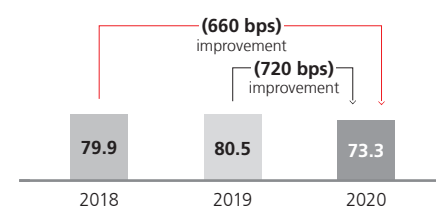
Return on CET1 capital

in %



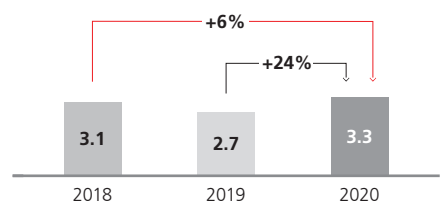
Cost/income ratio

in %



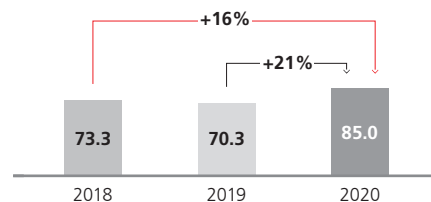
Group performance award pool

CHF billion



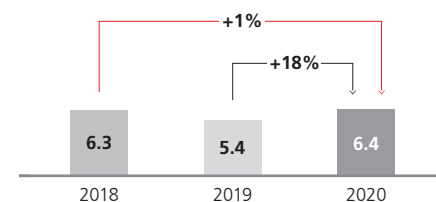
GEB performance award pool

CHF million



Per capita GEB performance award pool

CHF million



2020 performance award pool

Over the past years, our performance award pool has consistently reflected our strict pay-for-performance philosophy and our disciplined approach in managing compensation over business cycles, as well as alignment with shareholder interests. This was especially evident in 2019, when our performance award pool reflected factors such as risk-adjusted profit, the impact of the verdict from the Court of First Instance in the French cross-border matter and the resulting share price development, leading to a year-on-year performance award pool reduction beyond that implied by underlying performance.

For 2020, although business performance was strong, we remain committed to moderation in performance-related pay. The 2020 performance award pool is aligned with previous years in which we delivered strong performance. It further considers the economic impact of COVID-19 and regulatory directives to maintain capital flexibility.

Given the reduction in our 2019 performance award pool, which was a negative outlier versus many peers, we believe it is important to compare the 2020 pool not only with the 2019 outlier but also with the 2018 pool. For 2020, the performance award pool for the Group was USD 3.3 billion, an increase of 6% compared with 2018 (or 24% compared with 2019).

The Group Executive Board (GEB) performance award pool, which includes the Group CEOs' performance awards and is part of the Group pool, was CHF 85.0 million, an increase of 1% on a per capita basis and 16% overall compared with 2018 (and +18% per capita and +21% overall compared with 2019). This reflects a smaller increase in executive compensation compared with the overall pool development in 2020. As a percentage of Group profit before tax, the GEB performance award pool was 1.1%, well below the cap of 2.5%.

➤ Refer to the "Group compensation" section of this report for more information

Our focus on ESG including diversity, equity and inclusion

We remain fully committed to our ESG-related objectives and reflect them in our performance and compensation processes. We are widely recognized for our sustainable practices. During 2020, we were named an industry leader in the Dow Jones Sustainability Indices for the sixth consecutive year, rated AA by MSCI, and were included in CDP's Climate A List.

We pay for performance, and a strong commitment to pay fairness is embedded in our compensation policies. We conduct both internal and independent external reviews aiming to ensure that all employees are paid fairly. In 2020, UBS was certified by the EQUAL-SALARY Foundation for its equal pay practices in Switzerland, the US, the UK, Hong Kong and Singapore.

In a global business such as ours, a diverse workforce is a competitive advantage. Our strategy is to continuously shape a

diverse and inclusive organization that is innovative, provides outstanding service to our clients, offers equitable opportunities for all and is a great place to work for everyone. While race and ethnicity were already a priority in prior years, in 2020 we elevated our focus on this important topic. To increase the representation of diverse heritage employees at UBS, we take a multi-faceted approach, including setting aspirational ethnicity goals in several locations, such as the US and the UK, and rolling out race awareness training to all employees.

Our broad approach focuses on gender, race, ethnicity, LGBTQ+, age, disability, and mental health, among other aspects, with inclusive leadership playing an important role. Increasing gender and ethnic diversity are our highest near-term strategic diversity, equity and inclusion priorities.

Supporting our employees

- A large proportion of our workforce **worked from home** throughout 2020, with more than **95%** of internal and external staff able to work concurrently on a remote basis. We provided **extra flexibility** for employees to care for their families and address their evolving needs.
 - In 2020, we **suspended any new restructuring activities that would have resulted in redundancies** and potential loss of employment for our employees.
 - As a sign of appreciation for their contributions throughout the pandemic, employees at less senior ranks received a **one-time cash payment** equivalent to one week's salary.
 - We introduced a **mindfulness app-based solution** designed to help our employees find more balance. It also gives helpful advice on physical exercises and healthy living, improving sleeping habits, and increasing energy levels overall.
 - Our **Employee Assistance Program (EAP)** supports our employees, as well as their family members, with any personal or work-related issues that may be affecting their well-being.
 - To further **support the health, connectivity and resilience** of our employees worldwide, UBS provided them with relevant tools and resources on key topics, such as working from home, team building in a virtual set up, leading remote teams, thriving at home and at work, keeping one's mind and body fit, and relieving stress and anxiety.
 - We are very proud that our 2020 employee survey results indicated strong improvements across all dimensions and in particular with regard to employees feeling supported by UBS and being part of a highly professional and respectful work environment.
- Refer to ubs.com/global/en/our-firm/our-employees/working-at-ubs for more information about how we support our employees

Change at the top

Ralph Hamers joined UBS as a member of the GEB on 1 September 2020 and took over from Sergio Ermotti as Group CEO on 1 November 2020.

We sincerely thank Sergio Ermotti for his exceptional commitment and contribution to the success of our firm since taking office in 2011. He led the transformation of UBS into the largest truly global wealth manager, and the leading bank in Switzerland, supported by a global, focused investment bank and a large-scale and diversified asset manager with a strong focus on sustainable investing. Since 2011, UBS has strengthened its profitability, generating USD 36 billion of CET1 capital, of which USD 23 billion has been returned to shareholders or reserved for returns to shareholders. Today, we operate a capital-efficient business model with a strong competitive position in our key markets and we have an attractive outlook for long-term and sustainable growth.

Under Sergio Ermotti's strong leadership in a challenging year marked by the COVID-19 pandemic, UBS demonstrated the strength of its business model and delivered excellent financial results. Finally, Sergio Ermotti contributed to a smooth and efficient Group CEO transition, supporting this critical process effectively beyond his step-down in October until his departure at the end of 2020.

2021 Annual General Meeting

At the 2021 AGM on 8 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 2021 AGM to the 2022 AGM;
- the maximum aggregate amount of fixed compensation for the GEB for 2022;
- the aggregate amount of variable compensation for the GEB for 2020; 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
Chair of the Compensation Committee of the Board of Directors

Shareholder engagement and say on pay

The feedback we seek from our shareholders on 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 2020 and received positive feedback in response to the significant enhancements made to our compensation framework in 2019.

Our annual review of the compensation framework in 2020 concluded that it remains well suited to support us in achieving our ambitions for the Group and provides strong alignment with shareholders' interests.

The responses below provide answers to the questions we most frequently receive from shareholders.

Responses to frequently asked questions

How does variable compensation reflect the business performance in 2020 ("pay for performance")?

Our compensation philosophy is to align the interests of our employees with those of our investors and clients. Our variable compensation reflects a strict pay-for-performance approach that considers a number of factors, including Group, division, team and individual performance, as well as behaviors that help build and protect the firm's reputation.

For 2020, although business performance was strong, we remained committed to moderation in performance-related pay. The resulting 2020 performance award pool thus reflects our pay-for-performance principles and is aligned with previous years in which we delivered strong performance. It further considers the economic impact of COVID-19, and regulatory directives to maintain capital flexibility.

The Compensation Committee applies discretionary adjustments to the performance award pool. This has resulted in an average 3% downward adjustment over the past eight years with the largest negative adjustment made for the 2020 pool.

How did UBS support society, clients and employees during the COVID-19 pandemic?

During 2020, lending and commitments to clients globally significantly increased, including CHF 3 billion to Swiss SMEs under the government-backed program and USD 656 million under the US Paycheck Protection Program (PPP). As previously communicated, we intend to donate any economic profits from these programs to COVID-19 relief efforts. We donated around USD 2 million of fees earned on the loans provided under the PPP in 2020 to COVID-19 relief efforts.

We committed USD 30 million to various COVID-19-related aid projects that provide support across the communities in which we operate. A part of this amount has been used to match the USD 15 million raised by our clients and our employees for the UBS Optimus Foundation's COVID-19 Response Fund.

Recognizing the additional pressure placed on employees due to varying degrees of lockdown, we introduced a variety of measures throughout 2020 to help employees adapt. For example, we suspended any new restructuring activities that would have resulted in redundancies and potential loss of employment for our employees. Furthermore, we offered extra flexibility to care for children and introduced a variety of tools and resources to support employees' physical, mental, financial and social well-being.

As a sign of appreciation for their contribution throughout this challenging year, employees at less senior ranks received a one-time cash payment equivalent to one week's salary. This had an impact of USD 27 million on personnel expenses in the fourth quarter of 2020.

How does UBS support diversity and pay fairness?

In a global business such as ours, a diverse workforce is a competitive advantage. Our strategy is to continuously shape a diverse and inclusive organization that is innovative, provides outstanding service to our clients, offers equal opportunities for all and is a great place to work for everyone.

Our broad approach focuses on gender, race, ethnicity, LGBTQ+, age, disability, and mental health, among other aspects, with inclusive leadership playing an important role. Regarding gender, we seek to hire, promote and retain more women across the firm, aspiring to increase the percentage of women at Director level and above to 30% by 2025.

We pay for performance, and a strong commitment to pay fairness is embedded in our compensation policies. We conduct both internal and independent external reviews aiming to ensure that all employees are paid fairly and to address any unexplained gaps. In 2020, UBS was certified by the EQUAL-SALARY Foundation for its equal pay practices in Switzerland, the US, the UK, Hong Kong and Singapore. These certifications are a testament to our well-established equal opportunity environment.

How is UBS compensating the new Group CEO?

We have a competitive compensation framework for all GEB members, including the Group CEO. This framework also applies for our new Group CEO. The Compensation Committee annually reviews this framework. The most important elements of the framework have remained unchanged since 2012.

The annual base salary for the Group CEO role has remained unchanged at CHF 2.5 million since 2011, and remains the same for the new Group CEO. When determining the Group CEO's performance award, the Compensation Committee factors in the achievement of financial performance targets and qualitative goal achievements relative to Pillars, Principles and Behaviors. To judge the quality and sustainability of the financial results, the Compensation Committee considers a range of factors including relative performance and market conditions, as well as ESG-related aspects.

What happens to deferred compensation of the former Group CEO?

The deferred compensation of the former Group CEO continues to vest in line with standard compensation award plan rules as per the original vesting schedule. No accelerated payouts will be made. All deferred awards will continue to be subject to forfeiture and performance conditions.

As previously disclosed, a portion of the former Group CEO’s 2019 Long-Term Incentive Plan (LTIP) award is additionally subject to forfeiture depending on the final outcome of the French cross-border matter.

How is litigation considered in the compensation process?

Litigation and regulatory matters, and their resolution and remediation, are taken into consideration throughout the compensation decision-making process. The Compensation Committee distinguishes between current matters, where the underlying issues are within the responsibility of management, and legacy matters, where management is accountable for resolving them but not responsible for the underlying issue.

Current matters have a direct impact on the performance award pool, individual performance assessments and resulting compensation decisions, as well as the payout of deferred awards.

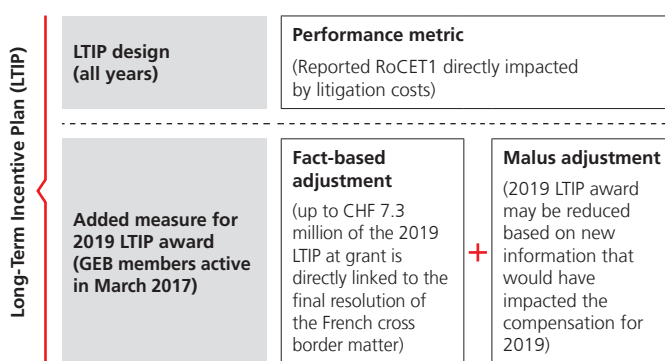
For legacy matters, the Compensation Committee seeks to incentivize management to resolve these matters in the best interest of shareholders and we hold management accountable for the effective and efficient resolution of these matters. Therefore, the performance and compensation assessment reflects management’s responsibility for achieving a resolution without creating an incentive to settle inappropriately or take inappropriate risks on such matters. In addition, the use of reported return on common equity tier 1 capital (RoCET1) supports the focus on ensuring the cost of litigation matters has a direct impact on the compensation awarded and realized by our most senior leaders, including the GEB.

What progress has been made on resolving the French cross-border matter and how is this reflected in GEB compensation?

In February 2019, UBS appealed the decision of the Court of First Instance relating to the French cross-border matter. The Court of Appeal has scheduled the case to be heard anew between 8–24 March 2021. As with all litigation matters, the final outcome of the French cross-border matter will impact the RoCET1 metric, and therefore, the final payout of the LTIP awards of all GEB members, reflecting alignment with shareholders. Furthermore, as outlined in our 2019

Compensation Report, up to CHF 7.9 million, or 30% of the 2019 LTIP awards at grant for GEB members active in March 2017, as well as the Chairman of the BoD’s unvested share award, continues to be at risk and directly linked to the final resolution of the French cross-border matter. In addition, a malus clause allows the Compensation Committee to assess any new information that becomes available in the future and to retrospectively reduce the 2019 LTIP award by up to the full amount if such new information would have impacted our compensation decision in 2019.

Impact of litigation matters on the LTIP



(As disclosed in the Compensation Report 2019.)

How is ESG considered in the compensation process?

ESG objectives are considered in the compensation determination process in objective setting, performance award pool funding, performance assessment and compensation decisions.

In the performance award pool funding, ESG is reflected through the qualitative assessment of legal, compliance, reputational and operational risks, as well as regulatory compliance. In addition, ESG-related objectives have been embedded in our Pillars and Principles since they were established in 2011 and are reflected in governance and risk management, talent management and diversity, client satisfaction, and corporate responsibility, including goals for reducing our carbon footprint and corporate waste, as well as progressing our philanthropic efforts. Achievements versus ESG-related goals are part of the qualitative performance assessments and affect final compensation decisions.

Therefore, ESG is taken into consideration when the Compensation Committee assesses not only what results were achieved, but also how they were achieved.

Say-on-pay votes at the AGM

In line with the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations, we seek binding shareholder approval for the aggregate compensation awarded to the GEB and 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.

These binding votes on compensation and the advisory vote on our compensation framework 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

Approved fixed compensation

At the 2019 AGM, shareholders approved a maximum aggregate fixed compensation amount of CHF 33.0 million for GEB members for the 2020 performance year. This amount includes base salaries, role-based allowances in response to Capital Requirements Directive IV, estimated standard contributions to retirement benefit plans, other benefits and a buffer. The aggregate fixed compensation paid in 2020 to GEB members was below the approved amount for 2020.

- › Refer to "2020 total compensation for GEB members" in the "Compensation for GEB members" section of this report

Say on pay – compensation-related votes at the 2020 AGM

2020 AGM say-on-pay voting schemes	2020 AGM actual shareholder votes	Vote "for"
Binding vote on GEB variable compensation	Shareholders approved CHF 70,250,000 for the 2019 financial year ^{1,2,3}	83.8%
Binding vote on GEB fixed compensation	Shareholders approved CHF 33,000,000 for the 2021 financial year ^{1,2,3}	91.3%
Binding vote on BoD compensation	Shareholders approved CHF 13,000,000 for the period from the 2020 AGM to the 2021 AGM ^{1,2,4}	87.9%
Advisory vote on the Compensation Report	Shareholders approved the UBS Group AG Compensation Report 2019 in an advisory vote	84.6%

¹ Local currencies are converted into Swiss francs at the exchange rates stated in "Note 33 Currency translation rates" in the "Consolidated financial statements" section of our Annual Report 2020. ² Excludes the portion related to the legally required employer's social security contributions. ³ As stated in "Group Executive Board" in the "Corporate governance" section of our Annual Report 2020, thirteen GEB members were in office on 31 December 2020 and on 31 December 2019, although not identical composition. ⁴ Eleven BoD members were in office on 31 December 2020.

Compensation-related proposals for 2021

At the 2021 AGM, we will ask our shareholders to vote on the variable compensation for the GEB for 2020, the fixed compensation for the GEB for 2022 and the compensation for the BoD from the 2021 AGM to the 2022 AGM.

In addition, we will also ask shareholders for an advisory vote on our Compensation Report, which describes our compensation policy, including framework and governance.

The table below outlines our compensation proposals, including supporting rationales, that we plan to submit to the 2021 AGM for binding votes (in line with the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations and our Articles of Association (AoA)).

Compensation-related proposals for binding votes at the 2021 AGM

Item	Proposal	Rationale
GEB variable compensation	The Board of Directors proposes an aggregate amount of variable compensation of CHF 85,000,000 for the members of the GEB for the 2020 financial year.	The proposed amount reflects our strong financial performance despite the uncertainties caused by the COVID-19 pandemic. For 2020, although business performance was strong, we remain committed to moderation in performance-related pay. The GEB performance award pool, which includes the Group CEOs' performance awards and is part of the Group pool, increased 1% on a per capita basis and 16% overall compared with 2018 (and +18% per capita and +21% overall compared with 2019). This reflects a smaller increase in executive compensation compared with the overall pool development in 2020.
GEB fixed compensation	The Board of Directors proposes a maximum aggregate amount of fixed compensation of CHF 33,000,000 for the members of the GEB for the 2022 financial year.	The proposed amount for 2022 is unchanged from the previous year, reflecting unchanged base salaries for the Group CEO and other GEB members. Since the budget is a maximum spend, we include a reserve to maintain flexibility in light of evolving EU regulations, Brexit effects, competitive considerations for potential additional RBAs, and potential changes in GEB composition or GEB roles, as well as other factors (e.g., changes in FX rates or benefits).
BoD compensation	The Board of Directors proposes a maximum aggregate amount of compensation of CHF 13,000,000 for the members of the Board of Directors for the period from the 2021 AGM to the 2022 AGM.	The proposed amount is unchanged compared with the previous period. The amount includes the Chairman's compensation, which is unchanged since it was reduced by CHF 0.8 million effective from the 2019 AGM, as well as fees for the independent BoD members, which are also unchanged since the reduction effective from the 2020 AGM.

Compensation philosophy and governance

Our compensation philosophy

Total Reward Principles

Our compensation philosophy is to align the interests of our employees with those of our investors and clients, building on our three keys to success: our Pillars, Principles and Behaviors. Our Total Reward Principles establish a framework for balancing sustainable performance and supporting growth ambitions and appropriate risk-taking, with a focus on conduct and sound risk management practices.

Our compensation approach is aligned with our strategic priorities and encourages our employees to focus on clients, create sustainable value, deliver on growth ambitions and achieve the highest performance standards. We reward behaviors that help build and protect the firm’s reputation, specifically integrity, collaboration and challenge. 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 worldwide, but may vary in certain locations according to local legal requirements and regulations. The table below provides a summary of our Total Reward Principles.

Attract and retain a diverse, talented workforce	We provide pay that is fair, reflecting equal treatment of employees, appropriately balanced between fixed and variable elements, competitive in the market, and delivered over an appropriate period.
Foster effective individual performance management and communication	Thorough evaluation of individual performance and adherence to our Behaviors, combined with effective communication, aims to ensure there is a direct connection between achieving business objectives and compensation across the firm.
Align reward with sustainable performance, as well as supporting our growth ambitions	We embrace a culture of diversity, inclusiveness and collaboration. Our approach to compensation fosters engagement among employees and serves to align their long-term interests with those of clients and stakeholders.
Support appropriate and controlled risk-taking	Compensation is structured such that employees behave in a manner consistent with the firm’s risk framework and tolerance, thereby protecting our capital and reputation and enhancing the quality of our financial results in line with what our stakeholders expect from us.

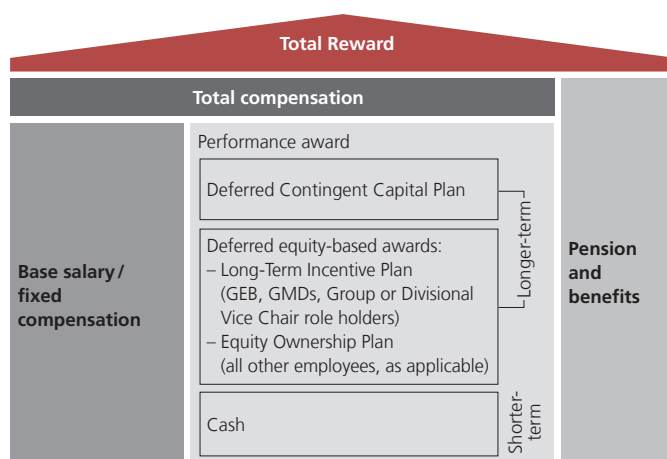
Our Total Reward approach

At UBS, 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 and deferred contingent capital awards and deferred equity-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 the “Compensation elements for all employees” section of this report for more information



Note: illustrative

Compensation governance

Board of Directors and Compensation Committee

The BoD is ultimately responsible for approving the compensation strategy proposed by the Compensation Committee, which determines compensation-related matters in line with the principles set forth in 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 approve certain compensation, and to scrutinize executive compensation. Responsible for governance and oversight of our compensation process and practices (such as the alignment between pay and performance and ensuring our compensation system does not encourage inappropriate risk-taking), the Compensation Committee consists of four independent BoD members elected annually by the shareholders at the AGM.

Annually, and on behalf of the BoD, the Compensation Committee:

- reviews our Total Reward Principles;
- reviews and approves the compensation framework design;
- reviews performance award funding throughout the year and proposes the final performance award pool for BoD approval;
- with the Group CEO, reviews performance targets and performance assessments and proposes base salaries and annual performance awards for the other GEB members to the BoD, which approves the total compensation of each GEB member;
- with the Chairman, establishes performance targets for the Group CEO, evaluates the Group CEO's performance and proposes compensation to the BoD accordingly;
- approves the total compensation for the Chairman;
- with the Chairman, proposes the total individual compensation of independent BoD members for BoD approval;
- with the BoD, proposes the maximum aggregate amounts of BoD and GEB compensation for approval at the AGM;
- approves remuneration / fee frameworks for external supervisory board members of Significant Group Entities and periodically reviews remuneration / fee frameworks for external supervisory board members of Significant Regional Entities; and
- proposes for BoD approval the compensation report and approves any material public disclosures on compensation.

The Compensation Committee is required to meet at least four times each year. During 2020, the Compensation Committee held seven meetings, with a participation rate of 100%. In addition, three ad hoc calls took place. All meetings were held in the presence of the Chairman and most were attended by the Group CEO and external advisors. 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 Chair 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 2020, the members of the Compensation Committee were Julie Richardson (Chair), Reto Francioni, Dieter Wemmer and Jeanette Wong.

External advisors

The Compensation Committee may retain external advisors to support it in fulfilling its duties. In 2020, HCM International Ltd. (HCM) provided independent advice on compensation matters. HCM holds no other mandates with UBS. Additionally, Willis Towers Watson provided the Compensation Committee with data on market trends and pay levels. Various subsidiaries of Willis Towers Watson provide similar information to Human Resources in relation to compensation for employees. Willis Towers Watson 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 to ensure that our compensation approach reflects proper risk management and control. 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 in compensation and reviews risk-related aspects of the compensation process.

› Refer to ubs.com/governance for more information

Compensation Committee 2020 / 2021 key activities and timeline

	April	July	Sept ¹	Oct	Dec ¹	Jan	Feb
Strategy, policy and governance							
Total Reward Principles			●				
Three-year strategic plan on variable compensation						●	
Compensation disclosure and stakeholder communication matters			●		●		●
AGM reward-related items		●					●
Compensation Committee governance							●
Annual compensation review							
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 non-standard compensation arrangements		●	●			●	●
Board of Directors remuneration		●		●		●	●
Compensation framework							
Compensation framework and deferred compensation matters	●	●	●	●	●	●	●
Risk and regulatory							
Risk management in the compensation approach and joint meeting with BoD Risk Committee			●	●			
Regulatory activities impacting employees and engagement with regulators	●	●	●	●	●	●	●

¹ The Compensation Committee held two meetings in September 2020 and two meetings in December 2020.

Compensation governance

The table below provides an overview of compensation governance by specific role.

Recipients	Compensation recommendations proposed by	Approved by
Chairman of the BoD	Chairperson of the Compensation Committee	Compensation Committee ¹
Independent BoD members (remuneration system and fees)	Compensation Committee and Chairman of the BoD	BoD ¹
Group CEO	Compensation Committee and Chairman of the BoD	BoD ¹
Other GEB members	Compensation Committee and Group CEO	BoD ¹
Key Risk Takers (KRTs) / (senior) employees	Respective GEB member and functional management team	Individual compensation for KRTs and senior employees: Group CEO

¹ Aggregate variable compensation and maximum aggregate amount of fixed compensation for the GEB, as well as aggregate remuneration for the BoD, are subject to shareholder approval.

Environmental, Social and Governance at UBS

In 2020, UBS continued to enhance its position as a leader in sustainable finance and to fulfill its ambitions of being a recognized innovator and thought leader in philanthropy, an industry leader in sustainable business practices and an employer of choice.

Last year, we again gained industry recognition for our commitment to improving performance under ESG criteria and for our efforts in offering clients world-class expertise and sustainable products. For the sixth year running, we were named the best performer in the Diversified Financial Services and Capital Markets Industry of the Dow Jones Sustainability Indices (the DJSI), the most widely recognized corporate sustainability rating. MSCI ESG Research maintained our rating at AA and CDP moved UBS up into its top ranking, the A List.

We support clients' sustainability efforts through thought leadership, innovation and partnerships, and we strive to incorporate ESG factors into the products and services we provide.

An important part of our sustainable activities includes engagement in client philanthropy. We offer clients expert advice, carefully selected programs from UBS Optimus Foundation, and innovative social financing mechanisms, such as development impact bonds.

We measure our culture-building progress through regular employee surveys. We have an ongoing focus on inclusive leadership and in 2020, our in-house UBS University further updated its curriculum to emphasize development of skills needed for the future and personal growth for all employees. The table below summarizes our key achievements.

- › Refer to **"Our focus on sustainability," "Employees" and "Society" in the "How we create value for our stakeholders" section of our Annual Report 2020 for more information**
- › Refer to ubs.com/gri for more information about ESG-related topics

What we achieved in 2020	
Serving clients' sustainable finance needs	<ul style="list-style-type: none"> - USD 793 billion in core sustainable investment assets (62% increase) - USD 6.9 billion directed in SDG-related impact investments - USD 15.3 billion in Climate Aware strategies - 33 green, social and sustainability bond transactions supported - 100% of assets of UBS retirement savings funds converted into sustainable investments (~USD 9 billion)
Transitioning to a low-carbon economy	<ul style="list-style-type: none"> - 1.9% share of carbon-related assets on banking balance sheet - USD 161 billion climate-related sustainable investment assets (49% increase) - 49 oil & gas and utilities companies were actively engaged on climate topics - 100% of our electricity consumption sourced from renewable sources
Addressing societal challenges	<ul style="list-style-type: none"> - USD 168 million in donations raised by UBS Optimus Foundation (74% increase) - USD 30 million committed to COVID-19-related aid projects supporting the communities - 519,534 beneficiaries reached through strategic community affairs activities - 3.7 million vulnerable people received support thanks to UBS Optimus Foundation
Shaping a high-performing organization	<ul style="list-style-type: none"> - 26% of Directors and above are women - 20.7% of UK / 19.5% of US employees are from underrepresented ethnicities at Director level and above - EQUAL-SALARY certification for equal pay practices in Switzerland, the US, the UK, Hong Kong and Singapore
Leader in key sustainability ratings	<ul style="list-style-type: none"> - Industry group leader (Dow Jones Sustainability Indices) - Climate A List (CDP) - AA rating (MSCI) - Included in Top 50 World's Most Attractive Employers (Universum)
› Refer to the "Banking on sustainability" section of the Sustainability Report 2020, available from 11 March 2021 under "Annual reporting" at ubs.com/investors, for more information	

ESG in the compensation determination process

ESG objectives are considered in the compensation determination process in objective setting, performance award pool funding, performance assessment and compensation decisions.

At the beginning of the year, objectives related to Group, business divisions, Pillars, Principles and Behaviors are set. ESG-related objectives have been embedded in our Pillars and Principles since they were established in 2011. This long-term focus on ESG topics is reflected in the achievements outlined above. To maintain the focus on these important ESG topics, our Group CEO and other GEB members have specific ESG-aligned goals under Pillars and Principles, including governance and risk

management, talent management and diversity, client satisfaction, and corporate responsibility. These include goals for reducing our carbon footprint and corporate waste, as well as for progressing our philanthropic efforts. Therefore, achievements versus ESG-related goals are part of the qualitative performance assessments and affect final compensation decisions.

In the performance award pool funding, ESG is reflected through the qualitative assessment of legal, compliance, reputational and operational risks, as well as regulatory compliance. Therefore, ESG is taken into consideration when the Compensation Committee assesses not only what results were achieved but also how they were achieved.

Our commitment to pay fairness, diversity, equity and inclusion

We pay for performance, and a strong commitment to pay fairness is embedded in our compensation policies. We conduct both internal and independent external reviews aiming to ensure that all employees are paid fairly and to address any unexplained gaps. In 2020, UBS was certified by the EQUAL-SALARY Foundation for its equal pay practices in Switzerland, the US, the UK, Hong Kong and Singapore. These certifications are testament to our well-established equal opportunity environment.

Our commitment to pay fairness is further demonstrated by the successful completion of the equal pay analysis in Switzerland as required by the newly introduced Swiss Federal Act on Gender Equality. We had already completed this important analysis by the end of the first year of the three-year regulatory implementation period and the results confirm that we are fully compliant with Swiss equal pay standards. The analysis found that our statistical wage difference in Switzerland is only 0.6% and thus significantly below the 5% regulatory requirement. This achievement also reflects our ongoing efforts to address any unexplained pay gaps as we uncover them. Ernst & Young provided assurance regarding the analysis and affirmed that we comply with the applicable legal requirements for each legal entity in Switzerland.

We are committed to ensuring a workplace where employees are fairly treated, with equal employment and advancement opportunities for all. We do not tolerate harassment of any kind. Our global measures include employee and line manager training, specialist expertise in handling concerns, and a global employee hotline. An internal anti-harassment officer appointed by the Group Head Human Resources provides an independent view of the firm's various processes and procedures to prevent harassment and sexual misconduct.

In a global business such as ours, a diverse workforce is a competitive advantage. Our strategy is to continuously shape a diverse and inclusive organization that is innovative, provides outstanding service to our clients, offers equal opportunities for

all and is a great place to work for everyone. Our broad approach focuses on gender, race, ethnicity, LGBTQ+, age, disability, and mental health, among other aspects, with inclusive leadership playing an important role. Increasing gender and ethnic diversity are our highest near-term strategic diversity, equity and inclusion priorities.

We take a multi-faceted approach to increasing our ethnic diversity, including setting aspirational ethnicity targets in locations such as the US and UK. We have a global framework and drive our initiatives regionally, supported by our recruitment, training and employee network organizations, in particular. Our multi-cultural employee networks play an integral part in building a more ethnically inclusive culture across UBS, and a new firm-wide network of more than 140 Diversity & Inclusion Ambassadors provide employee advice and coaching.

Pay equity is not the same as gender pay gap, which looks at the average pay for all women versus all men. Our gender pay gap reflects a representation gap brought about by having unequal numbers of men and women at each level, with a greater proportion of men in more senior positions.

We seek to hire, promote and retain more women across the firm, aspiring to increase the percentage of women at Director level and above to 30% by 2025. At the end of 2020, 26.0% of all employees in roles at Director level and above were women, up from 25.2% in 2019, and we are on track to achieve our target.

Addressing gender representation is a priority we share with many other organizations, in both financial services and other sectors. To share best practices, learn from peers and receive feedback, we take an active role in initiatives such as the Bloomberg Gender-Equality Index and the DJSI, where we maintain top ratings.

- › Refer to ubs.com/diversity for additional information about our priorities, commitments and progress, and the Sustainability Report 2020, available from 11 March 2021 under "Annual reporting" at ubs.com/investors, for our management practices and detailed employee data, including gender- and region-specific data
- › Refer to "Employees" in the "How we create value for our stakeholders" section of our Annual Report 2020 for more information.

Performance award pool funding

Our compensation philosophy focuses on balancing performance with appropriate risk-taking and retaining talented employees. We reduce our overall performance award funding percentage as financial performance increases. In years of strong financial performance, this prevents excessive compensation and results in an increased proportion of profit before performance award 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 achievement against defined performance measures. In assessing performance, we also consider industry peers, market competitiveness of our results and pay position, as well as progress against our strategic objectives, including returns, capital growth, risk-weighted assets and cost efficiency. We look at 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. The funding for Group Functions is linked to overall Group performance and reflects headcount, workforce location and

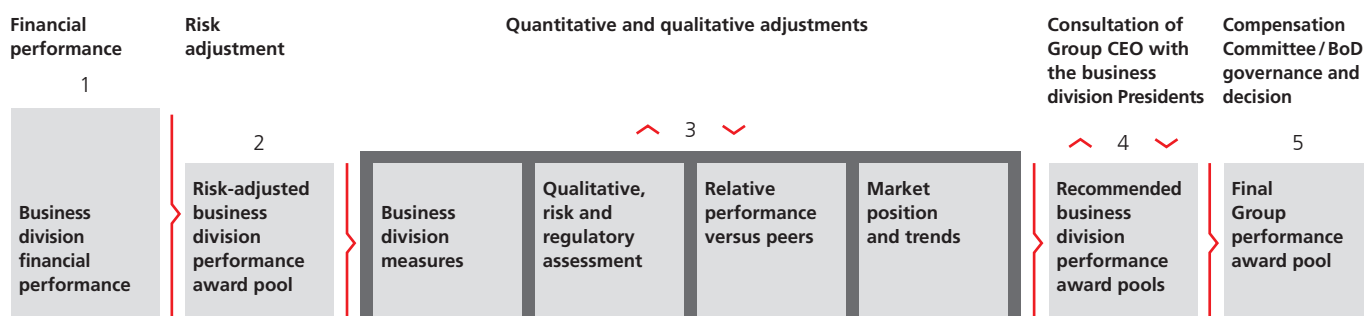
demographics. For each functional area, quantitative and qualitative assessments evaluate service quality, risk management and financial achievements. Our decisions also balance consideration of financial performance with a range of qualitative factors, including ESG, the impact of risk management, litigation, regulatory costs, the effect of changes in financial accounting standards, capital returns and relative total shareholder return.

Before making its final recommendation to the BoD, the Compensation Committee considers the CEO’s proposals and can apply a positive or negative discretionary adjustment to the performance award pool.

When considering the above proposals and factors, over the past eight years the Compensation Committee has applied discretionary adjustments to the performance award pool, resulting in an average 3% downward adjustment over the past eight years with the largest negative adjustment made for the 2020 pool.

- › Refer to “2020 Group performance outcomes” in the “Group compensation” section of this report
- › Refer to the “Group performance” section of our Annual Report 2020 for more information about our results

Performance award pool funding process – illustrative overview



1	Business division financial performance	The funding process begins with business division financial performance, which may be adjusted for items that are not reflective of the underlying business division performance.
2	Risk-adjusted business division performance award pool	Predetermined business division-specific funding rates are applied to risk-adjusted performance, incorporating market, credit, liquidity and operational (including conduct) risk.
3	Business division measures	Each business division is assessed based on specific measures (e.g., net new money growth rate, return on attributed equity).
	Qualitative, risk and regulatory assessment	Qualitative (e.g., quality of earnings, ESG factors), risk (e.g., legal, compliance, reputational and operational risk) and regulatory compliance assessments support alignment to our Total Reward Principles.
	Relative performance versus peers	Performance is assessed relative to our peers, including financial performance, returns and relative total shareholder return.
	Market position and trends	Market intelligence from external advisors helps assess the competitiveness of our pay levels and compensation structure. It also provides a prospective view of market trends in terms of absolute compensation levels, compensation framework and industry practice.
4	Recommended business division performance award pools	The business division performance award pool determination process is based on quantitative and qualitative assessments, resulting in a recommendation from the Group CEO (in consultation with the GEB) to the Compensation Committee for consideration.
5	Final Group performance award pool	The Compensation Committee considers the Group CEO’s recommendation in the context of the factors outlined above and verifies it is in line with our strategy and our Total Reward Principles to create sustainable shareholder value and support our growth ambitions. The Committee may alter the recommendations of the Group CEO (upward or downward, including recommending no funding) before making its final recommendation to the BoD.

Compensation for GEB members

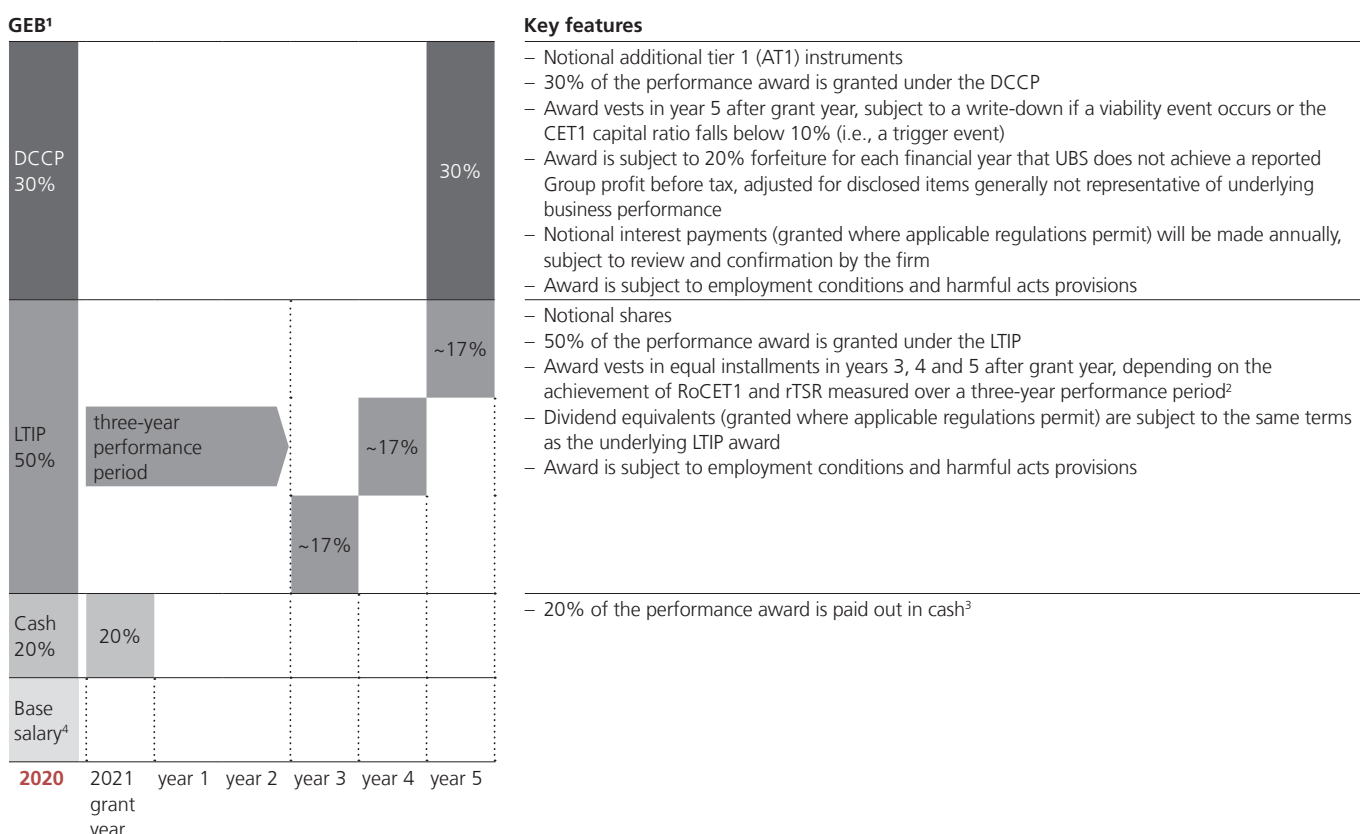
GEB compensation framework

In 2020, we made no changes to our GEB compensation framework. The chart below illustrates the compensation elements, pay mix and key features for GEB members. Of the annual performance awards, 20% is paid in the form of cash and 80% is deferred over a period of five years,¹ with 50% of

the annual performance awards granted under the LTIP and 30% under the DCCP.

» Refer to “Our deferred compensation plans” in the “Group compensation” section of this report for more information

2020 compensation framework for GEB members (illustrative example)



¹ Senior Management Functions Holders (SMFs) have extended deferral periods, with the deferred performance awards vesting no faster than pro rata between years 3 and 7. SMFs and Material Risk Takers (MRTs) have an additional 12-month blocking period on their awards post vest. ² Due to regulatory requirements, LTIP awards granted to UK MRTs and SMFs will be subject to an additional non-financial conduct-related metric with a downward adjustment of up to 100% of the entire award. ³ SMFs and MRTs receive 50% in the form of immediately vested shares which are blocked for 12 months. ⁴ May include role-based allowances in line with market practice and regulatory requirements.

Pay-for-performance safeguards for GEB members

Performance award caps	<ul style="list-style-type: none"> – Cap on total GEB performance award pool (2.5% of profit before tax)¹ – Caps on individual performance awards (for the Group CEO capped at five times the fixed compensation and at seven times for the other GEB members) – Cap of 20% of performance award in cash
Delivery and deferral	<ul style="list-style-type: none"> – 80% of performance awards are at risk of forfeiture – Long-term deferral over five years (or longer for certain regulated GEB members) – Alignment with shareholders (through the LTIP) and bondholders (through the DCCP) – Final payout of equity-based LTIP award (50% of performance award) subject to absolute and relative performance conditions (three-year performance period)
Contract terms	<ul style="list-style-type: none"> – No severance terms – Six-month notice period
Other safeguards	<ul style="list-style-type: none"> – Share ownership requirements – No hedging allowed

¹ The Compensation Committee may consider adjustments to profit for items that are not reflective of underlying performance.

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 the Group CEO and the other GEB members to hold a substantial number of UBS shares. GEB members must build up their minimum shareholding 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 and any privately held shares. GEB

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 and role-based allowance

Each GEB member receives a fixed base salary, which is reviewed annually by the Compensation Committee. The 2020 annual base salary for the Group CEO role was CHF 2.5 million and has remained unchanged since 2011. The other GEB members each received a base salary of CHF 1.5 million (or local currency equivalent), also unchanged since 2011.

In 2020, two GEB members were considered Material Risk Takers (MRTs), including one UK Senior Management Function (SMF), for UK / EU entities due to their impact on those entities, regardless of personal domicile. Base salary and role-based allowances are considered fixed compensation.

At the AGM, shareholders are asked to approve the maximum aggregate amount of fixed compensation for GEB members for the following financial year. The amount requested includes a reserve to consider potential future changes in GEB composition or role changes, and potential additional role-based allowances.

- › Refer to the **“Supplemental information” section of this report for more information about MRTs and SMFs**
- › Refer to the **“Shareholder engagement and 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 profit before tax. This limits the overall GEB compensation based on the firm's profitability.

For 2020, the Group's profit before tax was USD 8.2 billion and the total GEB performance award pool was CHF 85.0 million. The GEB performance award pool as a percentage of Group profit before tax was 1.1%, well 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), the Group CEO's granted performance award is capped at five times his fixed compensation. Granted performance awards of other GEB members are capped at seven times their fixed compensation (or two times for GEB members who are also MRTs). For 2020, performance awards granted to GEB members and the Group CEO were, on average, 3.1 times

members may not sell any UBS shares before they reach the minimum ownership thresholds mentioned below. At the end of 2020, all GEB members met their share ownership requirements, except for those appointed within the last four years, who still have time to build up and meet the required share ownership.

As of 31 December 2020, our GEB members held shares with an aggregate value of approximately USD 160 million demonstrating their commitment to our strategy and alignment with shareholders.

their fixed compensation (excluding one-time replacement awards, benefits and contributions to retirement benefit plans).

- › Refer to **“Performance award pool funding” in the “Compensation philosophy and governance” section of this report for more information**

GEB employment contracts and severance terms

GEB members' employment contracts do not include severance terms or supplementary pension plan contributions and are subject to a notice period of at least six months. 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 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 2020 performance year.

Bank of America	Goldman Sachs
Barclays	HSBC
BlackRock	JPMorgan Chase
BNP Paribas	Julius Baer
Citigroup	Morgan Stanley
Credit Suisse	Standard Chartered
Deutsche Bank	State Street

GEB performance assessments

We assess each GEB member’s performance against several financial targets and qualitative goals related to our Pillars, Principles and Behaviors.

Financial measures are assessed quantitatively based on full-year financial results versus predetermined targets and plan figures. The financial targets for the Group CEO are based on overall Group performance. For the other GEB members, such targets are based on both Group performance and the performance of the relevant business division and / or region; those who lead a Group function are assessed on the performance of the Group and the function they oversee. A significant weight is given to Group measures for all GEB members.

To judge the quality and sustainability of the financial results, the Compensation Committee considers a range of qualitative factors, including relative performance and market conditions, as

well as ESG-related aspects, such as client satisfaction, employee satisfaction, talent management, diversity and inclusion, sustainable business practice, sustainable finance, and philanthropy. These factors are reflected in our Pillars, Principles and Behaviors and assessed qualitatively based on the five-point scale outlined on the next page. The total of all weighted achievement scores across financial measures and qualitative goals cannot exceed 100%.

The Compensation Committee exercises its judgment with respect to the performance achieved relative to the prior year, the strategic plan and competitors, and considers the Group CEO’s recommendations. The Compensation Committee’s recommendations are subject to approval by the BoD.

The Compensation Committee, and then the full BoD, follows a similar process for the Group CEO, except that the recommendation 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.

The Compensation Committee is involved at all stages of the performance and total compensation decision-making process for the Group CEO and the other GEB members subject to review and approval by the BoD.			
	Objective setting	Performance assessment	Delivery and deferral
Decision-making process	<p>Financial targets are based on Group, business division, regional and / or functional performance measures (depending on the role of the GEB member).</p> <p>Financial targets and qualitative goals related to Pillars, Principles (including ESG-related goals) and Behaviors reflect the strategic priorities determined by the Chairman and the BoD.</p> <p>Financial targets weight: 70% Pillars and Principles weight: 15% Behaviors weight: 15%</p>	<p>Financial results are assessed quantitatively.</p> <p>Achievements related to Pillars and Principles (including ESG-related goals) and Behaviors are assessed qualitatively, based on a five-point scale.</p>	<p>When determining actual pay levels, the Compensation Committee considers several relevant parameters, which may include:</p> <ul style="list-style-type: none"> – financial performance; – performance assessment; – relative performance versus peers; and – compensation market benchmarks and trends. <p>Final compensation decisions for GEB members consider the Group CEO’s recommendation (the Group CEO makes no recommendation on his own awards).</p>
Role of the Compensation Committee	<ul style="list-style-type: none"> – Together with the BoD Chairman, establishes the objectives for the Group CEO. – Together with the Group CEO, reviews objectives for the other GEB members. 	<ul style="list-style-type: none"> – Together with the BoD Chairman, evaluates the performance of the Group CEO and determines the overall assessment. – Together with the Group CEO, reviews the performance assessment for the other GEB members. 	<p>Proposes to the BoD:</p> <ul style="list-style-type: none"> – together with the BoD Chairman, the total individual compensation for the Group CEO; and – together with the Group CEO, the total individual compensation for the other GEB members. <p>The final decision on the aggregate amount is subject to shareholder approval.</p>

Overview of performance assessment measures

The table below presents the measures for the 2020 performance assessment of the Group CEO and GEB members.

Group measures		A range of financial measures, including reported Group profit before tax, reported Group cost / income ratio, reported return on CET1 capital, and CET1 ratios.
Business division, regional and / or functional measures (if applicable)¹		Business division and / or regional measures vary, but may include: net new money, assets under management, divisional / regional profit before tax, cost / income ratio, net new business volume growth rate, net interest margin, RoAE, RWA and LRD. Specific functional measures for Group Functions GEB members.
Pillars	Capital strength	Establishes and maintains capital. Generates efficiencies and deploys our capital more efficiently and effectively.
	Efficiency and effectiveness	Contributes to the development and execution of our strategy and success across all business lines, functions and regions. Considers market conditions, relative performance and other factors.
	Risk management	Reinforces risk management through an effective control framework. Captures the degree to which risks are self-identified and focuses on the individual's success to comply with all the various regulatory frameworks. Helps shape the firm's relationship with regulators through ongoing dialog.
Principles	Client focus	Increases client satisfaction and maintains high levels of satisfaction over the long term. This includes promoting collaboration across business divisions and fostering the delivery of the whole firm to our clients.
	Excellence	Human Capital Management – develops successors for the most senior positions, facilitates talent mobility within the firm and promotes a diverse and inclusive workforce. Product and Service Quality – strives for excellence in the products and services we offer to our clients.
	Sustainable performance	Brand and Reputation – protects the Group's reputation and reinforces full compliance with our standards and principles. Culture and Growth – takes a personal role in making Principles and Behaviors front and center of the business requirements, including a focus on sustainable growth. Furthermore, this measure evaluates the individual's ability to reinforce a culture of accountability and responsibility, demonstrating our commitment to be a responsible corporate citizen and reinforcing our collective behaviors.
Behaviors	Integrity	Is responsible and accountable for what they say and do; cares about clients, investors, and colleagues; acts as a role model.
	Collaboration	Places the interests of clients and the firm before their own and those of their business; works across the firm; respects and values diverse perspectives.
	Challenge	Encourages self and others to constructively challenge the status quo; learns from mistakes and experiences.

¹ Both regional and functional measures may include qualitative measures.

Qualitative performance assessment scale

The table below presents the five-point scale used for the qualitative assessment of the performance against goals related to Pillars, Principles and Behaviors.

Below expectations	Met most expectations	Met expectations	Exceeded expectations	Significantly exceeded expectations
Performance failed to meet the standard expected, immediate improvement required	Reasonable performance, but not consistently up to the standard expected, some improvement required	Performance consistently met standard expected, may have exceeded a few goals	Performance exceeded most expectations on a regular basis	Consistently achieved truly exceptional results
Achievement score: 0–30%	Achievement score: 40%	Achievement score: 60%	Achievement score: 80%	Achievement score: 100%

2020 performance for the Group CEOs

Effective 1 November 2020, Sergio Ermotti was succeeded by Ralph Hamers as Group CEO, but continued in an advisory capacity on the GEB until the end of his employment on 31 December 2020. To provide shareholders with comprehensive and transparent information, we disclose performance assessments for both Sergio Ermotti and Ralph Hamers, as well as their awarded compensation and realized pay for 2020.

The performance awards for the Group CEOs are based on the achievement of financial performance targets and qualitative goal achievements relative to Pillars, Principles and Behaviors, as described earlier in this section. These targets and goals were set to reflect the strategic priorities determined by the Chairman

and the BoD. To judge the quality and sustainability of the financial results, the Compensation Committee considers in the qualitative goal assessment a range of additional factors including relative performance and market conditions, as well as ESG-related aspects, such as client satisfaction, employee satisfaction, talent management, diversity and inclusion, sustainable business practice, sustainable finance, and philanthropy.

The Group CEOs' performance awards are subject to shareholder approval as part of the aggregate GEB 2020 variable compensation.

» Refer to "Compensation framework for GEB members" in this section of this report for more information

Performance assessment for Sergio Ermotti

The BoD recognizes that Sergio Ermotti successfully led UBS through a very challenging year marked by the COVID-19 pandemic. Under his strong leadership, the Group demonstrated during this global crisis the overall strength of its business model, the stability and quality of its services and support provided to clients, a strong culture and the ability to adapt to

changing circumstances. As a result, the firm was able to deliver excellent financial results and achieve significant progress in key strategic areas, including risk management, progressing regulatory initiatives and collaboration across the firm.

The table below illustrates the assessment criteria used to evaluate the achievements of Sergio Ermotti in 2020.

Financial performance

Weight	Performance measures	2020 target / guidance	2020 results	Achievement ²	Weighted assessment	2020 commentary
30%	Return on CET1 capital	16% ¹	17.4%	100% ²	30%	– The Group delivered an exceptionally strong performance with a return on CET1 capital of 17.4% , up from 12.4% in 2019 and exceeding the 2020 target and expectations.
20%	Group profit before tax	USD 6.3 billion	USD 8.2 billion	100% ²	20%	– The Group achieved a profit before tax of USD 8.2 billion, significantly up from the USD 5.6 billion in 2019 and exceeding the 2020 target .
10%	Cost / income ratio	75% ¹	73.3%	100% ^{2,3}	10%	– Costs were effectively and prudently managed despite the challenges resulting from the COVID-19 pandemic, resulting in a cost / income ratio of 73.3% , a substantial improvement compared with 2019 and exceeding the target for 2020.
10%	Capital management CET1 capital ratio CET1 leverage ratio Post-stress CET1 capital ratio	13.0% 3.7% Above one-year minimum objective	13.8% 3.85% Achieved	100% ² 100% ² 100% ²	10%	– UBS maintained a strong capital position throughout the COVID-19 pandemic, enabling delivery of our 2019 dividend, as well as building a USD 2 billion reserve for future share repurchases. – CET1 capital ratio of 13.8% and CET1 leverage ratio of 3.85% were above targets.

¹ The return on CET1 capital and cost / income ratio performance targets are set at a stretch-target level relative to the Group return on CET1 capital target range of 12–15% and the cost / income ratio target range of 75–78% in the spirit of setting ambitious goals to reach a 100% performance achievement. ² Achievement score capped at 100%. ³ For the assessment of the cost / income ratio, each 1% difference between actual and target affects the score by 10%.

Performance assessment for Sergio Ermotti (continued)

Qualitative goals

Weight	Performance measures	Achievement	Weighted assessment	2020 commentary
15%	Pillars and Principles	Exceeded expectations (80%)	12%	<ul style="list-style-type: none"> – In 2020, Sergio Ermotti demonstrated his leadership strength and ability to manage the firm through challenging periods. As a result, the Group showed exemplary resilience and strong ability to respond to the COVID-19 challenges and was able to provide excellent client service and deliver strong financial results. – Sergio Ermotti continued to invest significant efforts in preparing and positioning UBS for the future, in particular through successful implementation of growth initiatives, a positive momentum for stronger collaboration and leveraging of capabilities across the Group, as well as important structural changes to simplify client delivery. – Sergio Ermotti continued his personal engagement with clients, thereby setting the tone from the top for the rest of the organization. He focused the Group on further improving client centricity and the client experience, and delivering excellent, uninterrupted services. – Sergio Ermotti continued to be a strong leader in risk management and to drive effective and sustainable progress on regulatory initiatives that further strengthened the Group's risk and control environment overall, which was positively acknowledged by core regulators. – Through 2020, Sergio Ermotti continued to support the positioning of the firm as a leader in sustainability, including making sustainable investments the preferred solutions for clients. These efforts were recognized externally through the nomination as industry leader in the Dow Jones Sustainability Indices for the sixth consecutive year and surpassing the 2022 target of directing USD 5 billion of client assets into impact investments as per our commitment to the UN's Sustainable Development Goals. – Sergio Ermotti also continued to focus the organization on the importance of diversity, including ethnicity and female representation. Overall, UBS's attractiveness as employer remained high, retaining a Top 50 ranking in the World's Most Attractive Employers (Universum), as well as being recognized for its diversity and inclusion efforts. The excellent results of the employee survey, including record levels of participation and pride in working for UBS, confirm Sergio Ermotti's positive impact on the firm's culture and the effectiveness of his leadership and his decisive actions in response to the COVID-19 pandemic.
15%	Behaviors	Exceeded expectations (80%)	12%	<ul style="list-style-type: none"> – Sergio Ermotti continued to be a role model for the UBS behaviors. In particular, he steered the Group toward stronger collaboration and leveraging of synergies in the interests of clients. He consistently set a strong tone from the top in encouraging constructive challenge and displayed an unwavering commitment for continuous improvements through questioning the status quo. – Sergio Ermotti was once again the most influential ambassador for the Group's culture and behavior programs.
Total weighted assessment (maximum 100%)			94%	

In addition to Sergio Ermotti's achievements in 2020 outlined in the performance assessment table above, the BoD also considered other factors, such as the positive relative and absolute share price developments and his excellent contribution in the Group CEO transition process.

The BoD approved the proposal by the Compensation Committee to grant Sergio Ermotti a performance award of CHF 10.5 million (down 7% compared with 2018 and up 8%

compared with 2019), resulting in a total compensation for 2020 of CHF 13.0 million (excluding benefits and contributions to his retirement benefit plan).

The performance award will be delivered 20% (CHF 2.1 million) in cash and the remaining 80% (CHF 8.4 million) subject to deferral and forfeiture provisions, as well as meeting performance conditions over five years.

Performance assessment for Ralph Hamers

Ralph Hamers joined UBS on 1 September 2020 as the designated Group CEO, the role he took over on 1 November 2020. This assessment covers his performance since joining UBS but, in light of the short tenure, it is an abbreviated qualitative assessment.

Ralph Hamers demonstrated great commitment and strong engagement during the two months of the CEO transition phase. He effectively leveraged this period to establish a strong understanding of UBS and its strategy, culture, clients, products and services, and employees.

Ralph Hamers decisively led UBS as Group CEO through the fourth quarter and delivered very strong results, thereby successfully completing the year and contributing to achieving the best results for UBS in a decade. He set a strong tone from the top, continuing to execute on the capital and risk objectives of the firm.

Ralph Hamers has launched a number of strategic initiatives, all with the aim of ensuring the continued long-term success of UBS.

Furthermore, Ralph Hamers fully embraced UBS's core behavioral values and drove measures to improve collaboration, ownership and accountability, as well as constructive challenge across all levels.

Considering these strong achievements of Ralph Hamers in his first year with UBS, the BoD approved the proposal by the Compensation Committee to grant Ralph Hamers a performance award of CHF 3.0 million, resulting in a total compensation for 2020 of CHF 3.8 million (excluding benefits and contributions to his retirement benefit plan).

The performance award will be delivered 20% (CHF 0.6 million) in cash and the remaining 80% (CHF 2.4 million) subject to deferral and forfeiture provisions, as well as meeting performance conditions over five years.

2020 total compensation for the GEB members

The aggregate performance award pool for the GEB for 2020 was CHF 85.0 million (USD 90.7 million); on a per capita basis, this reflects an increase of 1% compared with 2018, or 18% compared with 2019. This is a smaller increase than the change in the overall performance award pool of the firm, which increased 6% compared with 2018, or 24% compared with 2019. Group profit before tax was USD 8.2 billion, up 36% compared with 2018 and 46% compared with 2019.

The Compensation Committee has confirmed that performance conditions for all GEB members' awards due to vest in March 2021 have been satisfied and will therefore vest in full.

At the 2021 AGM, shareholders will vote on the aggregate 2020 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 "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								USD (for reference) ¹				
For the year	Base salary	Contribution to retirement benefit plans	Benefits ²	Total fixed compensation	Performance award Cash ³	Performance award under LTIP ⁴	Performance award under DCCP ⁵	Total variable compensation	Total fixed and variable compensation ⁶	Total fixed compensation	Total variable compensation	Total fixed and variable compensation ⁶
Highest Paid Executive (former Group CEO Sergio P. Ermotti)												
2020 ⁷	2,500,000	244,353	78,891	2,823,244	2,100,000	5,250,000	3,150,000	10,500,000	13,323,244	3,011,952	11,201,828	14,213,780
2019	2,500,000	244,353	65,048	2,809,401	1,940,000	4,850,000	2,910,000	9,700,000	12,509,401			
Group CEO Ralph A.J.G. Hamers												
2020	833,333	62,124	314,260	1,209,717	600,000	1,500,000	900,000	3,000,000	4,209,717	1,290,576	3,200,522	4,491,098
Aggregate of all GEB members^{8,9,10,11,12}												
2020	27,469,369	2,249,276	1,145,489	30,864,135	16,625,062	42,874,938	25,500,000	85,000,000	115,864,135	32,927,117	90,681,465	123,608,582
2019	28,169,646	2,333,935	1,350,439	31,854,020	14,050,000	35,125,000	21,075,000	70,250,000	102,104,020			

¹ Swiss franc amounts have been translated into US dollars for reference at the 2020 performance award currency exchange rate of CHF / USD 1.0668. 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 2020 were awarded at a value of 65.9% of maximum which reflects our best estimate of the fair value of the award. The maximum number of shares is determined by dividing the awarded amount by the estimated fair value of the award at grant, divided by CHF 13.810 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. 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 2020 and 2019, which are estimated at grant at CHF 5,497,811 and CHF 4,969,844, respectively, of which CHF 880,496 and CHF 797,938, 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 Reflects compensation for 12 months until the end of his GEB employment on 31 December 2020. ⁸ As stated in "Group Executive Board" in the "Corporate governance" section of our Annual Report 2020, thirteen GEB members were in office on 31 December 2020 and on 31 December 2019, although not identical composition. ⁹ Includes compensation paid under employment contracts during notice periods for GEB members who stepped down during the respective years. ¹⁰ Includes compensation for newly appointed GEB members for their time in office as GEB members during the respective years. ¹¹ For 2020, Ralph A.J.G. Hamers received a one-time replacement award of CHF 163,399. This replacement award is not included in the above table; including this, the 2020 total aggregate compensation of all GEB members is CHF 116,027,534. For 2019, Iqbal Khan received a one-time replacement award of CHF 8,053,022. This replacement award is not included in the above table; including this, the 2019 total aggregate compensation of all GEB members is CHF 110,157,042. ¹² Base salary may include role-based allowances in line with market practice in response to regulatory requirements.



Total realized compensation for the Group CEOs

The realized compensation 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 Sergio Ermotti and Ralph Hamers, including a comparison with their total awarded compensation.

Total realized pay for Sergio Ermotti

Total realized compensation vs awarded compensation for Sergio P. Ermotti¹

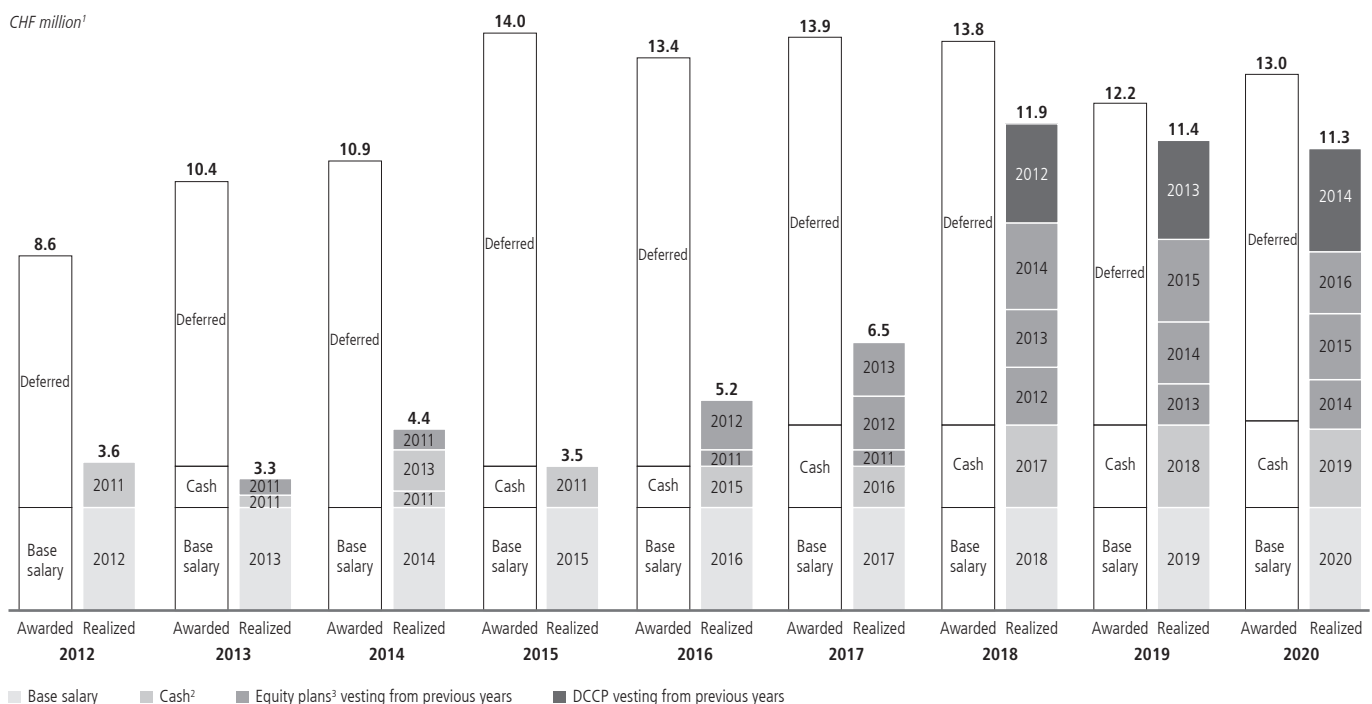
CHF						Realized	Awarded
For the year	Base salary	Cash award ²	Deferred cash award ^{3,4}	Performance award under equity plans ^{4,5}	Performance award under DCCP ⁴	Total realized fixed and variable compensation ⁶	Total awarded fixed and variable compensation ⁶
2020	2,500,000	1,940,000	0	4,374,061	2,520,000	11,334,061	13,000,000
2019	2,500,000	2,000,000	0	4,533,741	2,370,000	11,403,741	12,200,000
2018	2,500,000	2,000,000	0	4,986,563	2,440,000	11,926,563	13,800,000
2017	2,500,000	1,000,000	0	2,951,043	0	6,451,043	13,900,000
2016	2,500,000	1,000,000	0	1,667,128	0	5,167,128	13,400,000
2015	2,500,000	0	0	1,018,440	0	3,518,440	14,000,000
2014	2,500,000	1,000,000	373,441	537,217	0	4,410,658	10,900,000
2013	2,500,000	0	349,622	423,623	0	3,273,245	10,400,000
2012	2,500,000	553,200 ³	553,200	0	0	3,606,400	8,600,000

¹ Appointed on 24 September 2011 as Group CEO ad interim and confirmed on 15 November 2011. ² Paid out based on the previous performance year. For 2012 this includes Cash Balance Plan installments (discontinued in 2012). ³ Cash Balance Plan installments. For 2012, due to applicable UK FSA regulations, deferred cash includes blocked shares. ⁴ Excludes dividend / interest payments. ⁵ Includes all installments paid out under the EOP, Senior Executive Equity Ownership Plan (SEEO, discontinued in 2012) and Performance Equity Plan (PEP, discontinued in 2012). ⁶ Excludes contributions to retirement benefit plans and benefits. Includes social security contributions paid by Sergio P. Ermotti but excludes the portion related to the legally required social security contributions paid by UBS.

The chart below further illustrates the effect of our deferral approach over time. The bars for realized pay show which components (base salary, cash, equity plans, or DCCP) deliver the realized compensation in the year indicated and for which year the respective component was initially awarded.

The bars for awarded compensation show the split between fixed compensation (base salary) and variable compensation (cash component and deferred awards) and highlight that a significant portion of the variable compensation is deferred.

CHF million¹



¹ Excludes contributions to retirement benefit plans and benefits. Includes social security contributions paid by Sergio P. Ermotti but excludes the portion related to the legally required social security contributions paid by UBS. ² Paid out based on the previous performance year. 2012, 2013 and 2014 include Cash Balance Plan installments. ³ Includes all installments paid out under respective EOP, SEEO and PEP plans, excludes dividend payments.

Total realized pay for Ralph Hamers

Total realized compensation vs awarded compensation for Ralph A.J.G. Hamers

<i>CHF</i>						Realized	Awarded
	Base salary	Cash award	Deferred cash award ²	Performance award under equity plans ²	Performance award under DCCP ²	Total realized fixed and variable compensation	Total awarded fixed and variable compensation ^{3, 4}
For the year							
2020¹	833,333	0	0	0	0	833,333	3,833,333

¹ Includes compensation for 4 months as Ralph A.J.G. Hamers joined UBS on 1 September 2020. ² Excludes dividend / interest payments. ³ Excludes contributions to retirement benefit plans and benefits. Includes social security contributions paid by Ralph A.J.G. Hamers but excludes the portion related to the legally required social security contributions paid by UBS. ⁴ Excludes the one-time replacement award.

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. In 2020, we made no material changes to our overall framework. 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, 2020 role-based allowances consisted of a cash portion and, where applicable, a blocked UBS share award.

Pensions and benefits

We offer certain benefits for all employees, such as health insurance and retirement benefits. These vary depending on the employee's location and are reviewed periodically for competitiveness. Pension contributions and pension plans also vary in accordance with local requirements and market practice. However, pension plan rules in any one location are generally the same for all employees, including management.

GEB members' pension contributions and benefits are in line with local practices for other employees. 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 integrity, collaboration and challenge 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

To reinforce our emphasis on sustainable performance and risk management, and our focus on achieving growth ambitions, we deliver part of our employees' annual variable compensation through deferred compensation plans. We are convinced that our approach, with a single incentive decision and a deferral, is simple, 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 SMFs and MRTs, are subject to additional requirements (e.g., an additional non-financial conduct-related performance metric under the LTIP, more stringent deferral requirements, 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.

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 average deferral period is 4.4 years for GEB members, 4 years for GMDs and 3.5 years for employees below GEB / GMD level. On an exceptional basis, 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 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 most cases where employment has been terminated.

Our share delivery obligations related to notional share awards are satisfied by delivering treasury shares to employees at vesting.

- › Refer to “Note 27 Employee benefits: variable compensation” in the “Consolidated financial statements” section of our Annual Report 2020 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, GMDs, Group or Divisional Vice Chair role holders	✓	✓		✓
Asset Management GMDs	✓	✓	✓ ¹	✓
Employees subject to mandatory deferral framework	All employees (except AM employees)	✓	✓	✓
	AM employees	✓	✓ ¹	✓

¹ AM GMDs and AM employees in investment areas receive AM EOP (notional funds) instead of EOP (notional shares) in order to align their compensation more closely with industry standards. AM employees in non-investment areas receive both EOP and AM EOP in their plan mix.

Deferred compensation plans – key features

	Delivery	Vesting period ¹	Performance conditions
LTIP	– Notional shares (eligible for dividend equivalents ²) – Generally delivered as shares	– For GEB members, award vests in equal installments in years 3, 4 and 5 after the grant year – For GMDs and Divisional Vice Chair role holders, award cliff-vests in year 3 after the grant year	– Achievement of RoCET1 and rTSR measured over a three-year performance period starting with the grant year
EOP	– Notional shares (eligible for dividend equivalents ²) – Generally delivered as shares For AM EOP: – Notional funds (eligible for dividend equivalents ²) – Generally delivered as cash	– Award vests 50% in year 2 and 50% in year 3 after the grant year For AM EOP: – For AM investment areas, award vests 40% in year 2, 40% in year 3 and 20% in year 5 after the grant year – For AM non-investment areas, award vests 35% in year 2, 35% in year 3 and 30% in year 5 after the grant year – For AM GMDs, award vests 50% in year 3 and 50% in year 5 after the grant year	– For KRTs, Highly Paid Employees ³ , SMFs and certain MRTs, the awards granted will only vest if the Group performance condition (RoCET1) is met
DCCP	– Notional bonds (eligible for notional interest ²) – Settled as either a cash payment or a perpetual, marketable AT1 capital instrument	– Award cliff-vests in year 5 after the grant year	– Awards are forfeited if a viability event occurs – Awards are 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% – GEB members forfeit 20% of their award for each year that UBS does not achieve a reported Group profit before tax during the vesting period

¹ Variations apply for regulated employees. ² Excluding MRTs, who are ineligible to receive dividends, including dividend equivalents, as well as notional interest. ³ Employees with a total compensation exceeding USD / CHF 2.5 million).

Long-Term Incentive Plan

The LTIP is a mandatory deferral plan for senior leaders of the Group (i.e., GEB members, GMDs and Group / Divisional Vice Chair role holders). For the 2020 performance year, we granted LTIP awards to 115 employees at a fair value of 65.9% of maximum. The value was calculated by an independent third party using a well-established valuation methodology.

The performance metrics of the equity-based LTIP awards are average reported return on CET1 capital (RoCET1) and relative total shareholder return (rTSR) over a three-year performance period starting in the year of grant. Performance outcomes and actual payout levels will be disclosed at the end of the performance period.

The three-year average reported RoCET1 performance metric reflects our strategic return ambitions:

- the required RoCET1 performance for a maximum payout is set at 18%, which represents a stretch objective relative to our communicated ambitions;
- the required performance threshold of 6% for the minimum payout supports our focus on delivering sustainable results and appropriate risk-taking; and
- the linear payout design between threshold and maximum level reflects our focus on sustainable performance, supports our growth ambitions, and does not encourage excessive risk-taking.

The rTSR performance metric over the three-year period further aligns the interests of employees with shareholders:

- the metric compares the total shareholder return (TSR) of UBS with the TSR of an index consisting of listed Global Systemically Important Banks (G-SIBs) as determined by the Financial Stability Board;
- the G-SIBs are independently defined and reflect companies with a comparable risk profile and impact on the global economy;

- the index, which includes publicly traded G-SIBs, is equal weighted, calculated in Swiss francs and maintained by an independent index provider to increase transparency and ensure independence of the TSR calculation; and
- the payout interval of ± 25 percentage points versus the index performance demonstrates our ambition of delivering attractive relative returns to shareholders. The linear payout and the threshold level set below index performance further support sustainability of results and prudent risk-taking.

Global Systemically Important Banks (G-SIBs) listed companies¹

Agricultural Bank of China	Goldman Sachs	Santander
Bank of America	Groupe Cr�dit Agricole	Soci�t� G�n�rale
Bank of China	HSBC	Standard Chartered
Bank of New York Mellon	ING Bank	State Street
Barclays	ICBC	Sumitomo Mitsui FG
BNP Paribas	JPMorgan Chase	Toronto-Dominion
China Construction Bank	Mitsubishi UFJ FG	UniCredit
Citigroup	Mizuho FG	Wells Fargo
Credit Suisse	Morgan Stanley	
Deutsche Bank	Royal Bank of Canada	

¹ As of November 2020.

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, and cliff-vest in the first year following the performance period for GMDs and Group / Divisional Vice Chair role holders (longer deferral periods may apply for 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.
- Vesting levels are a percentage of the maximum opportunity of the LTIP and cannot exceed 100%.
- Full forfeiture for performance below the predefined threshold levels.
- SMFs and UK MRTs are subject to an additional non-financial metric based on a conduct assessment.

Performance metric: average reported RoCET1 (50% of award)		
Below threshold (<6%)	Threshold (6%) up to maximum (18%)	Maximum and above ($\geq 18\%$)
Full forfeiture	Partial vest (payout between 33% and <100%)	Full vest

Performance metric: rTSR vs G-SIBs index (50% of award)		
Below threshold (<-25 pps)	Threshold (-25 pps) up to maximum (+25 pps)	Maximum and above ($\geq +25$ pps)
Full forfeiture	Partial vest (payout between 33% and <100%)	Full vest

Equity Ownership Plan

The EOP is the deferred compensation plan for employees who are subject to deferral requirements but do not receive LTIP. For the 2020 performance year, we granted EOP awards to 3,934 employees.

Delivering sustainable performance is a key objective for UBS, and we therefore link EOP award vesting with minimum performance thresholds over a multi-year time horizon. Our EOP awards have no upward leverage, and this approach promotes sustainable performance by establishing a minimum level of performance, below which awards are subject to full or partial forfeiture.

EOP awards vest in equal installments in years 2 and 3 after the grant year. For KRTs (including Highly Paid Employees) and SMFs, EOP awards granted will vest based on the average reported RoCET1 over the applicable performance period. If the Group performance condition RoCET1 outcome is equal to or above the threshold, the award will vest in full; if it is between 0% and the threshold, the award will vest on a linear basis between 0% and 100%. If the outcome is 0% or negative, the installment will be fully forfeited. The Compensation Committee retains discretion to adjust the award if the performance metric does not reflect a fair measure of performance.

Asset Management employees receive some or all of their EOP in the form of notional funds under the AM EOP to align their compensation more closely with industry standards. This plan is generally delivered in cash at vesting.

The Compensation Committee sets the minimum future performance threshold at levels to demonstrate that the long-term quality of the past year's performance is sustainable. Once set, the threshold remains in place for that particular award. The Compensation Committee also determines whether the performance condition has been met.

- › Refer to “Vesting of outstanding awards granted in prior years subject to performance conditions” in the “Supplemental information” section of this report for more information

Deferred Contingent Capital Plan

All employees subject to deferral requirements receive DCCP awards. For the 2020 performance year, we granted DCCP awards to 4,013 employees.

Employees are awarded notional additional tier 1 (AT1) capital instruments, which, at the discretion of the firm, can be settled as a cash payment or a perpetual, marketable AT1 capital instrument. Prior to granting, employees can elect to have their DCCP awards denominated in Swiss francs or US dollars.

DCCP awards vest in full after five years (up to seven years for SMFs), unless a trigger event occurs. Awards are forfeited if a viability event occurs, i.e., if FINMA notifies the firm in writing that the DCCP awards must be written down to prevent 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%.

As an additional performance condition, 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.

Under the DCCP, employees who are not MRTs may receive discretionary annual notional interest payments. The notional interest rate for grants in 2021 was 2.6% for awards denominated in Swiss francs and 4.0% for awards denominated in US dollars. These interest rates are based on the current market rates for similar AT1 capital instruments. Notional interest will be paid out annually, subject to review and confirmation by the Compensation Committee.

Over the last five years, USD 1.9 billion of DCCP awards have been issued, contributing 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 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 capacity¹

<i>USD million, except where indicated</i>	31.12.20	31.12.19	31.12.18
Deferred Contingent Capital Plan (DCCP), eligible as high-trigger loss-absorbing additional tier 1 capital	1,875	1,962	2,005
DCCP contribution to the total loss-absorbing capacity ratio (%)	0.6	0.8	0.8

¹ Refer to “Bondholder information” at 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.

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 support talent acquisition, and consistent with industry practice, we may offer replacement awards to attract senior candidates by offsetting deferred compensation being forfeited at their previous employer as a result of joining UBS. When making such awards, we aim to match the previous employer's terms and conditions for the awards to be forfeited upon joining UBS.

Ralph Hamers joined UBS on 1 September 2020 as a GEB member, and subsequently became Group CEO on 1 November 2020. He received replacement awards for deferred compensation forfeited at his previous employer as a result of joining UBS. Ralph Hamer's replacement payment consists of an EOP share award representing 14,841 UBS shares (denominated in Swiss francs) with a grant date total fair market value of CHF 163,399. The award will vest in various installments between 2021 and 2025 but will only be delivered in line with additional blocking periods between 2023 and 2026, all consistent with the terms of the original awards. This replacement award is subject to UBS's harmful acts provisions.

The total 2020 forfeitures of USD 145 million of previously awarded deferred compensation offset the 2020 total sign-on payments, replacement payments and guarantees of USD 94 million.

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 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;
- award grants 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 – these awards are generally structured with the same level of deferral as for employees at a similar level at UBS; and
- in exceptional cases, candidates may be offered a sign-on award 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.

Below-GEB level employees who 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).

Sign-on payments, replacement payments, guarantees and severance payments

USD million, except where indicated	Total 2020	of which: expenses recognized in 2020 ⁵	of which: expenses to be recognized in 2021 and later ⁵	Total 2019	Number of beneficiaries	
					2020	2019
Total sign-on payments¹	20	14	7	31	99	644
of which: Key Risk Takers ²	2	1	1	9	3	6
Total replacement payments³	58	11	47	57	200	178
of which: Key Risk Takers ²	17	1	16	22	13	12
Total guarantees³	16	10	6	27	32	32
of which: Key Risk Takers ²	5	2	2	6	2	3
Total severance payments^{1,4}	134	103⁶	0	144	1,019	1,444
of which: Key Risk Takers ²	0	0	0	3	0	18

¹ GEB members are not eligible for sign-on or severance payments. ² Expenses for Key Risk Takers are full-year amounts for individuals in office on 31 December 2020. Key Risk Takers as defined by UBS, including all employees with a total compensation exceeding USD / CHF 2.5 million (Highly Paid Employees). ³ Includes replacement payments for one GEB member in 2020 and for another GEB member in 2019. No GEB member received a guarantee in 2020 or 2019. ⁴ Includes legally obligated and standard severance payments as well as payments in lieu of notice. ⁵ Expenses before post-vesting transfer restrictions. ⁶ Represents expenses recognized in 2020 associated with payments made in 2020 as well as provisions for expected payments in 2021.

Forfeitures¹

USD million, except where indicated	Total 2020	Total 2019	Population affected	
			2020	2019
Total forfeitures	145	173	588	653
of which: former GEB members	0	16	0	1
of which: Key Risk Takers ²	6	6	3	6

¹ For notional share awards, forfeitures are calculated as units forfeited during the year, valued at the share price on 31 December 2020 (USD 14.13) for 2020. The 2019 data is valued using the share price on 31 December 2019 (USD 12.58). For LTIP the forfeited units reflect the fair value awarded at grant. For the notional funds awarded to Asset Management employees under the EOP, this represents the forfeiture credits recognized in 2020 and 2019. For the DCCP, the fair value at grant of the forfeited awards during the year is reflected. Numbers presented may differ from the effect on the income statement in accordance with IFRS. ² Key Risk Takers as defined by UBS, including all employees with a total compensation exceeding USD / CHF 2.5 million (Highly Paid Employees) and excluding former GEB members who forfeited awards in 2020 or 2019.

Benchmarking for employees other than GEB members

We generally consider market practice in our pay decisions and framework. Our market review reflects several factors, including the comparability of the business division, location, scope and the diversity of our businesses. For certain businesses or roles, we may consider practices at other major international banks, other large Swiss private banks, private equity firms, hedge funds and non-financial firms. We also internally benchmark employee compensation for comparable roles within and across business divisions and locations.

Employee share ownership

According to available records on employee shareholdings, including unvested deferred compensation, as of 31 December 2020, employees held at least USD 3.6 billion of UBS shares (of which approximately USD 2.2 billion were unvested), representing approximately 7% of our total shares issued. Our senior leaders (i.e., GEB members and GMDs, excluding GMDs on notice) held approximately USD 416 million of UBS shares (of which approximately USD 279 million were unvested).

The Equity Plus Plan is our employee share purchase program. It allows employees at Executive Director level and below 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 one additional 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.

- › **Refer to “Note 27 Employee benefits: variable compensation” in the “Consolidated financial statements” section of our Annual Report 2020 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 is comprised of production payout and deferred compensation awards. Production payout, paid monthly, is primarily based on compensable revenue. Financial advisors may also qualify for deferred compensation awards, which generally vest over a six-year period. The awards are based on strategic performance measures, including production, length of service with UBS and net new business. Production payout rates and deferred compensation 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.

2020 Group performance outcomes

Performance awards granted for the 2020 performance year

The “Variable compensation” table below shows the amount of variable compensation awarded to employees for the 2020 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 compensation¹

USD million, except where indicated	Expenses recognized in the IFRS income statement		Expenses deferred to future periods ⁴		Adjustments ⁴		Total		Number of beneficiaries	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Non-deferred cash	2,167	1,894	0	0	0	0	2,167	1,894	58,843	54,179
Deferred compensation awards	341	299	756	429	51	51	1,148	779	3,937	3,572
of which: Equity Ownership Plan	137	122	306	205	35 ⁵	35 ⁵	478	362	3,566	3,228
of which: Deferred Contingent Capital Plan	112	113	280	173	0	0	392	286	3,910	3,552
of which: Long-Term Incentive Plan	42	39	50	25	16 ⁵	16 ⁵	109	80	115	119
of which: Asset Management EOP	49	25	120	26	0	0	169	51	335	307
Variable compensation – performance award pool	2,508	2,193	756	429	51	51	3,315	2,673	58,850	54,210
Variable compensation – other ²	126	159	181	117	(74) ⁶	(50) ⁶	233	226		
Total variable compensation excluding financial advisor variable compensation	2,634	2,352	938	545	(23)	2	3,548	2,899		
Financial advisor (FA) variable compensation ³	3,378	3,265	822	548	0	0	4,200	3,813	6,305	6,549
Total variable compensation including FA variable compensation	6,012	5,617	1,760	1,093	(23)	2	7,749	6,711		

¹ Expenses under “Variable compensation – other” and “Financial advisor variable compensation” are not part of UBS’s performance award pool. ² Comprised of replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. ³ Financial advisor compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated based on financial advisor productivity, firm tenure, new assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. ⁴ Estimates as of 31 December 2020 and 2019. Actual amounts to be expensed in future periods may vary, e.g., due to forfeiture of awards. ⁵ Represents estimated post-vesting transfer restriction and permanent forfeiture discounts. ⁶ Included in expenses deferred to future periods is an amount of USD 74 million (2019: USD 50 million) 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.

2020 performance award pool and expenses

The performance award pool, which includes performance-based variable awards for 2020, was USD 3.3 billion, reflecting an increase of 24% from 2019. Performance award expenses for 2020 increased 16% to USD 3.2 billion, reflecting the increase of the performance award pool for 2020 and additional

expenses relating to prior years as a result of modifying the terms of certain outstanding deferred compensation awards. The “Performance award pool and expenses” table below compares the performance award pool with performance award expenses.

» Refer to “Note 1b Changes in accounting policies, comparability and other adjustments” in the “Consolidated financial statements” section of our Annual Report 2020 for more information

Performance award pool and expenses

USD million, except where indicated	2020	2019	% change
Performance award pool ¹	3,315	2,673	24
of which: expenses deferred to future periods and accounting adjustments ^{2,3}	807	480	68
Performance award expenses accrued in the performance year	2,508	2,193	14
Performance award expenses related to prior performance years	701	562	25
Total performance award expenses recognized for the year⁴	3,209	2,755	16

¹ Excluding employer-paid taxes and social security. ² Estimate as of the end of the performance year. Actual amounts expensed in future periods may vary, e.g., due to forfeiture of awards. ³ Accounting adjustments represent estimated post-vesting transfer restriction and permanent forfeiture discounts. ⁴ Refer to “Note 27 Employee benefits: variable compensation” in the “Consolidated financial statements” section of our Annual Report 2020 for more information

Compensation for the Board of Directors

Chairman of the BoD

Under the leadership of the Chairman, Axel Weber, 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 their work. 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.

The Chairman's total compensation for the period from AGM to AGM is contractually fixed without any variable component. For the current period from the 2020 AGM to the 2021 AGM, his total compensation was CHF 4.9 million, excluding benefits and pension fund contributions. The Chairman's total

compensation for the current period consisted of a cash payment of CHF 3.5 million and a share component of CHF 1.4 million consisting of 101,375 UBS shares at CHF 13.810 per share. The share component aligns the Chairman's pay with the Group's long-term performance.

Thus, his total reward, including benefits and pension fund contributions, for his service as Chairman for the current period, was CHF 5,243,283.

The Chairman's employment agreement does not provide for severance terms or supplementary contributions to pension plans. The benefits for the Chairman are in line with local practices for UBS employees. The Chair of the Compensation Committee proposes and the Compensation Committee approves the Chairman's compensation 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.

» Refer to "Board of Directors" in the "Corporate governance" section of our Annual Report 2020 for more information about the responsibilities of the Chairman

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Compensation details and additional information for non-independent BoD members

Name, function ¹	For the period AGM to AGM	Base salary	Annual share award ²	Benefits ³	Contributions to retirement benefit plans ⁴	USD (for reference)	
						Total ⁵	Total ^{5,6}
Axel A. Weber, Chairman	2020/2021	3,500,000	1,400,000	98,243	245,040	5,243,283	5,593,748
	2019/2020	3,500,000	1,400,000	90,790	244,353	5,235,143	

¹ Axel A. Weber was the only non-independent member in office on 31 December 2020 and 31 December 2019. ² These shares are blocked for four years. ³ Benefits are all valued at market price and are estimates. For the period from the 2019 AGM to the 2020 AGM, the actual benefits amount was CHF 96,847. ⁴ Includes the portion related to UBS's contribution to the statutory pension scheme. For the period from the 2020 AGM to the 2021 AGM, contribution to retirement benefit plans amount is an estimate. ⁵ Excludes the portion related to the legally required social security contributions paid by UBS, which for the period from the 2020 AGM to the 2021 AGM is estimated at grant at CHF 332,243 and for the period from the 2019 AGM to the 2020 AGM at CHF 323,677. The legally required social security contributions paid by the non-independent BoD members are included in the amounts shown in this table, as appropriate. ⁶ Swiss franc amounts have been translated into US dollars for reference at the 2020 performance award currency exchange rate of CHF / USD 1.0668.

Advisory vote

UBS Group AG | Compensation Report 2020

Independent BoD members

As outlined in the table below, all BoD members, except the Chairman, are deemed independent and receive fixed fees for their services on the BoD and its committees. Independent BoD members do not receive performance awards, severance payments, benefits or pension contributions.

In the current period, the roles of Senior Independent Director and Vice Chairman are both held by one BoD member, but the additional fee is only paid once. Independent BoD members must use a minimum of 50% of their fees to purchase UBS shares, which are blocked for four years, and they may elect to use up to 100% of their fees to purchase blocked UBS shares. In all cases, 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.

At each AGM, shareholders are invited to approve the aggregate amount of BoD remuneration, including compensation for the Chairman, which applies until the next AGM. The tables on the following page provide details on the fee structure for the independent BoD members.

The fee structure for independent BoD members is reviewed annually based on the Chairman's proposal to the Compensation Committee, which in turn submits a recommendation to the BoD for approval. In our regular review of the BoD fee structure, and following several adjustments to the framework to simplify, rebalance and, in certain cases, reduce the BoD fee structure effective from the 2020 AGM onward, we concluded that our overall approach for independent BoD member compensation remains appropriate and thus unchanged.

Remuneration framework for independent BoD members

CHF	2020 AGM to 2021 AGM ¹		Pay mix		Delivery					
Fixed base fee	300,000		Blocked shares	Cash	AGM-to-AGM period	grant year	year 1	year 2	year 3	year 4
Additional fees										
Senior Independent Director/Vice Chairman	150,000		Up to 50%	At least 50%	AGM-to-AGM period	grant year	year 1	year 2	year 3	year 4
Additional committee fees	Chair	Member								
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								

¹ At least 50% of the total amounts must be used to purchase UBS shares, which are blocked for four years. Independent BoD members can elect to use 100% of their remuneration to purchase blocked UBS shares.

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Total payments to BoD members

CHF, except where indicated

	For the period AGM to AGM		USD (for reference)
	2020/2021	Total ¹	Total ^{1,2}
Aggregate of all BoD members	2020/2021	11,843,283	12,634,898
	2019/2020	12,510,143	

¹ Includes social security contributions paid by the BoD members but excludes the portion related to the legally required social security contributions paid by UBS, which for the period from the 2020 AGM to the 2021 AGM is estimated at grant at CHF 719,763 and for the period from the 2019 AGM to the 2020 AGM at CHF 662,357. ² Swiss franc amounts have been translated into US dollars for reference at the 2020 performance award currency exchange rate of CHF / USD 1.0668.

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Remuneration details and additional information for independent BoD members

CHF, except where indicated

Name, function ¹	Audit Committee	Compensation Committee	Corporate Culture and Responsibility Committee	Governance and Nominating Committee	Risk Committee	For the period	Base fee	Committee fee(s)	Additional payments ²	Total ³	Share percentage ⁴	Number of shares ^{5,6}
						AGM to AGM						
Jeremy Anderson, Vice Chairman and Senior Independent Director	C			M		2020/2021	300,000	400,000	150,000	850,000	50	30,774
David Sidwell, former Vice Chairman and Senior Independent Director	C		M	M		2019/2020	325,000	450,000		775,000	50	35,288
William C. Dudley, member			M	M	M	2020/2021	300,000	350,000		650,000	50	23,533
Reto Francioni, member		M	M	M	M	2019/2020	325,000	250,000		575,000	50	26,181
Fred Hu, member		M		M	M	2020/2021	300,000	300,000		600,000	100	32,053
Mark Hughes, member			M		C	2020/2021	300,000	400,000		700,000	50	25,343
Nathalie Rachou, member					M	2020/2021	300,000	200,000		500,000	50	18,102
Julie G. Richardson, member		C		M	M	2020/2021	300,000	500,000		800,000	50	28,964
Isabelle Romy, former member		C		M	M	2019/2020	325,000	600,000		925,000	50	42,118
Robert W. Scully, former member				M		2020/2021	-	-		-	-	-
Beatrice Weder di Mauro, member	M		M			2019/2020	325,000	200,000		525,000	50	23,904
Dieter Wemmer, member	M	M	M	M		2020/2021	300,000	400,000		700,000	50	25,343
Jeanette Wong, member	M	M	M			2019/2020	325,000	300,000		625,000	50	28,458
						2020/2021	300,000	350,000		650,000	100	34,730
						2019/2020	325,000	200,000		525,000	100	33,772
Total 2020/2021										6,600,000		
Total 2020/2021 in USD (for reference) ⁷										7,041,151		
Total 2019/2020										7,275,000		

Legend: C = Chairperson of the respective Committee, M = Member of the respective Committee

¹ Ten independent BoD members were in office on 31 December 2020. At the 2020 AGM, Mark Hughes and Nathalie Rachou were newly elected and David Sidwell, Isabelle Romy and Robert W. Scully did not stand for re-election. Eleven independent BoD members were in office on 31 December 2019. ² These payments are associated with the Vice Chairman and the Senior Independent Director function. ³ Excludes UBS's portion related to the legally required social security contributions, which for the period from the 2020 AGM to the 2021 AGM is estimated at grant at CHF 387,520 and which for the period from the 2019 AGM to the 2020 AGM was estimated at grant at CHF 338,680. The legally required social security contributions paid by the independent BoD members are included in the amounts shown in this table, as appropriate. ⁴ Fees are paid 50% in cash and 50% in blocked UBS shares. However, independent BoD members may elect to have 100% of their remuneration paid in blocked UBS shares. ⁵ For 2020, UBS shares were valued at CHF 13.810 (average closing price of UBS shares over the last 10 trading days leading up to and including the grant date). For 2019, UBS shares, valued at CHF 12.919 (average closing price of UBS shares over the last 10 trading days leading up to and including the grant date), were granted with a price discount of 15%. These shares are blocked for four years. ⁶ 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. ⁷ Swiss franc amounts have been translated into US dollars for reference at the 2020 performance award currency exchange rate of CHF / USD 1.0668.

Supplemental information

Fixed and variable compensation for GEB members

Fixed and variable compensation for GEB members^{1,2,3}

CHF million, except where indicated	Total for 2020		Not deferred		Deferred ⁴		Total for 2019
	Amount	%	Amount	%	Amount	%	Amount
Total compensation							
Amount ⁵	112	100	44	39	68	61	98
Number of beneficiaries	16						16
Fixed compensation^{5,6}	27	24	27	100	0	0	28
Cash-based	24	21	24		0		24
Equity-based	4	4	4		0		4
Variable compensation	85	76	17	20	68	80	70
Cash ⁷	17	15	17		0		14
Long-Term Incentive Plan (LTIP) ⁸	43	38	0		43		35
Deferred Contingent Capital Plan (DCCP) ⁸	26	23	0		26		21

¹ The figures include all GEB members in office during the respective years. ² Includes compensation paid under the employment contract during the notice period for GEB members who stepped down during the respective years. ³ Includes compensation for newly appointed GEB members for their time in office as a GEB member during the respective years. ⁴ 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. ⁵ 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. For 2020, Ralph A.J.G. Hamers received a one-time replacement award of CHF 0.2 million. This replacement award is not included in the above table; including this, the 2020 total aggregate compensation of all GEB members is CHF 113 million. For 2019, Iqbal Khan received a one-time replacement award of CHF 8 million. This replacement payment is not included in the above table; including this, the 2019 total compensation of GEB members is CHF 106 million. ⁶ Includes base salary and role-based allowances, rounded to the nearest million. ⁷ Includes allocation of vested but blocked shares, in line with the remuneration section of the UK Prudential Regulation Authority Rulebook. ⁸ For the GEB members who are also MRTs (or SMFs), the awards do not include dividend and interest payments. Accordingly, the amounts reflect for the LTIP the fair value of the non-dividend-bearing awards and for the DCCP the fair value of the granted non-interest-bearing awards.

Regulated staff

Key Risk Takers

KRTs are defined as those employees who, 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 that work 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 2020, in addition to GEB members, 647 employees were classified as KRTs throughout the UBS Group globally, including all GMDs and all employees with a total compensation exceeding USD / CHF 2.5 million (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 pre-determined threshold where standard deferral rates apply). A KRT's deferred compensation award will only vest if the Group performance conditions are met. 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 Takers¹

USD million, except where indicated	Total for 2020		Not deferred		Deferred ²		Total for 2019
	Amount	%	Amount	%	Amount	%	Amount
Total compensation							
Amount	1,400	100	783	56	617	44	1,056
Number of beneficiaries	647						661
Fixed compensation^{3,4}	417	30	417	100	0	0	388
Cash-based	417	30	417		0		383
Equity-based	1	0	1		0		6
Variable compensation	983	70	365	37	617	63	667
Cash ⁵	365	26	365		0		282
Long-Term Incentive Plan (LTIP) / Equity Ownership Plan (EOP) ⁶	404	29	0		404		230
Deferred Contingent Capital Plan (DCCP) ⁶	213	15	0		213		155

¹ Includes employees with a total compensation exceeding USD / CHF 2.5 million (Highly Paid Employees), excluding GEB members who were in office during the performance year, except the new GEB member appointed during 2019, who is included for compensation received in their role as a KRT prior to being appointed to the GEB. ² 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. ³ 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. ⁴ Includes base salary and role-based allowances. ⁵ Includes allocation of vested but blocked shares, in line with regulatory requirements where applicable. ⁶ KRTs who are also MRTs do not receive dividend and interest payments. Accordingly, the amounts for the EOP / LTIP reflect the fair value of the non-dividend-bearing awards and for the DCCP the fair value of the granted non-interest-bearing awards.

GEB and KRTs deferred compensation

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 2020. For notional funds, it is determined using the latest available market price for the underlying funds at year-end 2020, and for deferred cash plans, it is determined based on the outstanding amount of cash owed to award recipients.

GEB and KRTs deferred compensation^{1,2,3}

<i>USD million, except where indicated</i>	Relating to awards for 2020 ⁴	Relating to awards for prior years ⁵	Total	<i>of which: exposed to ex-post explicit and / or implicit adjustments</i>	Total deferred compensation year-end 2019	Total amount of deferred compensation paid out in 2020 ⁶
GEB						
Deferred Contingent Capital Plan	27	99	126	100%	120	11
Equity Ownership Plan (including notional funds)	0	102	102	100%	129	22
Long-Term Incentive Plan	46	39	85	100%	35	0
KRTs						
Deferred Contingent Capital Plan	213	787	1,000	100%	989	123
Equity Ownership Plan (including notional funds)	346	713	1,059	100%	880	188
Long-Term Incentive Plan	58	50	109	100%	48	0
Total GEB and KRTs	690	1,790	2,480		2,202	344

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 the Annual Report 2020 for more information. ³ GEB members and KRTs who are also MRTs do not receive dividend and interest payments. Accordingly, the amounts for the EOP / LTIP reflect the fair value of the non-dividend-bearing awards and for the DCCP the fair value of the granted non-interest-bearing awards. 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 2020. LTIP values reflect the fair value awarded at grant. ⁶ Valued at distribution price and FX rate for all awards distributed in 2020.

The table below shows the value of actual ex-post explicit and implicit adjustments to outstanding deferred compensation in the 2020 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.

The total value of ex-post explicit adjustments made to UBS share awards in 2020, based on the approximately 6.3 million shares forfeited during 2020, is a reduction of USD 88.5 million.

GEB and KRTs ex-post explicit and implicit adjustments to deferred compensation

<i>USD million</i>	Ex-post explicit adjustments to unvested awards ¹		Ex-post implicit adjustments to unvested awards ²	
	31.12.20	31.12.19	31.12.20	31.12.19
GEB				
Deferred Contingent Capital Plan	0	0	0	0
Equity Ownership Plan (including notional funds, if applicable)	0	0	13	(11)
Long-Term Incentive Plan	0	0	5	0
KRTs				
Deferred Contingent Capital Plan	(3)	(3)	0	0
Equity Ownership Plan (including notional funds)	(3)	(3)	98	(44)
Long-Term Incentive Plan	0	0	6	0
Total GEB and KRTs	(6)	(6)	122	(55)

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 2020 (USD 14.13) for 2020 (which may differ from the expense recognized in the income statement in accordance with IFRS). The 2019 data is valued using the share price on 31 December 2019 (USD 12.58). For LTIP the forfeited units reflect the fair value awarded at grant. For the notional funds awarded to Asset Management employees under the EOP, this represents the forfeiture credits recognized in 2020 and 2019. For the DCCP, the fair value at grant of the forfeited awards during the year is reflected. 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 notional funds is calculated using the mark-to-market change during 2020 and 2019. For the GEB member who was appointed to the GEB during 2020, awards have been fully reflected in the GEB entries.

Material Risk Takers

For relevant EU-regulated entities, we identify individuals who are deemed to be MRTs based on local regulatory requirements, the respective EU Commission Delegated Regulation and the EU Capital Requirements Directive of 2013 (CRD IV). This group consists of senior management, risk takers, selected staff in control or support functions and certain employees whose total compensation is above a specified threshold. For 2020, UBS identified 672 MRTs in relation to its EU / UK entities.

Variable compensation awarded to MRTs is subject to specific requirements from local regulators, such as a maximum variable to fixed compensation ratio. UBS has obtained approval as appropriate through relevant shareholder votes to increase the variable to fixed compensation ratio to 200%. Other applicable regulatory requirements for this population include a minimum deferral rate of 40–60% on performance awards and the delivery of at least 50% of any upfront performance award in UBS shares that vest immediately but are blocked for 12 months.

As for deferred awards, any instruments granted to MRTs under UBS's deferred compensation plans for their performance in 2020 are subject to 6- or 12-month blocking periods post vesting and do not pay out dividends or interest during the deferral period.

For 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 that contributed to significant reputational harm.

Due to UK regulatory requirements LTIP awards granted to UK MRTs and SMFs are subject to an additional non-financial conduct-related metric.

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.

SMFs are subject to specific compensation 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. Such awards are also subject to a 12-month blocking period post vesting. 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 identified as MRTs and, as such, subject to the same prohibitions on dividend and interest payments.

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.

2020 Group personnel expenses

We employed 71,551 personnel (full-time equivalents) as of 31 December 2020, a net increase of 2,950 compared with 31 December 2019, mostly reflecting the insourcing of certain activities from third-party vendors to our Business Solutions Centers.

The table below shows our total personnel expenses for 2020, including salaries, pension expenses, social security contributions, variable compensation and other personnel costs. Variable compensation includes cash performance awards paid in 2021 for the 2020 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 2020 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:

- reduction for expenses deferred to future periods (amortization of unvested awards granted in 2021 for the 2020 performance year) and accounting adjustments; and
- addition for 2020 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 expenses in both 2020 and 2021. During 2020, in order to provide additional career flexibility during times of uncertainty, UBS modified the terms of certain outstanding deferred compensation awards granted for performance years 2015 through 2019 by removing the requirement to provide future service for qualifying employees. These awards remain subject to forfeiture if certain non-vesting conditions are not satisfied. As a result, UBS recognized an expense of USD 359 million in the third quarter of 2020. The full year effect was an expense of approximately USD 280 million.

- » Refer to "Note 1b Changes in accounting policies, comparability and other adjustments," "Note 6 Personnel expenses" and "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of our Annual Report 2020 for more information

Personnel expenses

USD million	Expenses recognized in the IFRS income statement				
	Related to the performance year 2020	Related to prior performance years	Total expenses recognized in 2020	Total expenses recognized in 2019	Total expenses recognized in 2018
Salaries¹	7,023	0	7,023	6,518	6,448
Non-deferred cash	2,167	(26)	2,141	1,868	2,057
Deferred compensation awards	341	727	1,068	887	938
of which: Equity Ownership Plan	137	327	463	422	526
of which: Deferred Contingent Capital Plan	112	351	463	375	357
of which: Long-Term Incentive Plan	42	11	54	39	0
of which: Asset Management EOP	49	39	88	51	53
of which: Other performance awards	0	0	0	0	2
Variable compensation – performance awards²	2,508	701	3,209	2,755	2,995
of which: guarantees for new hires	10	15	25	29	43
Variable compensation – other^{2,3}	126	94	220	246	243
Total variable compensation excluding financial advisor variable compensation	2,634	795	3,429	3,001	3,238
Contractors	375	0	375	381	489
Social security	850	49	899	799	791
Pension and other post-employment benefit plans⁴	845	0	845	787	457
Financial advisor variable compensation^{2,5}	3,378	713	4,091	4,043	4,054
Other personnel expenses	519	42	561	555	654
Total personnel expenses	15,625	1,599	17,224	16,084	16,132

¹ Includes role-based allowances. ² Refer to "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of our Annual Report 2020 for more information. ³ Comprised of replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. ⁴ Refer to "Note 26 Post-employment benefit plans" in the "Consolidated financial statements" section of our Annual Report 2020 for more information. ⁵ Consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated based on financial advisor productivity, firm tenure, new assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

Deferred compensation

Vesting of outstanding awards granted in prior years subject to performance conditions

The tables below show the extent to which the performance conditions for awards granted in prior years have been met and the percentage of the installment that will vest in 2021.

Equity Ownership Plan (EOP) 2015 / 2016, EOP 2016 / 2017, EOP 2017 / 2018 and EOP 2018 / 2019		
Performance conditions	Performance achieved¹	% of installment vesting
Return on common equity tier 1 capital (RoCET1) and divisional return on attributed equity	The Group and divisional performance conditions have been satisfied. For EOP 2015 / 2016, the third and final installment for the Group Executive Board (GEB) members vests in full. For EOP 2016 / 2017, the second installment for the GEB members vests in full. For EOP 2017 / 2018, the first installment for the GEB members and the second installment for all other employees covered under the plan vest in full. For EOP 2018 / 2019, the first installment for all other employees covered under the plan vests in full.	100%

Deferred Contingent Capital Plan (DCCP) 2015 / 2016		
Performance conditions	Performance achieved¹	% of installment vesting
Common equity tier 1 (CET1) capital ratio, viability event and, additionally for GEB, Group profit before tax	The performance conditions have been satisfied. DCCP 2015 / 2016 vests in full.	100%

¹ Performance may be adjusted for disclosed items generally not representative of underlying business performance.

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Share ownership / entitlements of GEB members¹

Name, function	on 31 December	Number of shares / at risk ²	Number of vested shares	Total number of shares	Potentially conferred voting rights in %
Ralph A.J.G. Hamers, Group Chief Executive Officer	2020	14,841	0	14,841	0.001
	2019	-	-	-	-
Sergio P. Ermotti, former Group Chief Executive Officer	2020	-	-	-	-
	2019	1,862,480	2,150,003	4,012,483	0.227
Christian Bluhm, Group Chief Risk Officer	2020	582,787	218	583,005	0.035
	2019	440,953	0	440,953	0.025
Markus U. Diethelm, Group General Counsel	2020	706,845	617,858	1,324,703	0.079
	2019	698,402	458,426	1,156,828	0.065
Kirt Gardner, Group Chief Financial Officer	2020	696,500	165,223	861,723	0.051
	2019	532,643	129,807	662,450	0.037
Suni Harford, President Asset Management	2020	352,329	0	352,329	0.021
	2019	63,211	0	63,211	0.004
Robert Karofsky, Co-President Investment Bank	2020	627,748	357,621	985,369	0.059
	2019	577,606	492,476	1,070,082	0.061
Sabine Keller-Busse, Group Chief Operating Officer and President UBS EMEA	2020	639,087	349,834	988,921	0.059
	2019	423,778	315,922	739,700	0.042
Iqbal Khan, Co-President Global Wealth Management	2020	742,546	68,253	810,799	0.048
	2019	712,342	0	712,342	0.040
Edmund Koh, President Asia Pacific	2020	421,930	337,062	758,992	0.045
	2019	380,340	183,104	563,444	0.032
Axel P. Lehmann, President Personal & Corporate Banking and President UBS Switzerland	2020	690,537	331,677	1,022,214	0.061
	2019	522,202	277,978	800,180	0.045
Tom Naratil, Co-President Global Wealth Management and President UBS Americas	2020	1,383,854	770,780	2,154,634	0.128
	2019	1,307,554	609,477	1,917,031	0.108
Piero Novelli, Co-President Investment Bank	2020	660,240	408,897	1,069,137	0.064
	2019	599,156	429,652	1,028,808	0.058
Markus Ronner, Group Chief Compliance and Governance Officer	2020	302,584	130,097	432,681	0.026
	2019	214,850	68,097	282,947	0.016
Total	2020	7,821,828	3,537,520	11,359,348	0.675
	2019	8,335,517	5,114,942	13,450,459	0.761

¹ Includes all vested and unvested shares of GEB members, including those held by related parties. No options were held in 2020 and 2019 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 2020 for more information. ² Includes shares granted under variable compensation plans with forfeiture provisions. LTIP 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.

Audited I

Total of all vested and unvested shares of GEB members^{1,2}

	Total	of which: vested		of which: vesting				
		2021	2022	2023	2024	2025	2026	
Shares on 31 December 2020	11,359,348	3,537,520	1,424,063	1,854,660	2,070,158	1,656,600	774,416	41,931
		2020	2021	2022	2023	2024	2025	2026
Shares on 31 December 2019	13,450,459	5,114,942	1,798,389	1,811,721	2,199,926	1,517,110	1,008,371	0

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.

Advisory vote

UBS Group AG | Compensation Report 2020

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Number of shares of BoD members¹

Name, function	on 31 December	Number of shares held	Voting rights in %
Axel A. Weber, Chairman	2020	1,046,994	0.062
	2019	938,627	0.053
David Sidwell, former Vice Chairman and Senior Independent Director ²	2020	-	
	2019	167,595	0.009
Jeremy Anderson, Vice Chairman and Senior Independent Director	2020	66,744	0.004
	2019	31,456	0.002
William C. Dudley, member	2020	26,181	0.002
	2019	0	0.000
Reto Francioni, member	2020	154,086	0.009
	2019	125,628	0.007
Fred Hu, member	2020	42,428	0.003
	2019	15,145	0.001
Mark Hughes, member ²	2020	4,920	0.000
	2019	-	
Nathalie Rachou, member ²	2020	0	0.000
	2019	-	
Julie G. Richardson, member	2020	88,401	0.005
	2019	46,283	0.003
Isabelle Romy, former member ²	2020	-	
	2019	143,928	0.008
Robert W. Scully, former member ²	2020	-	
	2019	71,540	0.004
Beatrice Weder di Mauro, member	2020	198,578	0.012
	2019	172,397	0.010
Dieter Wemmer, member	2020	88,743	0.005
	2019	60,285	0.003
Jeanette Wong, member	2020	33,722	0.002
	2019	0	0.000
Total	2020	1,750,797	0.104
	2019	1,772,884	0.100

¹ Includes blocked and unblocked shares held by BoD members, including those held by related parties. No options were granted in 2020 and 2019. ² At the 2020 AGM, Mark Hughes and Nathalie Rachou were newly elected and David Sidwell, Isabelle Romy and Robert W. Scully did not stand for re-election.

Audited I

Total of all blocked and unblocked shares of BoD members¹

	Total	of which: unblocked	of which: blocked until			
			2021	2022	2023	2024
Shares on 31 December 2020	1,750,797	658,642	205,961	197,395	332,743	356,056
			2020	2021	2022	2023
Shares on 31 December 2019	1,772,884	502,095	264,889	299,357	270,111	436,432

¹ Includes shares held by related parties.

Audited I

Loans granted to GEB members¹

In line with article 38 of the Articles of Association of UBS Group AG, 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 20 million per GEB member.

Name, function	CHF, except where indicated ²		USD (for reference)
	on 31 December	Loans ³	Loans ³
Markus U. Diethelm, Group General Counsel (highest loan in 2020)	2020	6,131,500	6,924,058
Axel P. Lehmann, President Personal & Corporate Banking and President UBS Switzerland (highest loan in 2019)	2019	9,140,000	
Aggregate of all GEB members ⁴	2020	31,830,394	35,944,791
	2019	30,700,354	

¹ No loans have been granted to related parties of the GEB members at conditions not customary in the market. ² Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. ³ All loans granted are secured loans. ⁴ No unused uncommitted credit facilities in 2020 and 2019.

Audited I

Loans granted to BoD members¹

In line with article 33 of the Articles of Association of UBS Group AG, loans to independent BoD members are made in the ordinary course of business at general market conditions. The Chairman, as a non-independent member, 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, 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 20 million per BoD member.

Aggregate of all BoD members	CHF, except where indicated ²		USD (for reference)
	on 31 December	Loans ^{3,4}	Loans ^{3,4}
	2020	2,100,000	2,371,446
	2019	890,439	

¹ No loans have been granted to related parties of the BoD members at conditions not customary in the market. ² Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. ³ All loans granted are secured loans. ⁴ CHF 600,000 for Reto Francioni and CHF 1,500,000 for Beatrice Weder di Mauro in 2020 and CHF 600,000 for Reto Francioni and CHF 290,439 for Dieter Wemmer in 2019.

Audited I

Compensation paid to former BoD and GEB members¹

Name, function	CHF, except where indicated ²			USD (for reference)
	For the year	Compensation	Benefits	Total
Former BoD members	2020	0	0	0
	2019	0	0	0
Aggregate of all former GEB members ³	2020	0	206,048	232,682
	2019	0	51,912	51,912
Aggregate of all former BoD and GEB members	2020	0	206,048	232,682
	2019	0	51,912	51,912

¹ Compensation or remuneration that is related to the former members' activity on the BoD or GEB or that is not at market conditions. ² Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. ³ Includes benefit payments in 2020 to two former GEB members, and for 2019 to one former GEB member.

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 Articles of Association (the AoA).

Say on pay

In line with article 43 of the AoA of UBS Group AG, 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 of UBS Group AG, 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 achievements. 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 who 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 for more information**



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To the General Meeting of
UBS Group AG, Zurich

Basel, 4 March 2021

Report of the statutory auditor on the compensation report

We have audited the compensation report dated 4 March 2021 of UBS Group AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the following tables labeled "audited" of the compensation report: *Total compensation for GEB members, Compensation details and additional information for non-independent BoD members, Total payments to BoD members, Remuneration details and additional information for independent BoD members, Loans granted to GEB members, Loans granted to BoD members and Compensation paid to former BoD and GEB members.*

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. 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 about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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

Opinion

In our opinion, the compensation report for the year ended 31 December 2020 of UBS Group AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Maurice McCormick
Licensed audit expert
(Auditor in charge)

Bruno Patusi
Licensed audit expert

Information sources

Reporting publications

Annual publications

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

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

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

Compensation Report (SAP No. 82307): This report discusses our compensation framework and provides information about compensation for the Board of Directors and the Group Executive Board members. It is available in English and German.

Quarterly publications

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

How to order publications

The annual and quarterly publications are available in .pdf format at ubs.com/investors, under "Financial information," and printed copies can be requested from UBS free of charge. For annual publications, refer to the "Investor services" section at ubs.com/investors. Alternatively, they can be ordered by quoting the SAP number and the language preference, where applicable, from UBS AG, F4UK-AUL, P.O. Box, CH-8098 Zurich, Switzerland.

Other information

Website

The "Investor Relations" website at ubs.com/investors provides the following information about UBS: news releases; financial information, including results-related filings with the US Securities and Exchange Commission (the SEC); information for shareholders, including UBS share price charts, as well as data and dividend information, and for bondholders; the UBS corporate calendar; and presentations by management for investors and financial analysts. Information is available online in English, with some information also available in German.

Results presentations

Our quarterly results presentations are webcast live. Playbacks of most presentations can be downloaded from ubs.com/presentations.

Messaging service

Email alerts to news about UBS can be subscribed for under "UBS News Alert" at ubs.com/global/en/investor-relations/contact/investor-services.html. Messages are sent in English, German, French or Italian, with an option to select theme preferences for such alerts.

Form 20-F and other submissions to the US Securities and Exchange Commission

We file periodic reports and submit other information about UBS to the US Securities and Exchange Commission (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 wrap-around document. Most sections of the filing can be satisfied by referring to the combined UBS Group AG and UBS AG annual report. However, there is a small amount of additional information in Form 20-F that is not presented elsewhere and is particularly targeted at readers in the US. Readers are encouraged to refer to this additional disclosure. Any document that we file with the SEC is available on the SEC's website: sec.gov. Refer to ubs.com/investors for more information.



We face forward

UBS Annual Review 2020

Available from 29 March 2021 at
ubs.com/annualreview

Corporate information

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 of UBS AG.

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Office of the Group Company Secretary

The Group Company Secretary receives inquiries on compensation and related issues addressed to members of the Board of Directors.

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Shareholder Services

UBS's Shareholder Services team, a unit of the Group Company Secretary's office, is responsible for the registration of UBS Group AG registered shares.

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US Transfer Agent

For global registered share-related inquiries in the US.

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Corporate calendar UBS Group AG

Publication of the Sustainability Report 2020:	Thursday, 11 March 2021
Annual General Meeting 2021:	Thursday, 8 April 2021
Publication of the first quarter 2021 report:	Tuesday, 27 April 2021
Publication of the second quarter 2021 report:	Tuesday, 20 July 2021
Publication of the third quarter 2021 report:	Tuesday, 26 October 2021

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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 and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations 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. The outbreak of COVID-19 and the measures taken in response to the pandemic have had and may continue to have a significant adverse effect on global economic activity, and an adverse effect on the credit profile of some of our clients and other market participants, which has resulted in and may continue to increase credit loss expense and credit impairments. In addition, we face heightened operational risks due to remote working arrangements, including risks to supervisory and surveillance controls, as well as increased fraud and data security risks. The unprecedented scale of the measures taken to respond to the pandemic as well as the uncertainty surrounding vaccine supply, distribution, and efficacy against mutated virus strains create significantly greater uncertainty about forward-looking statements in addition to the factors that generally affect our businesses, which include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and other changes related to the COVID-19 pandemic; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) the continuing low or negative interest rate environment in Switzerland and other jurisdictions; (iv) developments (including as a result of the COVID-19 pandemic) in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, and geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS’s clients and counterparties as well as on client sentiment and levels of activity; (v) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (vi) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (vii) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; (viii) UBS’s ability to maintain and improve its systems and controls for the detection and prevention of money laundering and compliance with sanctions to meet evolving regulatory requirements and expectations, in particular in the US; (ix) the uncertainty arising from the UK’s exit from the EU; (x) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS’s ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to our businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA as well as the amount of capital available for return to shareholders; (xiii) the effects on UBS’s cross-border banking business of tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xiv) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xv) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xvi) UBS’s ability to implement new technologies and business methods, including digital services and technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xvii) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks and systems failures, the risk of which is increased while COVID-19 control measures require large portions of the staff of both UBS and its service providers to work remotely; (xix) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS’s operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xx) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS’s ability to maintain its stated capital return objective; and (xxi) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS’s Annual Report on Form 20-F for the year ended 31 December 2020. 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 are calculated on the basis of unrounded figures. Information about absolute changes between reporting periods, which is provided in text and which can be derived from figures displayed in the tables, is calculated on a rounded basis.

Tables | Within tables, blank fields generally indicate that the field is not applicable or not 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. Percentage changes are presented as a mathematical calculation of the change between periods.

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