

# UBS Green Funding Framework

Investor Presentation



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More explanations of financial terms can be found at [ubs.com/glossary](https://ubs.com/glossary).

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# Executive summary

## Green bonds are part of our sustainability strategy

- › **Natural continuation** of UBS's sustainability agenda across the firm
- › **Supports one of UBS's sustainability commitments** as a founding member of the Net Zero Banking Alliance
- › **Sustainability is integrated into the way UBS conducts business** and, with our broad sustainability product offering, we aim to be the financial provider of choice to help our clients achieve their sustainability ambitions



## UBS 1Q21 financial highlights

- › **Building on client momentum** with record invested assets and loan balances, and highest transaction-based revenues in a decade across our asset-gathering businesses
- › **1Q21 PBT 2.3bn**, +14% YoY driven by GWM and AM
- › **1Q21 net profit 1.8bn**, +14% YoY including (0.4bn) net impact from the default of a US prime brokerage client; RoCET1 18.2%; CET1 capital ratio 14.0%

# The shape of UBS

## Client centric

Our strategy is centered around our clients: how we can make the most of our capabilities across the firm to help them achieve their financial goals, whether they are wealthy individuals, retail clients, or corporations and institutions

## Shape and diversification

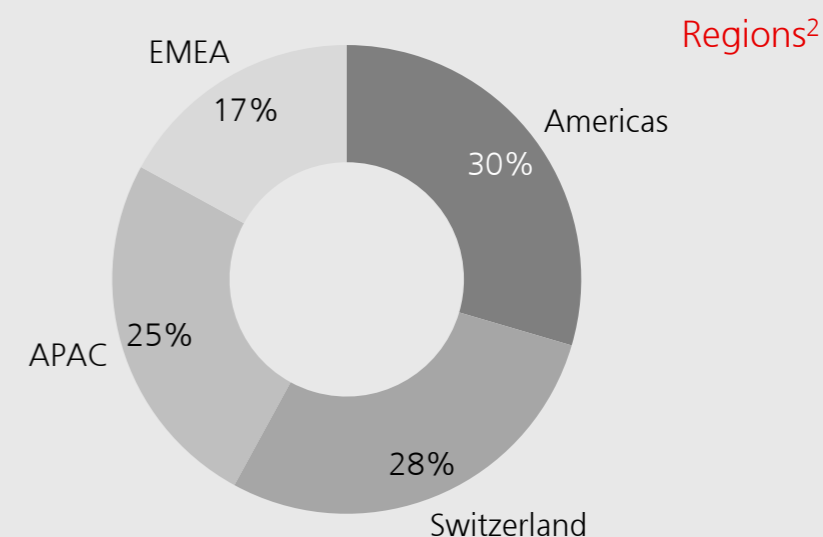
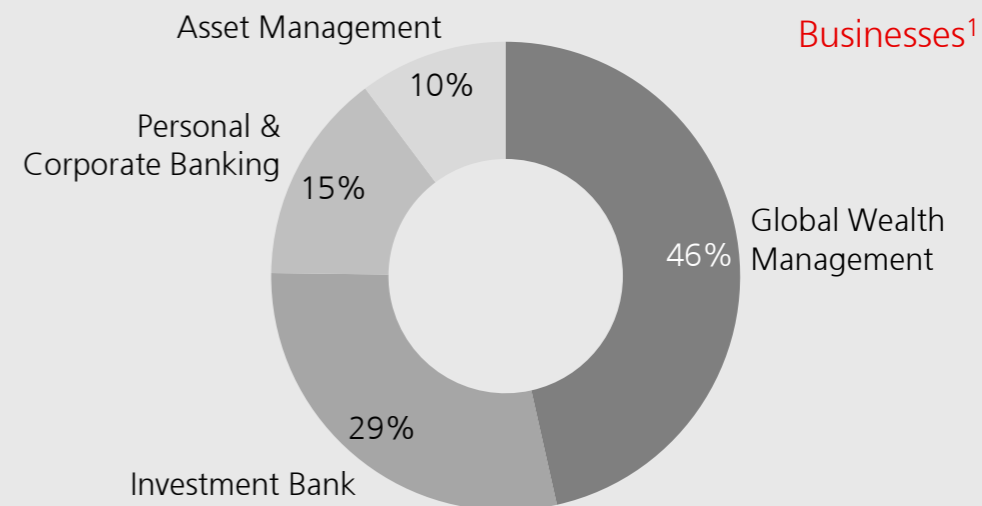
We aim to drive attractive shareholder returns by growing and leveraging our unique, integrated and complementary business portfolio and geographic footprint

## Strong franchises

UBS is the largest truly global wealth manager and a leading personal and corporate bank in Switzerland, with a large-scale and diversified global asset manager and a focused investment bank

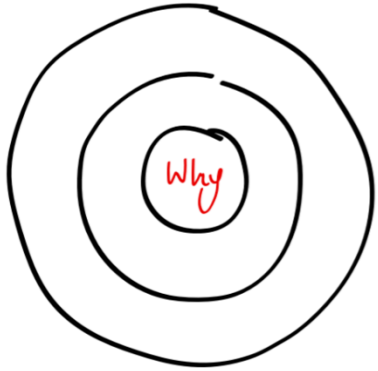
## Sustainable and responsible

We manage UBS for the long term, focusing on sustainable profit growth and responsible resource deployment. We aim to balance growth opportunities with cost and capital efficiency, in order to drive attractive risk-adjusted returns and sustainable performance.



Section 1

# UBS's sustainability strategy



## Purpose

# Reimagining the power of investing. Connecting people for a better world.

### Client promise

Personalized  
Relevant  
On-time  
Seamless

### Vision

Convene THE global ecosystem for investing where thought leadership is impactful, people and ideas are connected, and opportunities are brought to life.

### Strategic imperatives



Clients, Connections,  
Contributors



Focus



Technology



Simplification & Efficiency



Culture

# Sustainability strategy

## Our commitment

We want to be the financial provider of choice for clients who wish to mobilize capital towards the achievement of the UN's 17 Sustainable Development Goals and the orderly transition to a low-carbon economy.

## Our ambition



To be a leader in **sustainable finance** across all client segments



To be a recognized innovator and thought leader in **philanthropy**



To be an industry leader for sustainable **business practices**



To be an **employer of choice**

## Our climate strategy

### Protecting our own assets

Limiting risk appetite for carbon-related assets and estimating our own firm's vulnerability to climate risks

### Protecting our clients' assets

Supporting clients in assessing and managing climate-related risks and opportunities through innovative products and services

### Mobilizing capital

Supporting the transition to a low-carbon economy through investments, corporate advisory and lending capacity

### Reducing our direct climate impact

Driving the reduction of our GHG emissions



# Recent announcements

Three focus areas to maximize our impact

## Planet:

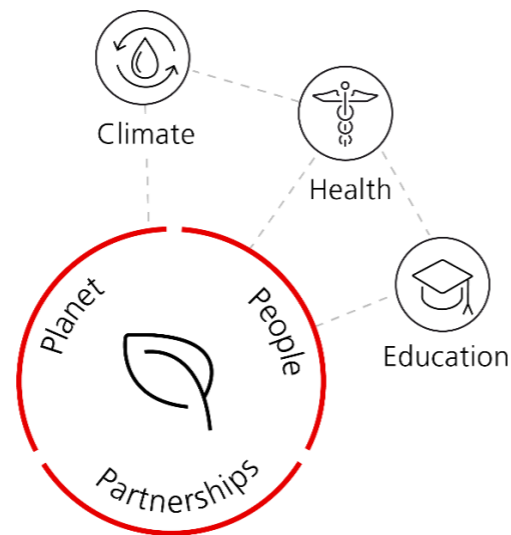
Climate remains at the forefront

## People:

Address wealth inequality through client and corporate philanthropy and employee engagement focusing on health and education

## Partnerships:

Work with other thought leaders to achieve impact on a truly global scale



New **governance** to drive execution

- › GEB-level leadership to lead firm wide sustainability and impact efforts
- › Sustainability targets set for all GEB members

**Net Zero** for the 21<sup>st</sup> century<sup>1</sup>

- › Founding member of the UN-convened Net Zero Banking Alliance
- › Committed to net zero GHG emissions resulting from all aspects (scope 1, 2, 3) of our business by 2050
- › Science-based intermediate targets to be defined for 2025, 2030 and 2035
- › Further decreasing our operational footprint: net zero in our own operations (scope 1, 2) already by 2025, and commitment to offset our historical emissions since the year 2000
- › Framework to support our financing and investing clients in their transition
- › Further tightening financing standards



# Our governance for sustainability and impact at UBS

## Corporate Culture and Responsibility Committee (CCRC)

Supports the Board of Directors of UBS Group in its duties to safeguard and advance the firm's reputation for responsible and sustainable conduct

Approves and monitors Group Sustainability and Impact overall strategy and annual objectives

## Group Executive Board (GEB)

Group CEO supervises execution of strategy and annual objectives; permanent guest to the CCRC

**GEB sponsor and head of Group Sustainability and Impact organization: Suni Harford<sup>1</sup>**

## Chief Sustainability Officer

**Office of Sustainability:** sets and helps implement sustainability strategy, governs our Group-wide sustainability efforts

**External Engagement:** management of our external relationships with standard setters and the industry

**Corporate Responsibility:** understand, assess, weigh and address the concerns and expectations of the firm's stakeholders

**Sustainable Finance Committee:** mandate to drive collaboration to ensure we deliver as one firm and bring our commercial sustainable finance efforts to the next level

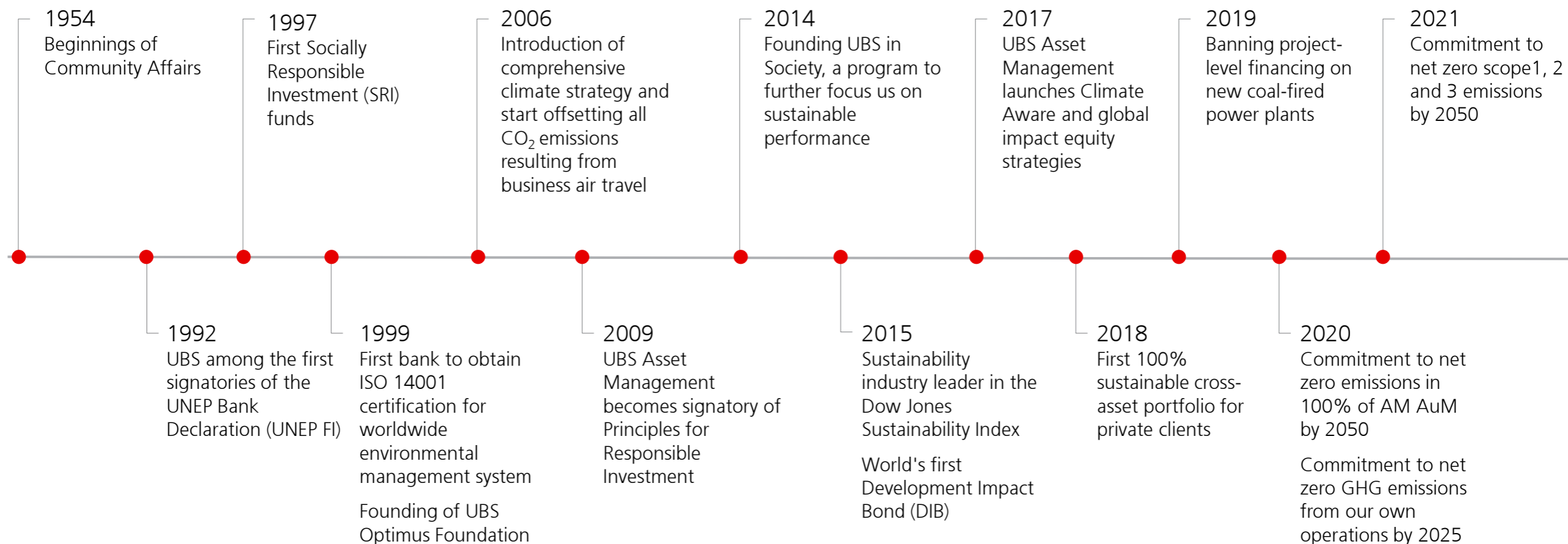
## Social Impact

**Philanthropy:** support clients with an investment-based approach that maximizes their impact and connects them to an international network of expertise and support

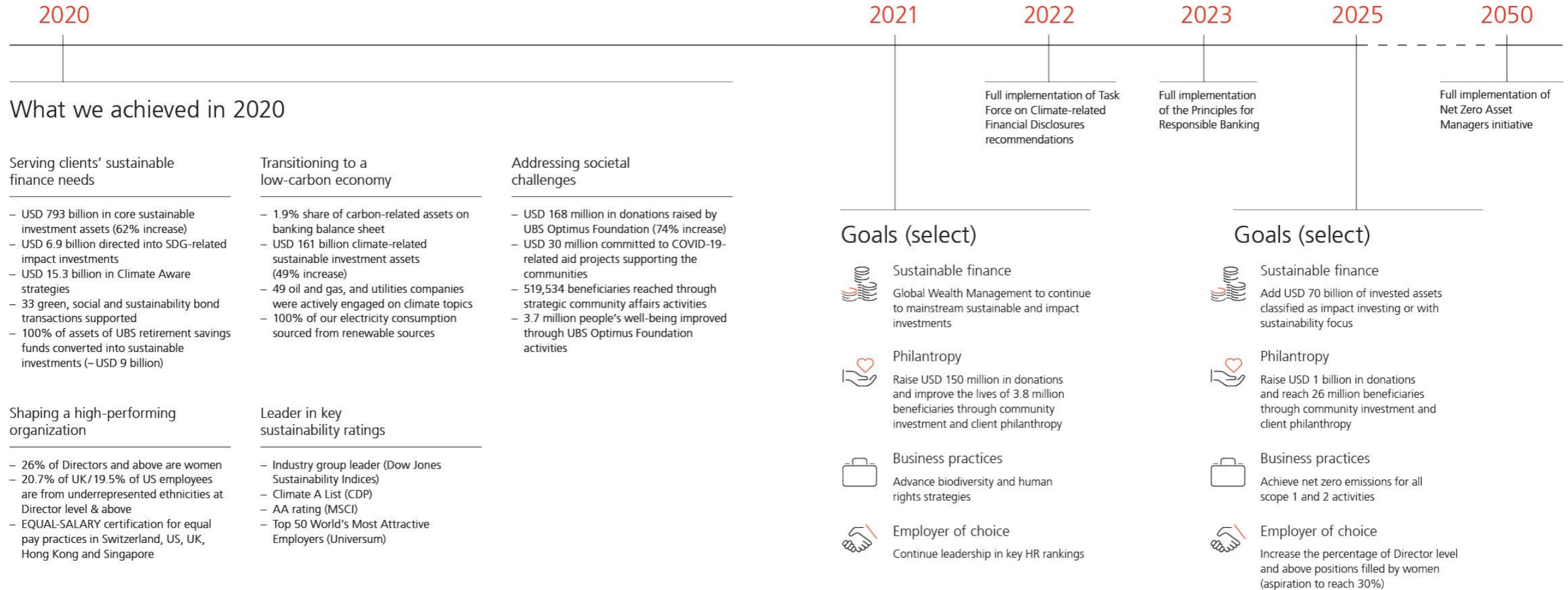
**Optimus Foundation:** connects clients, takes an evidence-based approach and focuses on programs that have the potential to be transformative, scalable and sustainable

**Community Affairs:** connect our employees to our local communities through volunteering activities that promote development of a positive business culture

# Our long history in sustainability



# Achievements, progress and goals



# Key achievements in 2020

## Global Wealth Management

Leader in sustainable investing (SI), with a global footprint and a network of resources to deliver a wide range of research, advisory and product capabilities that continue to grow.

- › USD 6.9 billion client assets directed into SDG-related impact investments
- › USD 1.2 billion invested in UBS Advice Premium SI, a new personalized advisory solution tailored to clients' individual sustainable investing preferences.

## Personal & Corporate Banking

Building sustainable finance offerings for all client segments, well under way in making sustainability the new normal in our offering.

- › 69% of new mandates in Personal Banking are UBS Manage SI
- › 110% increase in Optimus Charity Credit Cards
- › Sustainability-linked lending successfully launched for Multinationals clients
- › Advanced sustainability analytics offering for institutional clients

## Asset Management

Established an industry-leading SI platform offering, integrating sustainability and impact into all our mainstream offerings.

- › USD 15.3 billion of invested assets in award-winning Climate Aware methodology (almost five-fold increase since 2019)
- › USD 441 billion of ESG integration across all traditional asset classes
- › New Climate Aware strategies launched across active and passive equity and fixed income

## Investment Bank

Focused on meeting the needs of our clients with regard to ESG and sustainable finance, and helping reshape business models and investment opportunities.

- › 1,000+ attendees attracted by UBS ESG virtual conference
- › 7 of our flagship investor conferences featured integration of relevant ESG content
- › 133 of our research reports with UBS ESG icon flagging ESG content (up from 32 in 2019)

## Group Functions

Committed to maximizing positive effects and to minimizing negative impact that we have on society and the environment

- › USD 168 million donations raised (74% increase from 2019) and USD 151 million grants committed (26% increase from 2019) by UBS Optimus Foundation
- › USD 30 million committed to COVID-19-related aid projects supporting communities

**20.2** USD billion  
invested in 100% SI solutions  
and bespoke SI solutions



**100%**  
UBS retirement savings funds  
converted into SI:  
approx. USD 9 billion



**97.1** USD billion  
invested assets in SI-focused strategies  
(more than doubling from  
USD 39 billion in 2019)



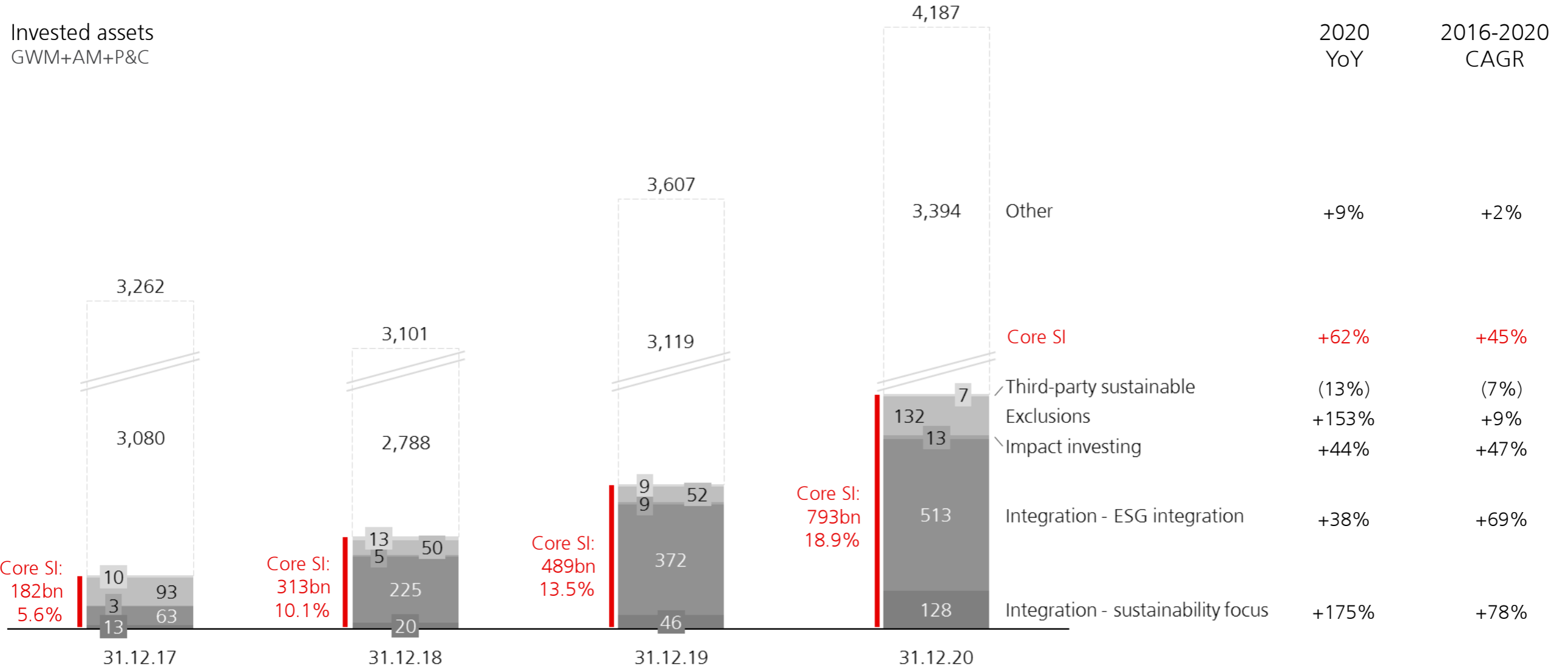
**33**  
green and sustainability bond  
transactions supported (across  
different currencies  
and products)



**3.7** million  
people's well-being improved  
worldwide through UBS Optimus  
Foundation activities



# Continued growth in sustainable investing assets



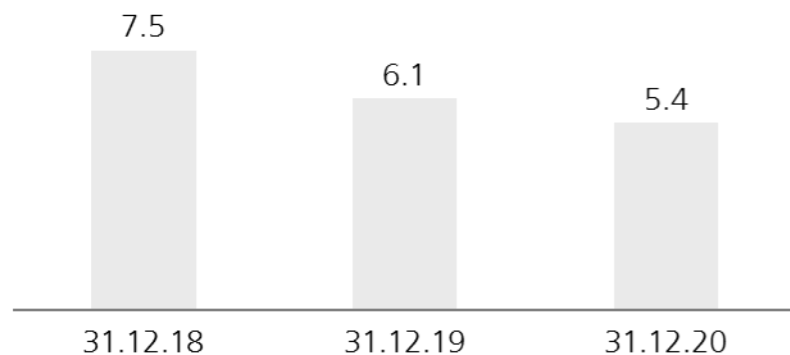
# Actively contributing to a net zero society – Decarbonizing across the firm

## Financing

- › Founding signatory of the **Net Zero Banking Alliance** (NZBA)
- › We will set clear, **science-based targets** to further align our financing portfolio with the objectives of the Paris Agreement, efforts will be aligned with the **Net Zero Banking Alliance** sectoral approach
- › **Further tightened environmental standards** for financing carbon-related assets to pursue our net zero ambitions
- › **Low and continuously reducing exposure** to carbon-related assets

## Carbon-related assets on balance sheet

USDbn



## Investing

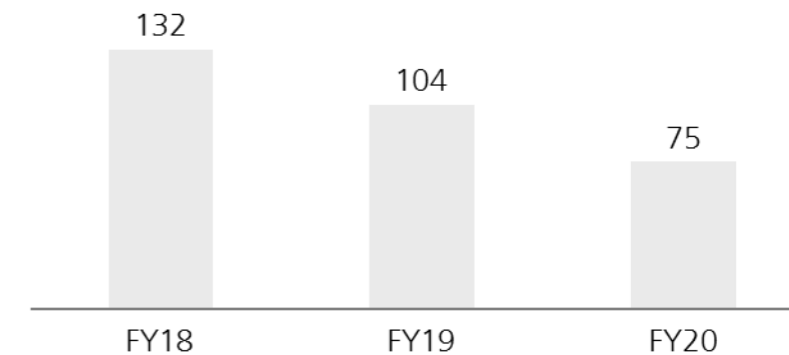
- › Founding signatory of the **Net Zero Asset Managers** initiative:
  - Net zero emissions across all AuM by 2050 or sooner
  - Interim targets, to be reviewed every 5 years
- › Sustainable investments are the **preferred solution** for clients of GWM investing globally
- › Committed to **helping our clients** achieve net zero emissions in their investment portfolios through:
  - Information and analytics
  - Stewardship and engagement
  - Supporting industry efforts around disclosures, reporting and data
  - Partnerships to ensure our clients have access to best practices, robust and science-based approaches, standardized methodologies and improved data

## Operations

- › Targeting **net zero** scope 1 & 2 emissions by 2025
- › RE100 goal met in 2020 (sourcing 100% of our electricity from renewable energy globally); targeting a 15% reduction in energy consumption 2020 to 2025
- › Targeting to offset historical emissions back to 2000

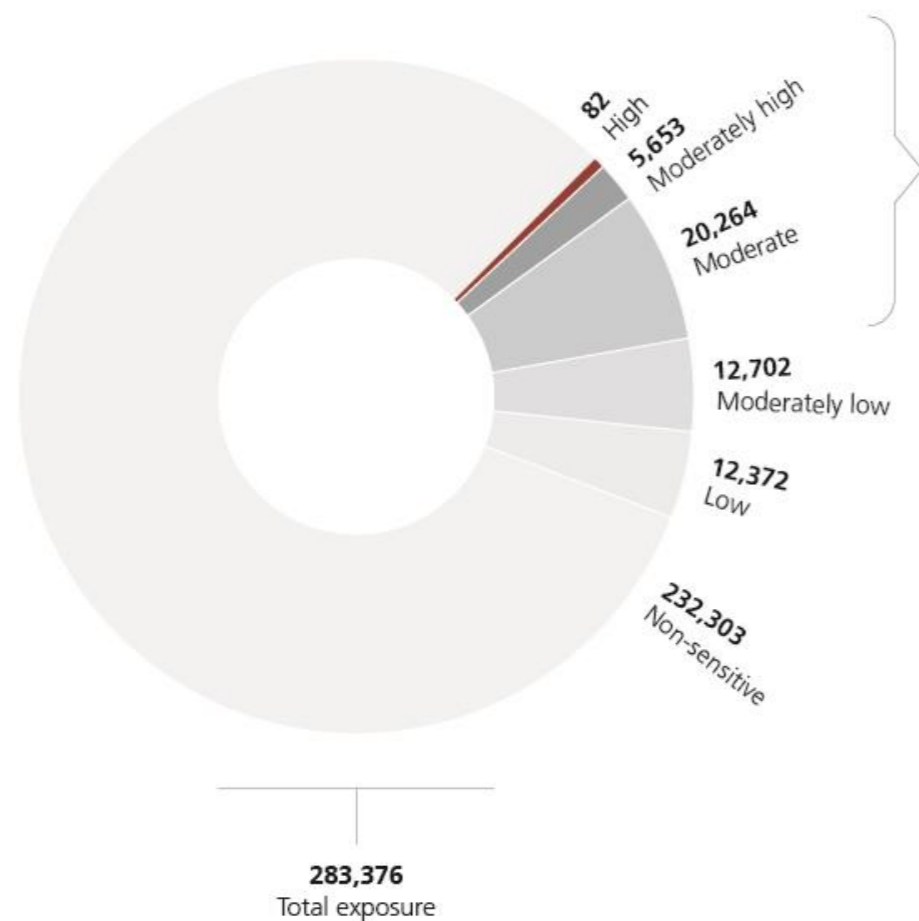
## GHG footprint

Kilotonnes CO<sub>2</sub>e



# Climate risk heatmap

Cross-sectoral credit risk exposure to climate sensitivity across the Investment Bank and Personal & Corporate Banking<sup>1</sup>



## High

22 Thermal coal mining

21 Oil refining

39 Shale gas drilling

## Moderately high

404 Integrated oil and gas

571 Midstream oil and gas

3 Power generation (high-carbon, regulated)

2,397 Chemicals

1,769 Conventional oil extraction

508 Cement or concrete manufacture

## Moderate

818 Commercial airlines

824 Manufacture of other metals

13,357 Commercial real estate (low efficiency)

75 Steel / iron manufacture

783 Land-based shipping (high-carbon trucks)

2,279 Downstream oil and gas

952 Automobile manufacturing (high-carbon)

841 Consumer durables manufacturing

15 Livestock-beef extensive grazing

321 Power generation (moderate-carbon, regulated)



# Our standards – overview (environmental and social risk policy framework)

## Controversial activities

Where UBS will not knowingly do business if it is associated with severe environmental or social damage to / or through the use of:

- › UNESCO world heritage sites
- › Wetlands on the Ramsar list
- › Endangered species
- › High conservation value forests
- › Illegal fire
- › Illegal logging
- › Child labor
- › Forced labor
- › Indigenous peoples' rights
- › Controversial weapons

## Areas of concern

Where UBS will only do business under stringent guidelines:

### Soft commodities:

- › Palm oil
- › Soy
- › Timber
- › Fish and seafood

### Power generation:

- › Coal-fired power plants
- › Large dams
- › Nuclear power

### Extractives:

- › Arctic oil and oil sands
- › Coal mining
- › Liquefied natural gas (LNG)
- › Ultra-deepwater drilling
- › Hydraulic fracturing
- › Precious metals
- › Diamonds

# External awards and recognition

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

Industry leader

Index member of DJSI  
World and DJSI Europe



**CLIMATE**



**Sustainability Award**  
Gold Class 2021

**S&P Global**



A+ score in the Strategy  
and Governance module



Market leading position in  
2020 GRESB assessments



Index member



Corporate responsibility  
prime status



Ranked first globally by our peers  
for ESG and Impact Investing



BEST PRIVATE BANK FOR  
IMPACT AND  
SUSTAINABLE  
INVESTING



The Prince's  
Responsible  
Business Network

Race at Work Charter signatory

Section 2

# UBS Green Funding Framework

# UBS's Green Funding Framework meets core components of Green Bond Principles



## I Use of Proceeds

- › UBS will finance and / or refinance Group-wide Eligible Assets, in whole or in part, that target climate mitigation through low carbon emissions
- › The Eligible Asset pool will include:
  - Mortgage loans financing Minergie-certified real estate in Switzerland
  - Any equivalent real estate certification system as determined by UBS



## III Management of Proceeds

- › Proceeds raised will be booked in a dedicated booking structure to ensure monitoring of the source of funds
- › UBS's intention is to maintain a healthy buffer of assets over liabilities of at least 110%
- › To ensure sufficient assets remain, Green assets are reviewed internally on a quarterly basis
- › In the case of Eligible Assets exiting the Green asset portfolio, UBS will seek to replace the assets with other Eligible Assets



## II Project Evaluation and Selection

- › The asset-owning UBS business unit is responsible for maintaining the relevant processes for identifying, monitoring and keeping records of Eligible Assets
- › UBS will perform quarterly checks to ensure continued asset eligibility
- › Group Asset & Liability Committee (ALCO) approves any Green funding limits and ensures Eligible Assets are only assigned to one Green funding instrument



## IV Reporting

- › UBS will provide a Green Funding Investor Report on an annual basis, which will be published on the Investor Relations website
  - Allocation of proceeds from Green funding
  - Reporting of the environmental impact
- › The Green Funding Framework will be reviewed annually by an independent assurance provider and the opinion will be published on the Investor Relations website

UBS's Green Funding Framework will evolve as industry standards evolve

# Use of Green bond proceeds: Green buildings

## Eligible criteria


- › UBS will allocate an amount equal to the net proceeds of Green bonds to finance and / or refinance new and existing Green buildings
- › Minergie is a Swiss registered quality label for the planning of new and refurbished low-energy consumption buildings in Switzerland, and currently only Minergie-certified residential mortgages are included in the Eligible Asset pool
- › The Eligible Asset pool available must have an asset creation date of maximum 2 years prior to issuance
- › The Eligible Asset pool has been certified by the Climate Bond Initiative (CBI)

## Eligible Green bond portfolio

### UBS portfolio of Minergie-certified loans in Switzerland

Total portfolio				
	Notional (m)	sqm	Refurbished	New
Minergie	3,452	806,086	107	3,345
Minergie-P	285	69,931	5	279
Minergie-A	36	9,773	-	36
<b>Total</b>	<b>3,773</b>	<b>885,791</b>	<b>113</b>	<b>3,660</b>

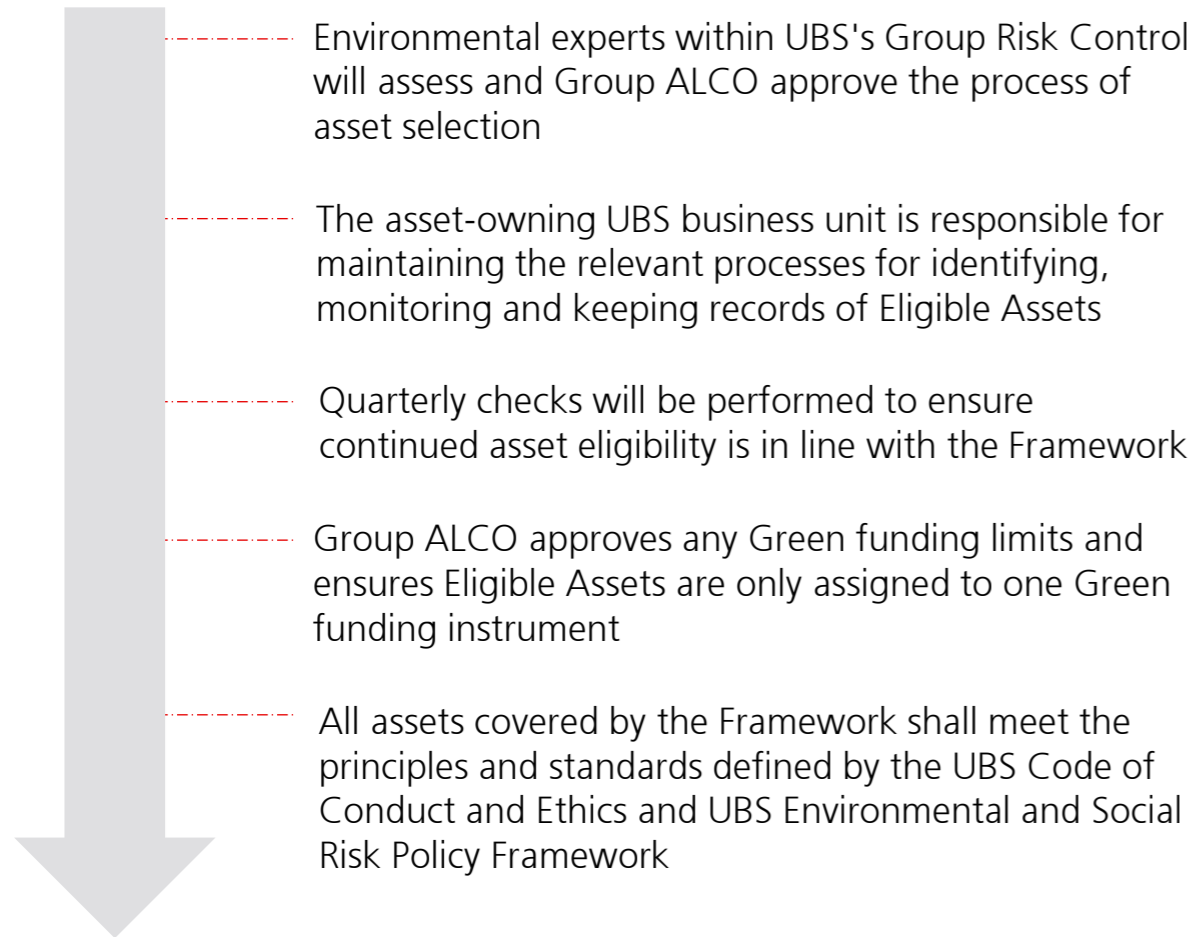
Eligible Asset pool				
	Notional (m)	sqm	Refurbished	New
Minergie	2,334	510,922	76	2,258
Minergie-P	198	46,429	4	195
Minergie-A	23	5,498	-	23
<b>Total</b>	<b>2,555</b>	<b>562,849</b>	<b>80</b>	<b>2,475</b>

Green Bond Principles	Eligible Asset categories	Targeted SDG
Green buildings	<p>New or existing commercial or residential buildings certified, or to be certified, by the following green building certification systems</p> <ul style="list-style-type: none"> <li>✓ Minergie, Minergie-P or Minergie-A;<sup>1</sup> or</li> <li>✓ Any other equivalent real estate certification system as determined by UBS</li> </ul>	



# Robust asset evaluation process and monitoring of allocation of proceeds

## Process for II Project Evaluation and Selection



## III Management of Proceeds

- ✓ Group Treasury will book the proceeds from Green bonds into a book dedicated for Green issuance only to segregate cash flows at execution
- ✓ UBS will maintain a pool of Eligible Assets at least equal to the net proceeds of outstanding Green bonds, with the assets tracked and reviewed for ongoing eligibility and availability on a quarterly basis
- ✓ UBS intends to hold sufficient Eligible Assets at incurrence of the financing. In the case of relevant Eligible Assets exiting the pool of Eligible Assets due to divestments, maturities or other reasons, UBS will seek to replace such assets with other Eligible Assets
- ✓ Group Treasury will manage any unallocated proceeds, in the interim, in accordance with UBS's liquidity policy
- ✓ In the event of default of UBS AG as the issuer, investors have no right on or recourse to the Eligible Assets

# Annual publication of Green Funding Investor Report

## Reporting on allocation of proceeds

- › Total amount of proceeds allocated to Eligible Assets
- › Share or amount of new financing and refinancing
- › Unallocated proceeds
- › Geographical distribution by country where relevant
- › A breakdown of percentage share or amount allocated:
  - Per certification system and certificate level
  - To new properties and renovated properties (if available)

## Reporting on estimated environmental impact

- › Impact reporting may include:
  - CO2 emission per sqm per annum
  - Energy usage per sqm per annum
  - Selection of project examples, where feasible
- › The methodology for calculating the impact will be disclosed at a high level in the Green Funding Investor Report

## UBS portfolio of Minergie-certified<sup>1</sup> loans in Switzerland

Eligible Asset portfolio: CHF 2.6bn

CO2 emissions saved (tCO2): 90,673

Saved emissions per CHF 1m invested (kgCO2/CHF): 35,491

	Refurbished	New	Total
	CO2 emission saved per annum (tCO2)	CO2 emission saved per annum (tCO2)	CO2 emission saved per annum (tCO2)
Minergie	477	1,588	2,064
Minergie-P	23	161	184
Minergie-A	0	18	18
<b>Total</b>	<b>500</b>	<b>1,767</b>	<b>2,267</b>

	Refurbished	New	Total
	Energy savings (sqm/annum) (kWh)	Energy savings (sqm/annum) (kWh)	Energy savings (sqm/annum) (kWh)
Minergie	98	17	20
Minergie-P	98	29	31
Minergie-A	0	16	16



<sup>1</sup> The Minergie trademark is supported by the Swiss Confederation, Swiss Cantons and the Principality of Liechtenstein. Three different levels of certifications are available on plans for new buildings and refurbishments: Minergie, Minergie-P and Minergie-A. To view the detailed requirements for certification, please visit [www.minergie.ch](http://www.minergie.ch).

# External review by Sustainalytics and Climate Bond Initiative (CBI)

## Second Party Opinion (pre-issuance)

- Sustainalytics has evaluated UBS's Green Funding Framework, confirming alignment with national and international guidelines
- The Second Party Opinion and the Green Funding Framework has been made available on the Investor Relations website
- CBI will assess the framework and Eligible Asset pool against its classification system to ensure it meets stringent energy efficiency criteria for Green buildings

## External verification (post-issuance)

- An appropriate independent assurance provider will annually assure that UBS's process and allocations are in accordance with UBS's Green Funding Framework
- The opinion of the assurance provider will be made available in the Green Funding Investor Report
- UBS will conduct periodic assurance within a year to reaffirm conformance of the bond with the criteria of the Climate Bonds Standard

“ Sustainalytics is of the opinion that the UBS Green Funding Framework is credible and impactful and aligns with the four core components of the International Capital Market Association (ICMA) Green Bond Principles 2021

Sustainalytics Second Party Opinion





Section 3

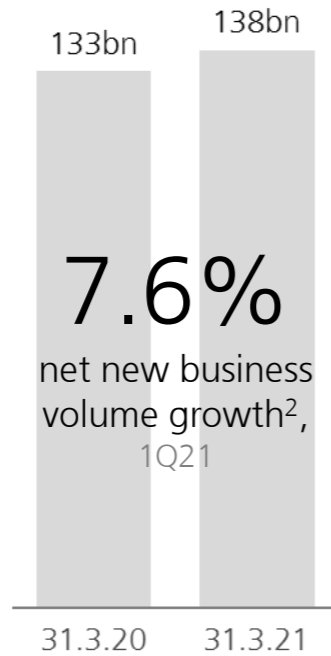
## Key financial highlights – 1Q21 update

# Delivering for our clients and driving growth...

**AM**  
invested assets



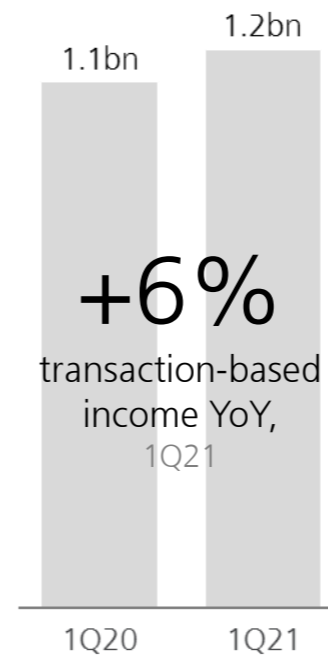
**P&C**  
loans<sup>1</sup>



**GWM**  
loans



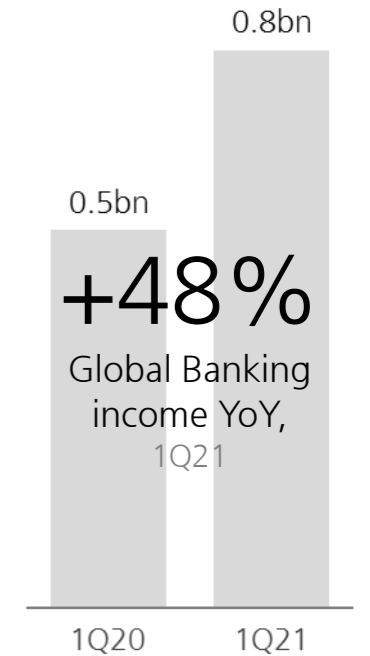
**GWM**  
transaction-based  
income



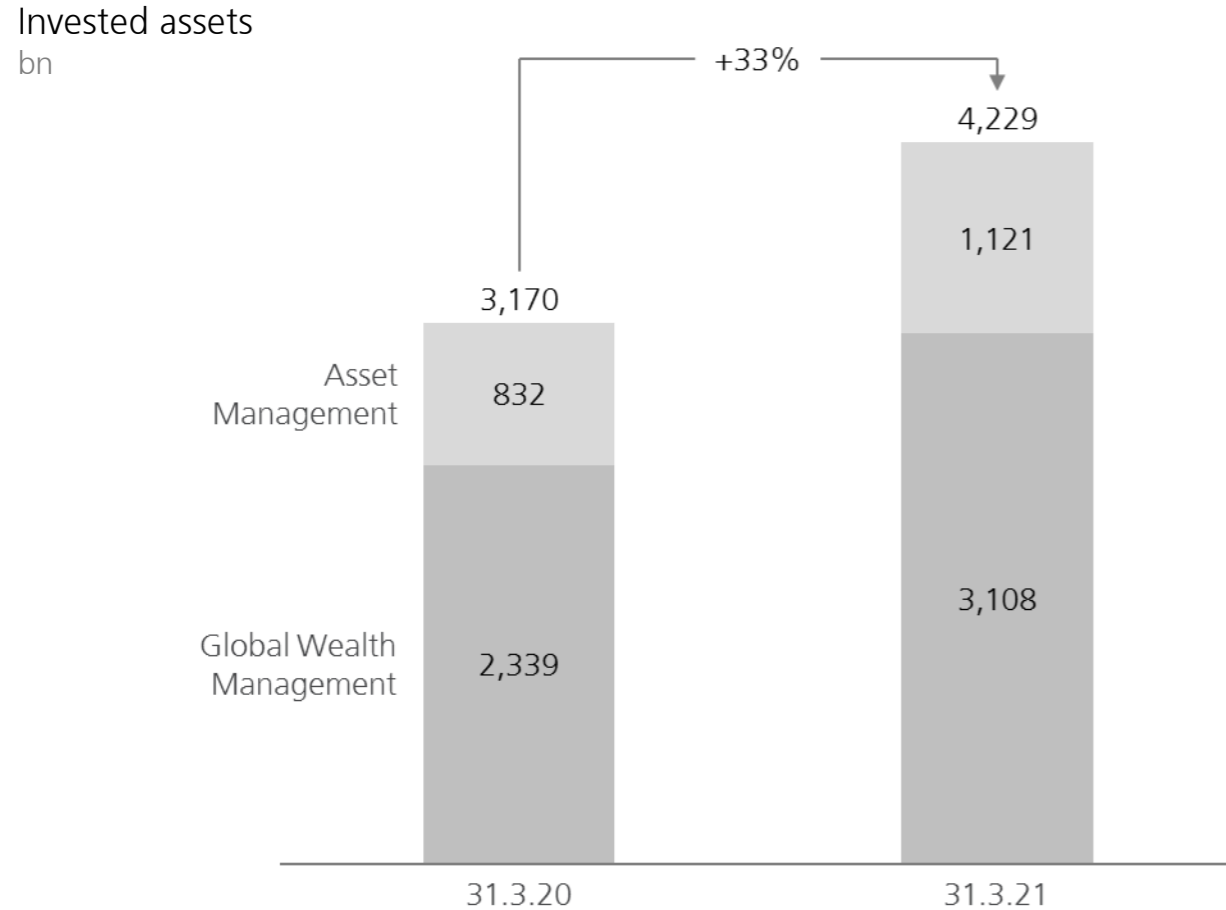
**GWM**  
fee-generating assets



**IB**  
Global Banking  
income



...while building on our strengths to help our clients achieve their objectives



### Collaborating for our clients

**8bn** Net new money from SMA<sup>1</sup> initiative in the US  
1Q21, AM

### Sustainability integrated into our client offering

**5bn** Net sales of 100% SI multi-asset mandates  
1Q21, GWM

**8bn** Net inflows into sustainability-focused strategies  
1Q21, AM

# 1Q21 results overview

Group	<b>Return on CET1 capital</b>	<b>18.2%</b>	Target: 12-15%
	Return on tangible equity	14.0%	
	<b>Cost/income ratio</b>	<b>73.8%</b>	Target: 75-78%
	Net profit attributable to shareholders	USD 1.8bn	
	<b>CET1 capital ratio</b>	<b>14.0%</b>	Guidance: ~13%
	<b>CET1 leverage ratio</b>	<b>3.89%</b>	Guidance: >3.7%
	Tangible book value per share	USD 14.65	
GWM	Profit before tax	USD 1.4bn	
	<b>PBT growth</b>	<b>16%</b>	Target: 10-15% over the cycle
	Invested assets	USD 3.1trn	
	Net new fee-generating assets	USD 36bn	
P&C	Profit before tax	CHF 0.4bn	
	Return on attributed equity (CHF)	17%	
	Net new business volume growth for Personal Banking (CHF)	7.6%	
AM	Profit before tax	USD 0.2bn	
	Invested assets	USD 1.1trn	
	Net new money	USD 26bn	
IB	Profit before tax	USD 0.4bn	
	Return on attributed equity	13%	
	<b>RWA and LRD vs. Group</b>	<b>33% / 32%</b>	Guidance: up to 1/3

# 1Q21 net profit USD 1.8bn; 18.2% RoCET1

1Q21

**1,824m**  
net profit  
+14%

**18.2%**  
return on  
CET1 capital

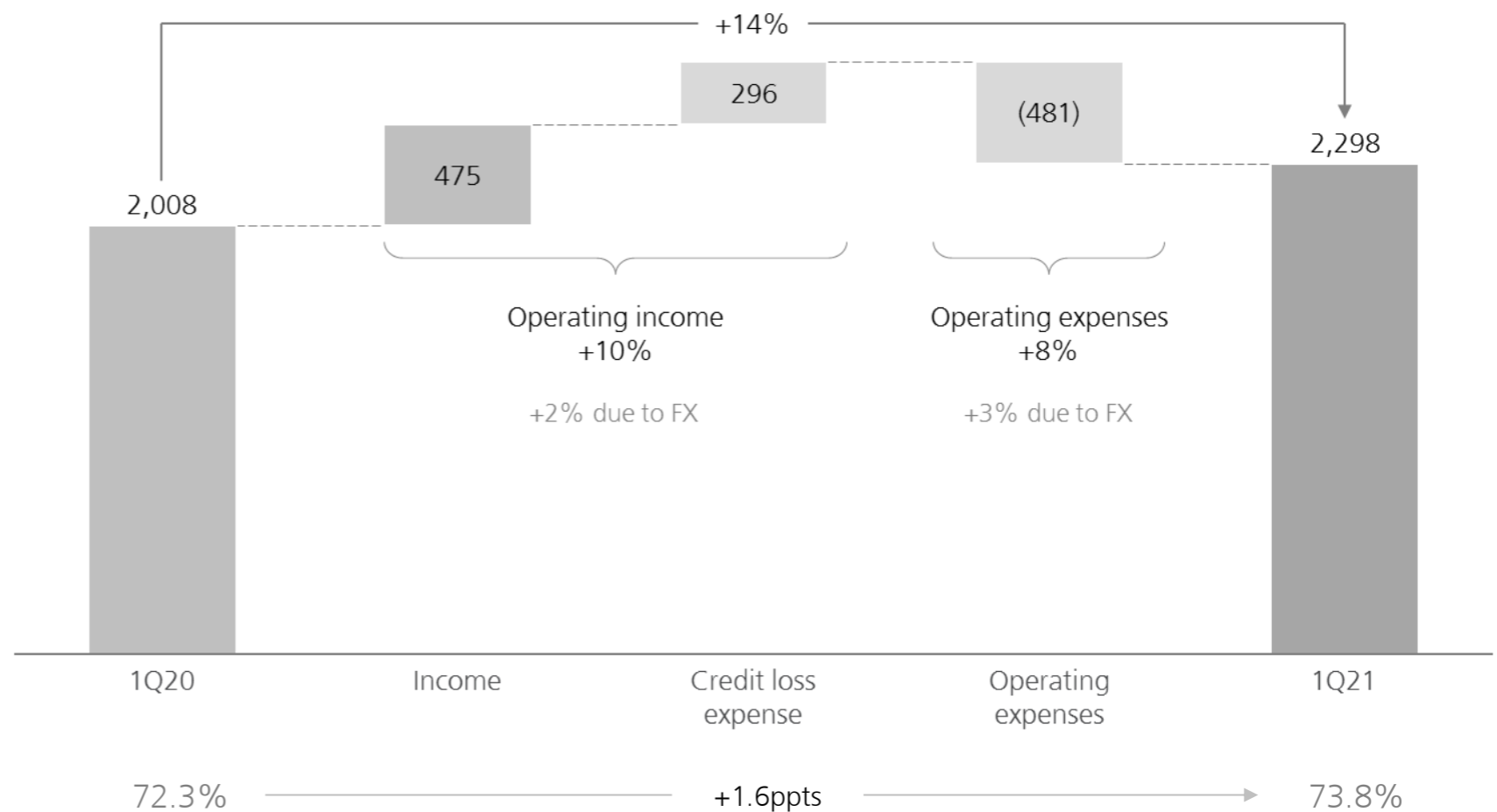
31.3.21  
**14.0%**  
CET1 capital ratio

**0.49**  
diluted EPS  
+15%

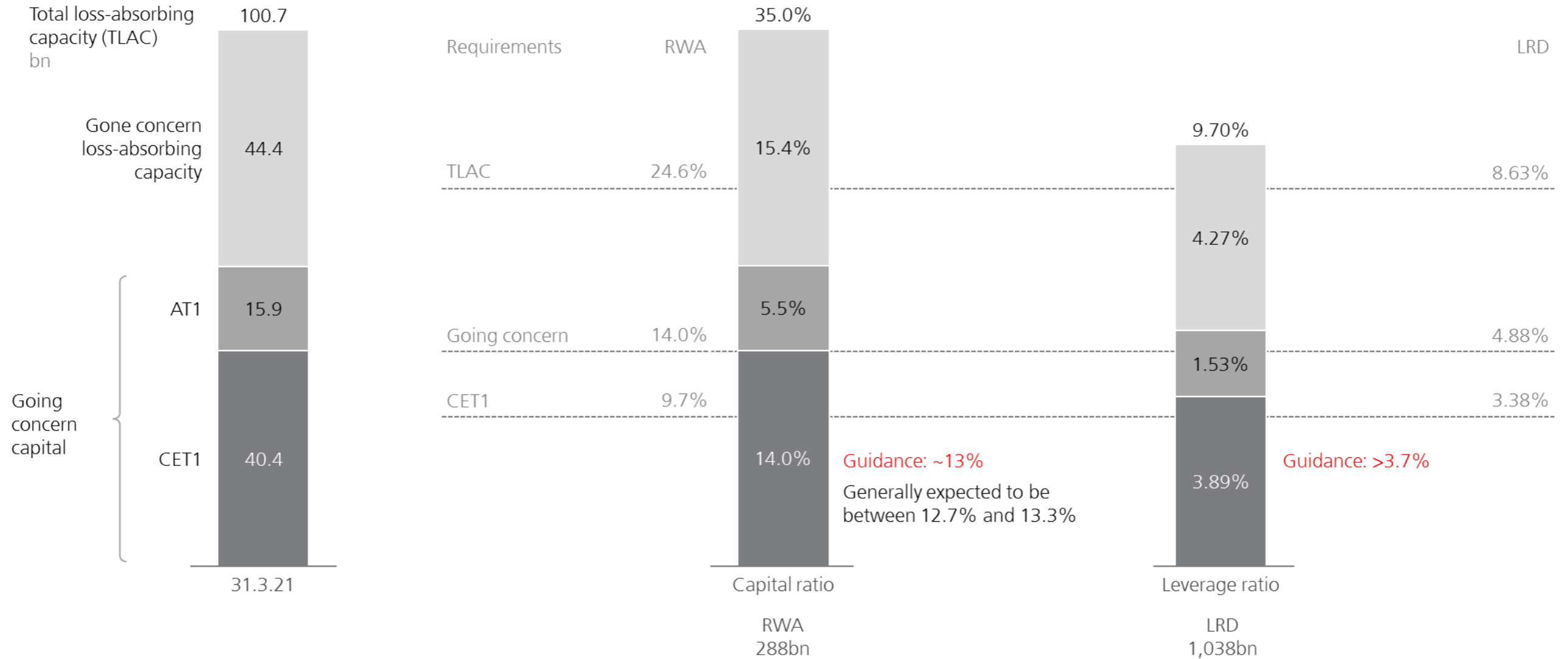
**1.1bn**  
USD volume of shares  
repurchased YTD

**3.89%**  
CET1 leverage ratio

Profit before tax  
m



# Capital and leverage ratios



# Cautionary statement regarding forward-looking statements

This presentation 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. and goals or intentions to achieve climate, sustainability and other social objectives. While these forward-looking statements represent UBS’s judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. The outbreak of COVID-19 and the measures being 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 to respond to the pandemic creates significantly greater uncertainty about forward-looking statements. Factors that may affect our performance and ability to achieve our plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) 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; (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) uncertainty over the scope of actions that may be required by UBS, governments and others to achieve goals relating to climate, environmental and social matters as well as the evolving nature of underlying science and industry and governmental standards, and (xxii) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the 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 and UBS’s First Quarter 2021 Report on Form 6K. 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.

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