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UBS Europe SE

Financial Statement, Management Report and Complementary Disclosure
as of 31 December 2024



Independent Auditor's Report

To UBS Europe SE, Frankfurt am Main

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit opinions

We have audited the annual financial statements of UBS Europe SE, which comprise the balance sheet as at 31 December 2024 and the income statement for the financial year from 1 January 2024 to 31 December 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of UBS Europe SE for the financial year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of those parts of the management report listed in the "Other information" section.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU-APrVO ") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU-APrVO, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Note on other matters

The annual financial statements and the management report of UBS Europe SE for the previous financial year ended 31 December 2023 were audited by another auditor who issued unmodified audit opinions on these annual financial statements and this management report dated 30 . April 2024 issued unmodified audit opinions on these annual financial statements and this management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Commission income in the Global Wealth Management division

Related information in the financial statements and management report

As at 31 December 2024, commission income amounted to EUR 1,246 million and was largely attributable to income from the provision of wealth management services in the Global Wealth Management segment. An explanation of commission income can be found in the notes in the section "Management and brokerage services". Further information is provided in the "Global Wealth Management" section of the management report.

Facts and risk for the audit

The company's wealth management services comprise custody and wealth management, fund brokerage and securities brokerage business and represent the core business of UBS Europe SE. The recognition of revenue in connection with the commission income from these services was of particular significance in the context of our audit in view of the relevance of the revenue for the financial statements as a whole, the terms and conditions often agreed individually with clients and the fact that the services are provided in various European branches, some of which have different business processes.

Audit approach and results

As part of the audit of the annual financial statements, we first assessed the appropriateness and effectiveness of the Company's relevant internal controls in relation to the recognition of commission income from wealth management services in the main branches in Germany, Italy, France and Luxembourg. In particular, we assessed the Company's processes and controls with regard to the recording and amendment of the conditions agreed with clients and the calculation of the income resulting from the services, including the IT systems implemented.

We then used substantive analytical procedures to assess the plausibility of the development of commission income in the Global Wealth Management division. In addition, we used representative samples to test the correct recognition of individual commission income on the basis of customer statements and the underlying contractual basis.

Based on the audit procedures performed, we have no objections relating to the recognition of commission income from wealth management services generated in the Global Wealth Management division.

Other information

The legal representatives are responsible for the other information. The other information comprises the following component of the management report, the content of which has not been audited:

- the declaration on corporate governance pursuant to Section 289f (4) HGB (information on the proportion of women) contained in the "Non-financial performance indicators" section of the management report, and
- the information outside the management report to which reference is made in the sections "Non-financial performance indicators" and "Non-financial statement".

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information:

- are materially inconsistent with the annual financial statements, management report or our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there are factual or legal circumstances to the contrary.

Furthermore, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements and the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-APrVO and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or on the effectiveness of these arrangements and measures.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to address independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and other regulatory requirements

Further information pursuant to Article 10 EU-APrVO

We were elected as auditor by the annual general meeting on 17 May 2024. We were engaged by the supervisory board in a letter dated 17 May 2024. We have been auditor of UBS Europe SE; Frankfurt am Main, since the financial year 2024.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU-APrVO (audit report).

Responsible auditor

The auditor responsible for the audit is Mr Steffen Neuweiler.

Frankfurt am Main, 8 May 2025

Forvis Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

In the original German version signed by:

Markus Morfeld
Wirtschaftsprüfer
(German Public Auditor)

Steffen Neuweiler
Wirtschaftsprüfer
(German Public Auditor)

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4. Other disclosures in accordance with Sec. 26a (1) Sentence 2 and 4 KWG

5. Report of the Supervisory Board for 2024

Balance sheet of UBS Europe SE as at 31 December 2024

Assets	31.12.2024	31.12.2023
<i>EUR thousand</i>		
Cash reserve		
a) Cash on hand	74	78
b) Balances with central banks	294,314	294,393
<i>thereof: with Deutsche Bundesbank</i>	<i>139,512</i>	<i>180,000</i>
	294,388	294,471
Due from banks		
a) payable on demand	6,645,580	5,526,400
b) other amounts due	33,019,290	29,563,652
	39,664,870	35,090,052
Due from customers	7,206,465	7,637,246
<i>thereof: secured by real estate property lines</i>	<i>292,516</i>	<i>187,105</i>
Debt securities and other fixed-income securities		
a) Money market securities	1,159,451	284,532
aa) issued by the public sector	771,193	235,824
<i>thereof: eligible as collateral with Deutsche Bundesbank</i>	<i>286,319</i>	<i>0</i>
ab) issued by other borrowers	388,258	48,708
<i>thereof: eligible as collateral with Deutsche Bundesbank</i>	<i>0</i>	<i>0</i>
b) Bonds and debt securities	4,010,364	3,758,585
ba) issued by the public sector	1,183,107	1,002,553
<i>thereof: eligible as collateral with Deutsche Bundesbank</i>	<i>1,183,107</i>	<i>999,425</i>
bb) issued by other borrowers	2,827,257	2,756,032
<i>thereof: eligible as collateral with Deutsche Bundesbank</i>	<i>2,744,102</i>	<i>2,650,082</i>
	5,169,815	4,043,117
Shares and other variable-yield securities	3	499
Trading portfolio	7,880,694	5,348,501
Equity investments	776	617
<i>thereof: in banks</i>	<i>0</i>	<i>0</i>
<i>thereof: in financial services institutions</i>	<i>0</i>	<i>0</i>
Shares in affiliates	65,721	52,686
<i>thereof: in banks</i>	<i>0</i>	<i>0</i>
<i>thereof: in financial services institutions</i>	<i>0</i>	<i>0</i>
Trust assets	5,913	11,693
<i>thereof: trust loans</i>	<i>0</i>	
Intangible assets		
b) Purchased franchises, industrial and similar rights and assets and licenses in such rights and assets	9,104	11,218
c) Goodwill	89,881	99,875
	98,985	111,093
Property and equipment	45,107	23,759
Other assets	5,170,799	1,312,141
Prepaid expenses	5,907	5,072
Total assets	65,609,443	53,930,947

Balance sheet of UBS Europe SE as at 31 December 2024

Liabilities	31.12.2024	31.12.2023
<i>EUR thousand</i>		
Liabilities to banks		
a) payable on demand	4,232,387	4,033,155
b) with an agreed term of period of notice	25,720,043	19,612,443
	29,952,430	23,645,598
Liabilities to customers		
b) other Liabilities		
ba) payable on demand	15,629,234	13,634,270
bb) with an agreed term of period of notice	4,798,446	5,163,779
	20,427,680	18,798,049
Securitized liabilities		
a) debt securities issued	267,487	11,736
	267,487	11,736
Trading portfolio	3,367,881	2,502,245
Trust liabilities	5,913	11,693
<i>thereof: trust loans</i>	<i>0</i>	<i>0</i>
Other liabilities	4,285,109	2,263,777
Deferred income	2,109	3,373
Provisions		
a) Provisions for pensions and similar obligations	333,617	321,393
b) Tax provisions	67,002	62,406
c) Other provisions	348,546	248,455
	749,165	632,254
Subordinated liabilities	3,153,476	3,139,097
Fund for general banking risks	60,431	41,789
<i>thereof: special reserve pursuant to Sec. 340 e (4) HGB</i>	<i>60,431</i>	<i>41,789</i>
Equity		
a) Subscribed capital	446,001	446,001
b) Capital reserves	2,330,049	2,285,769
c) Revenue reserves		
cd) Other revenue reserves	46,429	46,429
d) Net retained profits	515,283	103,137
	3,337,762	2,881,336
Total liabilities and equity	65,609,443	53,930,947
Contingent liabilities		
b) Guarantees	186,424	131,282
	186,424	131,282
Other obligations		
c) Irrevocable loan commitments	1,417,158	862,559
	1,417,158	862,559

Income statement of UBS Europe SE for the financial year 2024

<i>EUR thousand</i>	2024	2023
Interest income from		
a) Lending and money market transactions	1,946,147	1,699,962
<i>thereof: negative interest income from lending and money market transactions</i>	<i>159</i>	<i>986</i>
b) Fixed-income securities and government-inscribed debt	130,632	103,550
	2,076,779	1,803,512
Interest expense		
<i>thereof: negative interest expense</i>	<i>2,362</i>	<i>1,182</i>
	2,152,037	1,673,808
	-75,258	129,704
Current income from		
a) Shares and other variable-yield securities	91,190	73,417
b) Equity investments	281	81
c) Investments in affiliated companies	8,434	6,035
	99,905	79,533
Commission income	1,246,031	1,114,487
Commission expense	432,342	355,998
	813,689	758,489
Net trading income / expense	167,775	159,279
<i>thereof: Expenses from the allocation to the fund for general banking risks</i>	<i>18,642</i>	<i>17,698</i>
Other operating income	159,553	162,982
General administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	504,398	416,396
ab) Social security contributions, pensions and other benefit costs	53,050	54,326
<i>thereof: for pensions</i>	<i>4,819</i>	<i>10,050</i>
	557,448	470,722
b) Other administrative expenses	489,605	435,379
	1,047,053	906,102
Amortization, depreciation and write-downs of intangible assets and property and equipment	29,352	24,736
Other operating expenses	56,512	158,150
Write-downs and allowances on demands due and certain securities as well as allocations to provisions for possible loan losses	0	46,136
Income from write-up of amounts due and certain securities as well as from the reversal of provisions for possible loan losses	8,327	0
Write-downs and allowances on equity investments, shares in affiliates and securities classified as fixed assets	0	255
Income from write-ups on equity investments, shares in affiliates and securities classified as fixed assets	510	0
Result from ordinary activities	41,584	154,608
Income taxes	25,507	50,753
<i>thereof: deferred taxes</i>	<i>0</i>	<i>0</i>
Other taxes not disclosed under item 12	794	718
Net income for the year	15,283	103,137
Profit carryforward from previous years	0	0
Withdrawals from the capital reserve	500,000	0
Net retained profit	515,283	103,137

Notes

Notes

General

The financial statements for the fiscal year 2024 of UBS Europe SE, headquartered in Frankfurt am Main, Bockenheimer Landstraße 2-4, and registered in the commercial register of Frankfurt Local Court under HRB no. 107046, were prepared in accordance with the provisions of the HGB [“Handelsgesetzbuch”: German Commercial Code], the AktG [“Aktiengesetz”: German Stock Corporation Act] and in compliance with the RechKredV [“Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute”: German Bank and Financial Services Institutions Accounting Directive]. The structure of the balance sheet and income statement follows the forms prescribed by the RechKredV.

UBS Europe SE is not publicly traded (“capital market-oriented” as defined by Sec. 264d HGB) and has therefore opted not to prepare a cash flow statement or a statement of changes in equity.

As part of the consolidation of the European Asset Management business in UBS Asset Management (Europe) S.A. (formerly UBS Fund Management (Luxembourg) S.A.), the asset management business in Sweden was sold to UBS Asset Management (Europe) S.A. with effect from 1 July 2024 and the asset management business in Spain with effect from 1 August 2024.

In Q4 2024, all businesses of Credit Suisse (Luxembourg) S.A., Luxembourg, and its branches in France, Ireland and Portugal were transferred to UBS Europe SE by way of a cross-border merger with effect from October 21, 2024 (merger effective date). The merger followed UBS Group AG's acquisition of Credit Suisse Group AG in June 2023 and meets the requirements of the EU's Capital Requirements Directive (2013/36/EU), which requires banks in the EU that are subsidiaries of third-country groups to establish a single EU Intermediate Parent Undertaking (IPU).

The merger plan notarized on May 6, 2024, was entered and published in the commercial register of the Frankfurt am Main Local Court on October 21, 2024.

The assets and liabilities of Credit Suisse (Luxembourg) S.A. have been transferred to the balance sheet of UBS Europe SE at the carrying amounts resulting from the balance sheet of Credit Suisse (Luxembourg) S.A. as of the balance sheet date of the merger (“Buchwertfortführung” – predecessor accounting). In total, assets and liabilities with a gross volume (before intra-group consolidation) of EUR 544.3m were transferred. As of 21 October 2024, the transferred businesses will be fully recognised in UBS Europe SE's income statement for the 2024 financial year. In addition, 220 employees of Credit Suisse (Luxembourg) have been taken over.

In connection with the merger, UBS Europe SE has increased its subscribed capital by two shares with a nominal value of EUR 1.00 each. These shares were acquired by UBS AG in exchange for the 230,936 shares in Credit Suisse (Luxembourg) S.A., each with a nominal value of CHF 1,000.00. Any net asset value as apparent from the closing balance sheet of Credit Suisse (Luxembourg) S.A., which exceeds the increase in capital by EUR 2.00, is allocated to the capital reserve of UBS Europe SE in accordance with Section 272 (2) No. 1 of the German Commercial Code (HGB).

In the 2024 financial year, UBS Europe SE in Germany, Italy, France and the Netherlands also acquired various business units from Credit Suisse Deutschland AG, Frankfurt am Main, Credit Suisse Bank (Europe) S.A., Madrid, Credit Suisse (Luxembourg) S.A., Luxembourg, Credit Suisse AG, Milan Branch, Milan, and Credit Suisse International, London, under Business Transfer Agreements as a further integration measure. These agreements included the transfer of employees for consideration and the associated intangible assets such as customer contacts, qualifications, expertise and experience, as well as the transfer of client relationships, loans and derivatives.

Accounting and valuation principles

The accounting and valuation principles have not changed in principle compared to the prior year. In the current year, cash collaterals provided in the derivatives business (margin) are reported under other assets; cash collaterals received in this context are accordingly disclosed under other liabilities. Previously, depending on the sector of the counterparty, the disclosure was also made under the receivables or liabilities to or from credit institutions or customers.

The items of the cash reserve are stated at their nominal amount.

Amounts due from banks and customers are reported at their nominal amount, with differences between the issuing amount and the nominal amount deferred over the respective term. Sufficient provision was made for identifiable and general risks in the lending business. A general bad debt allowance was set up in an appropriate amount to account for the general credit risk. The approach follows the concept of "expected loss". The calculation of expected loss for on and off-balance transactions is based on the parameters probability of default (PD), exposure at default (EAD) and loss given default (LGD). Write-downs and allowances are offset with income from write-ups in the profit and loss statements.

Securities held in the liquidity portfolio are measured at amortized cost according to the strict lower of cost or market principle. They are also included in the valuation of interest rate transactions at present value in accordance with IDW AcP [IDW Stellungnahme zur Rechnungslegung] BFA 3 "Aspects of valuing interest rate transactions of the banking book (interest rate book) at net realizable value".

Securities of the investment portfolio are measured at amortized cost according to the modified lower of cost or market principle.

Changes in the value of securities of the liquidity portfolio are recorded either as write-downs of and allowances on amounts due and certain securities as well as allocations to provisions for possible loan losses or as income from the write-up of amounts due and certain securities as well as from the reversal of provisions for possible loan losses. For securities of the investment portfolio, changes in the value are recognised either as write-downs of and allowances on equity investments, shares in affiliates and securities classified as fixed assets or income from write-ups on equity instruments, shares in affiliates and securities classified as fixed assets.

Financial instruments of the trading portfolio are measured at fair value minus a risk charge. The risk charge is calculated on the basis of the regulatory value-at-risk approach in such a way that the anticipated maximum loss from the trading portfolio will not be exceeded with a 99% probability over a holding period of 10 days. A historical observation period of one year is used.

If financial instruments are traded on an active market, the market price is used as fair value. Where no market prices are available on an active market, fair value is determined by various methods, including valuation models. Both the valuation methods and models selected and the parameters used depend on the individual product and are in line with market standards. The change in fair value of financial instruments of the trading portfolio compared to the last reporting date or the acquisition costs (valuation gains/losses) is recorded as net income or net loss from the trading portfolio.

Current interest income and expenses from the trading business are shown as interest income in accordance with IDW RS BFA 2(Textziffer 75). Dividend income from the trading portfolio is reported as current income from shares and other variable-yield securities.

Securities lending transactions do not involve the derecognition of securities loaned or the recognition of securities borrowed, as the risk arising from the security and the corresponding beneficial ownership remains with the lender.

Repos and reverse repos are reported in accordance with Sec. 340 b HGB. Claims and liabilities from repos and reverse repos with central and bilateral counterparties and due on a daily basis are offset and reported on a net basis. Beyond that, an amount of EUR 21.2m with centrals and bilateral counterparties were not offset and reported on a gross basis due to a limited duration.

Equity investments and shares in affiliates are valued at acquisition cost or their lower fair value if the decline in value is expected to be permanent.

Trust assets and liabilities result from investments in private equity funds held in trust. They are recognized at the lower of cost or market principle.

Intangible assets, goodwill and property and equipment are recognized at acquisition and production cost and depreciated or amortized on a straight-line basis over their expected useful lives. Interests on borrowings are not capitalized. Low-value assets are either fully expensed in the year of acquisition (with a net acquisition cost of up to and including EUR 250), or depreciated on a straight-line basis by five years (assets costing more than EUR 250 up to and including EUR 1,000).

Prepaid expenses and deferred income include payments which will be recognized in the income statements in future fiscal years.

The option provided by Sec. 274 (1) Sentence 2 HGB is applied, meaning that no deferred tax assets are recognized. The excess of deferred tax assets primarily resulted from tax loss carryforwards in various tax jurisdictions and deductible temporary differences in the balance sheet items "Provisions for pensions and similar obligations", "Other assets", "Property and equipment" and "Intangible assets" in various tax jurisdictions that are not offset by material taxable temporary differences on the liability side. Deferred taxes are measured using the respective national and company-specific tax rates at the expected realization date. The applicable tax rate for

German branches is 31.9% comprising corporate income tax of 15.0% plus 5.5% solidarity surcharge plus an average trade tax rate. Deferred taxes in foreign branches are calculated with the applicable statutory tax rates which are in the range of 12.5% and 30.0%. In the context of the BEPS negotiations, OECD agreed on the introduction of a global minimum tax. This was implemented in Germany with the introduction of the MindStG [“Mindeststeuergesetz”: German Minimum Taxation Act]. It is applicable for all financial reporting years beginning after the 31 December 2023. UBS Europe SE is fundamentally affected by the new minimum tax law due to its size and, as the group owner, will assume the reporting obligations. For the year 2024, no additional minimum tax is expected.

Liabilities are stated at the settlement value with differences between the issuing amount and the settlement amount deferred over the respective term.

The pension and similar obligations are calculated in an actuarial report (using the projected unit credit method) applying the 2018 G mortality tables of Dr. Heubeck. They are discounted using the average market interest rate published by Deutsche Bundesbank for the past ten fiscal years. Freely available reserves were retained for the difference in profit which would have arisen if discounting had been carried out using the average market interest rate for the last 7 fiscal years. In accordance with Art. 246 (2) sentence 2 HGB, plan assets to cover pension obligations are measured at fair value and netted against the provisions created for this purpose.

In determining the settlement value for provisions, all identifiable risks and uncertain liabilities were taken into account in accordance with prudent business judgment.

The settlement value of the other provisions is calculated taking future price and cost increases into account. Provisions with a residual term of more than one year are discounted at the average market interest rate of the last 10 fiscal years for their respective residual terms as determined by Deutsche Bundesbank.

Subordinated liabilities are stated at the settlement value.

Forward and other derivative transactions were used both to hedge the fair value of positions and for trading purposes. Trading portfolio is measured at fair value minus a risk charge. Derivatives of the non-trading portfolio are valued at the prices and interest rates on the balance sheet date. Derivative transactions hedged are reported according to Sec. 254 HGB. Derivative transactions entered into to hedge the Bank’s interest rate risk are included in the valuation of interest rate transactions in the banking book at net realizable value (IDW AcP BFA 3). Cash collaterals provided in the derivatives business (initial and variation margin) are reported under other assets; cash collaterals received in this context are accordingly disclosed under other liabilities. Option premiums as well as accrued interest income from interest rate swaps are also recognized under other assets or other liabilities.

Foreign currency receivables and liabilities were valued at the ECB mean exchange rate on the balance sheet date. If the ECB does not publish mean rates, currency positions are valued at market rates. Unsettled spot exchange and forward exchange transactions were valued using the respective mean spot or forward rate on the balance sheet date. The majority of the foreign currency transactions are hedged by concluding matching offsetting transactions in the same currency. Expenses and income from currency translation is recorded in line with Sec. 340h HGB. The result is reported in the income statement under “other operating income” or “other operating expenses” respectively.

Contingent liabilities are reported under the balance sheet statement at their nominal amount, less accruals if necessary.

The disclosure of negative interest income or expenses in the profit and loss statement depends on the host contract. Negative interest rates related to financial assets will lower the interest income and negative interest for financial liabilities reduces the interest expenses.

Valuation of interest rate transactions in the banking book at net realizable value

The principle of prudence enshrined in German commercial law must be applied for all interest rate financial instruments in the banking book by recognizing a provision pursuant to Sec. 340a in conjunction with Sec. 249 (1) Sentence 1 Alt. 2 HGB (“provision for potential losses”) for any net obligation from the valuation of the interest component of the entire interest position. As of 31 December 2024, the Bank applied the IDW AcP [IDW Stellungnahme zur Rechnungslegung] BFA 3 “Aspects of valuing interest rate transactions of the banking book (interest rate book) at net realizable value” issued on 16 October 2017 for the valuation of interest rate transactions at net realizable value. Under the present value method, a provision must be recognised if the carrying amount is greater than the present value of the banking book. The present value is also reduced by administrative and risk costs. As of the balance sheet date, there was no net obligation. No provisions were therefore recognized.

Hedge Accounting

In the past, the Bank had issued structured financial instruments in the form of certificates. The repayable amount of these instruments is dependent on the performance of stock indices, foreign currencies or other individual securities which are embedded as derivatives

in the instrument along with the underlying instrument. The market risks relating to the issued instruments were fully hedged by offsetting transactions with UBS AG, London Branch. The Bank designated offsetting transactions with the UBS AG branch in London which serve to hedge repayment claims as hedges together with the instrument issued according to Sec. 254 HGB. In the Bank's financial statements, the underlying instrument and embedded derivative are reported together under securitized liabilities. Furthermore, the Bank had issued note loans, which were also fully hedged by offsetting transactions with UBS AG, London Branch, and designated as hedging transactions. These transactions are reported as liabilities to customers/banks. Hedges, which were valued using the net method, were accounted for at the issue price taking accrued interest and discounts into account.

The critical terms match method is used to measure the effectiveness of the micro hedges on the basis of matching components such as nominal amounts, disbursement value, maturity, interest payment dates and repayment structure in the underlying and the hedging instruments.

Hedged items are recognized at amortized cost, with the offsetting transactions reported at identical amounts.

Notes to the balance sheet

Maturity structure of amounts due from banks and customers

Maturity structure	31.12.2024	31.12.2023
<i>EUR thousand</i>		
Other amounts due to banks	33,019,290	29,563,652
with a residual term of		
three months or less	32,768,710	29,297,774
more than three months and up to one year	44,040	34,105
more than one year and up to five years	10,237	62,118
more than five years	196,303	169,655
Amounts due to customers	7,206,465	7,637,246
with a residual term of		
three months or less	1,921,736	1,196,286
more than three months and up to one year	1,066,017	1,098,267
more than one year and up to five years	1,807,573	1,305,112
more than five years	204,978	181,654
with an indefinite term	2,206,161	3,855,927

Amounts due from affiliates

Amounts due from affiliates	31.12.2024	31.12.2023
<i>EUR thousand</i>		
Amounts due from bank	13,436,508	11,259,581
<i>thereof: due from UBS AG</i>	<i>13,064,258</i>	<i>11,133,686</i>
Amounts due from customers	7,109	12,494

There are no amounts due from companies in which participating interests are held.

Securities

Securities	Listed		Not listed	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<i>EUR thousand</i>				
Debt securities and other fixed-income securities	3,151,320	2,476,890	5,169,815	4,043,117
Shares and other variable-yield securities	0	0	3	1
Equity investments	0	0	0	0
Shared in affiliates	0	0	0	0
Total	3,151,320	2,476,890	5,169,818	4,043,119

Securities with a book value of EUR 1,633.2m are due in the year 2025.

Trading portfolio

Trading assets	31.12.2024	31.12.2023
<i>EUR thousand</i>		
Derivative financial instruments	2,535,139	1,413,472
Debt securities and other fixed-income securities	56,868	587,766
Shares and other variable-yield securities	5,290,532	3,349,617
Risk charge	-1,845	-2,355
Trading liabilities	3,367,881	2,502,245
Derivative financial instruments	2,477,394	1,510,296
Liabilities (from short sales)	890,487	991,949

Equity investments and shares in affiliates

In the current fiscal year, Credit Suisse Servizi Fiduciaria S.r.l. was acquired by UBS Europe SE, Italy branch, and subsequently merged into UBS Fiduciaria S.p.A.

Equity investments pursuant to Sec. 285 No. 11 HGB			
Company	Capital in EUR	Share of capital	Net income in EUR
UBS Fiduciaria SpA, Mailand*	11,035,278.00	100,0%	675,910.00
UBS Private Equity Komplementär GmbH, Frankfurt am Main**	66,600.71	100,0%	4,877.81
UBS La Maison de Gestion S.A.S., Paris*	9,747,503.85	100,0%	3,950,038.67
UBS Courtage Assurance S.A.S., Paris*	15,695,436.22	100,0%	4,927,112.78

*Financial Statement as of 31.12.2024

**Financial Statement as of 31.12.2023

Trust assets and liabilities

Trust assets consist solely of trust loans while trust liabilities consist solely of liabilities to customers. The Bank offers its customers the option of investing in private equity fund shares. The Bank concludes trust agreements with the customers to enable them to make small investments. This resulted in equity investments held in trust in the amount of EUR 5.9m and liabilities to customers in the same amount.

Statement of changes in fixed assets

Changes in fixed assets						
<i>EUR thousand</i>	Equity investments	Shares in affiliates	Goodwill	Other intangible assets	Property and equipment	
Book value 01.01.2024	617	52,686	99,875	11,218	23,759	
Acquisition or production cost						
Opening balance	617	52,686	195,724	30,922	106,153	
Additions	159	13,035	12,270	400	29,518	
Disposals				101	5,306	
Reclassifications						
Translation differences			-2,276	-3	-385	
Closing balance	776	65,721	205,718	31,218	129,980	
Cumulative write-downs						
Opening balance			95,849	19,704	82,394	
Additions			19,761	2,512	7,079	
Write-ups						
Disposals				101	4,611	
Translation differences			227	-1	11	
Reclassifications						
Closing balance			115,837	22,114	84,873	
Book value 31.12.2024	776	65,721	89,881	9,104	45,107	

Intangible assets, goodwill and property and equipment

The goodwill stemming from the acquisition of ETRA SIM S.p.A. in 2005 by the former UBS Italia S.p.A. has a remaining useful live of one year; the goodwill resulting from the takeover of Nordea's Luxembourg-based private banking business in 2018 has a remaining useful live of four years.

A goodwill of EUR 27.3m was acquired within the course of the merger of UBS (France) S.A. to UBS Europe SE, French branch. The merger became effective on 1 January 2023. Another goodwill amounting to EUR 5.3m stems from the acquisition of the German Latin America-Wealth Management business from Deutsche Bank AG in the same reporting year. This goodwill increased by EUR 0.4m in the fiscal year. Both assets have a remaining useful live of nine years.

In the fiscal year 2024, as part of the integration process, UBS Europe SE has acquired various business divisions in Germany, Italy, France and the Netherlands from Credit Suisse Deutschland AG, Frankfurt am Main, Credit Suisse Bank (Europe) S.A., Madrid as well as Credit Suisse (Luxembourg) S.A, Luxembourg under a Business Transfer Agreement. The goodwill arising from this transactions amounts to EUR 11.9m. All assets are amortised over a period of 10 years.

All of the other intangible assets comprise purchased software. As of the end of fiscal year, property and equipment exclusively comprise furniture, fixtures and office equipment.

Other assets

Other assets mainly include variation/initial margins (EUR 4,518.5m), collateral securities relating to Clearing of derivatives (EUR 326.7m), receivables from the tax office (EUR 104.4m), receivables from group allocations (EUR 66.0m) and accruals of interest for derivatives (EUR 49.4m).

Prepaid expenses

Prepaid expenses contain income from advance payments of non-staff operating costs (EUR 5.9m).

Maturity structure of liabilities to banks and customers

Maturity structure	31.12.2024	31.12.2023
<i>EUR thousand</i>		
Liabilities to banks	25,720,043	19,612,443
with an agreed term or notice period of		
three months or less	21,784,962	18,764,853
more than three months and up to one year	3,433,106	845,612
more than one year and up to five years	501,975	1,618
more than five years	0	360
Liabilities to customers	4,798,446	5,163,779
with an agreed term or period of notice of		
three months or less	3,781,497	4,023,537
more than three months and up to one year	799,251	945,824
more than one year and up to five years	21,394	24,762
more than five years	196,304	169,656

Liabilities to affiliates

Liabilities to affiliates	31.12.2024	31.12.2023
<i>EUR thousand</i>		
Liabilities to banks	16,103,209	11,775,829
<i>thereof: liabilities to UBS AG</i>	<i>15,750,266</i>	<i>11,613,407</i>
Liabilities to customers	217,407	114,179

There are no liabilities to companies in which participating interests are held.

Debt securities issued

All debt securities issued are due in 2025.

Other liabilities

Other liabilities primarily comprise liabilities from variation/initial margins (EUR 3,575.7m), liabilities to the tax office (EUR 113.5m), negative replacement values (EUR 60.1m), accruals of interest for derivatives (EUR 51.4m) and intragroup settlements (EUR 34.7m). Furthermore included in this position are restricted assets related to EU-sanctioned clients of EUR 240.1m which were acquired as part of the merger of Credit Suisse (Luxembourg) S.A. into UBS Europe SE.

Deferred income

Deferred income primarily contains income received in advance in the amount of EUR 2.1m.

Provisions for pensions and similar obligations

The provisions recognized relate almost exclusively to obligations for employees of the parent company in Germany. Within the scope of the merger of Credit Suisse (Luxembourg) S.A. to UBS Europe SE, provisions for pensions of EUR 16.2m were taken over. It is intended to source out the pension liabilities.

In July 2021, UBS ESE implemented a new defined benefit plan for its employees in Germany joining post 19 June 2018. Furthermore, new contributions for employees that joined until 19 June 2018 will also move to the new pension plan (with some special regulations). The plan is hosted off-balance sheet by an external fiduciary (Contractual Trust Arrangement) and is funded including a premium guarantee. The plan is a security linked contribution orientated benefits plan, the retirement benefits will be the result of the investment of the contributions at the capital markets.

The other existing defined benefit pension plans remain active for all eligible employees. All retirement plan eligibilities which have been accumulated up to the implementation of the new plan will remain unchanged.

The actuarial interest rate used is based on information from the publications of the Deutsche Bundesbank as of 31 December 2024.

The following parameters were used to calculate the pension provisions:

Actuarial assumptions	31.12.2024	31.12.2023
Interest rate	1.90%	1.82%
Salary and income threshold progression rate	5.57%	4.30%
Pension increases		
for old commitments	2.00%	2.10%
for new commitments	1.00%	1.00%
Average turnover men	6.90%	8.20%
Average turnover women	5.60%	7.30%
* issued before 1 January 1999		

In accordance with Sec. 253 (6) HGB, the difference arising between discounting using a 10-year average interest and a 7-year average interest rate has to be calculated as of the reporting date. The 7-year average discount rate with a remaining term of 15 years in the amount of 1.96% as published by Deutsche Bundesbank is used to present the comparative amounts for the purpose of calculating this difference. The resulting pension provision and deferred compensation provision amount to EUR 189.0m and EUR 122.8m, respectively.

Applying the corresponding 10-year average interest rate with a remaining term of 15 years in the amount of 1.90%, the pension provision and the deferred compensation provision would amount to EUR 190.4m and EUR 123.5m, respectively. This leads to a difference for pensions and deferred compensation of EUR 2.1m. Since this amount is negative, it does not affect the payout restrictions related to Sec 253 (6) HGB.

In accordance with Sec. 246 (2) sentence 2 HGB, the plan assets held to cover pension obligations from the pension plan 2021 are netted against the provisions created for this purpose. As at 31 December 2024, the following values were recorded for these items before offsetting:

EUR thousand	31.12.2024	31.12.2023
Settlement amount	6,958	4,688
Fair value of the plan assets	6,958	4,688

The historical cost of the plan assets amounted to EUR 6.5m.

Other provisions

Other provisions include the following main items:

EUR thousand	31.12.2024	31.12.2023
Bonuses	148,783	109,325
Restructuring and severances	65,556	21,347
Legal risks and damages claims	31,314	35,033
VAT	32,829	27,754
Accrual for untaken holidays	20,110	15,351
Audit and consulting	13,185	7,257
Early retirement obligations	14,964	14,081
Buildings	2,283	3,128
Storage costs	3,695	2,239
Fee reimbursement claims from retrocessions	800	907
Total	333,519	236,423

Subordinated liabilities

All subordinated liabilities are issued to the parent entity UBS AG. Terms of the subordinated liabilities are as follows:

Currency	Nominal amount	Interest Rate	Due date	Capital
EUR	290,000,000.00	Euribor 3M + 466 BP	indefinite	Additional Tier 1 Capital
EUR	310,000,000.00	Euribor 3M + 403 BP	indefinite	Additional Tier 1 Capital
EUR	400,000,000.00	Euribor 3M + 198 BP	20 June 2025	MREL eligible
EUR	200,000,000.00	Euribor 3M + 128 BP	14 June 2027	MREL eligible
EUR	975,000,000.00	Euribor 3M + 127 BP	27 February 2028	MREL eligible
EUR	275,000,000.00	Euribor 3M + 103 BP	14 May 2029	MREL eligible
EUR	400,000,000.00	Euribor 3M + 74 BP	5 February 2031	MREL eligible
USD	300,000,000.00	SOFR + 134 BP	3 November 2032	MREL eligible

The interest rate contains a floor component at reference rate Euribor with 0.00%. Any option of extraordinary termination persists to the issuer exclusively according to CRR regulation.

Interest income for subordinated liabilities was EUR 179.7m in the financial year 2024.

Fund for general banking risk

The Bank allocated an amount of EUR 18.6m from the net income of the trading portfolio pursuant to Sec. 340 e (4) HGB to the fund for general banking risks in the reporting year 2024.

Subscribed capital and shares

The subscribed capital of EUR 446,001,086 is divided into 446,001,086 registered shares with a par-value of EUR 1.00. In the current financial year the subscribed capital increased by 2 shares with a par-value of EUR 1.00. These shares were taken over by UBS AG in exchange for 230,936 shares of Credit Suisse (Luxembourg) S.A. with a par-value of CHF 1,000.00 each.

Capital and revenue reserves

The capital reserve pursuant to Sec. 272 (2) No. 4 HGB increased by EUR 544.3m as a result of the merger of Credit Suisse (Luxembourg) S.A. with UBS Europe SE. At the same time, an amount of EUR 500.0m was withdrawn from the capital reserve in accordance with Section 272 (2) No. 4 of the German Commercial Code (HGB) in the financial year and allocated to the retained profit. Following this, capital reserves amount to EUR 2,330.0m.

Luxembourg tax legislation allows a reduction of the net worth tax liability if a dedicated reserve equal to five times the net worth tax liability is recognized; this reserve must not be distributed within the next five years. The non-distributable reserve is part of the capital reserves recognized in accordance with Sec. 272 (2) No. 1 HGB in the equity of UBS Europe SE; it amounts to EUR 64.0m as of 31 December 2024.

In June 2024, the entire net retained profit reported for fiscal year 2023 was distributed to the shareholder. The revenue reserves are unchanged at EUR 46.4m.

Contingent liabilities and other obligations

Contingent liabilities comprise guarantees provided, thereof EUR 54.9m in favour of credit institutions of UBS group.

All other obligations are irrevocable loan commitments. There is no significant call risk. The risk of a claim under contingent liabilities is estimated on the basis of credit risk parameters.

In Q3 2022, UBS Europe SE completed the sale of its domestic Wealth Management business in Spain. The sale of the wealth management business was performed through a hive-down and sale ("Ausgliederung und Übernahme") under section 133 of the German Transformation Act ("Umwandlungsgesetz" - UmwG). The structure creates a statutory obligation for the participating legal entities such that they are jointly and severally liable for all liabilities (including the client assets held for custody / collaterals) of the transferor entity that are established prior to the hive-down and sale for a period of up to five years. UBS AG, Switzerland, provided a contractual guarantee to UBS Europe SE to cover 50% of the potential obligations that might arise from this transaction up to a maximum of EUR 250m. The maximum amount has been reduced to EUR 100m in 2023. The total amount of liabilities transferred to the purchaser, for which UBS Europe SE is jointly and severally liable, was reduced to EUR 9.7m as of June 30, 2024.

Repurchase agreements

The book value of assets reported on the balance sheet and sold subject to a repurchase agreement amount to EUR 272.3m.

Foreign currency assets and liabilities

Foreign currency assets totaled EUR 15,142.8m, foreign currency liabilities totaled EUR 16,807.6m and foreign currency position below the line item totaled EUR 323.0m.

Notes to the income statement

Current income from shares, equity investments and investments in affiliated companies

Current income from shares, equity investments and investments in affiliated companies is primarily attributable to dividend payments from the trading portfolio of EUR 91.2m. Furthermore, the dividend payment of EUR 5.7m received from UBS La Maison de Gestion S.A.S., Paris, France and EUR 2.6m from the UBS Courtage Assurance are included.

Administrative and agency services

The following services were provided for third parties:

- Custody account management
- Wealth management
- Fund brokerage
- Consulting on equity investments and mergers
- Securities commission business

The income from these services is included in commission income.

Other operating income

This item primarily contains group allocations (EUR 118.5m), reversals of provision (EUR 24.1m) and rental income (EUR 3.2m).

Other operating expenses

This item mainly includes currency translation expenses (EUR 24.2m), payments and provision allocations in connection with customer complaints resulting in court proceedings (EUR 4.5m) as well as expenses of (EUR 6.1m) from unwinding discounts on provisions as of 31 December 2024 (thereof pension obligations and deferred compensation of (EUR 5.8m). In addition, an expense of EUR 4.3m was incurred in connection with the pension obligations taken over in connection with the merger of Credit Suisse (Luxembourg) S.A., which resulted from the adjustment of the valuation parameters to the requirements of commercial law.

Geographical breakdown of income

Geographical breakdown				31.12.2024
<i>EUR thousand</i>				
	Net interest income	Current income from shares, equity investments and investments in affiliated	Net commission income	Other operating income
Denmark	7	0	-2	11
Germany	1,958,264	91,200	779,292	72,323
France	54,328	8,596	136,481	35,957
Ireland	0	0	340	0
Italy	32,181	109	142,184	13,734
Luxembourg	29,928	0	153,349	22,183
Netherlands	312	0	4,268	2,089
Poland	9	0	0	649
Portugal	2	0	204	87
Sweden	80	0	17,676	1,417
Switzerland	3	0	0	5,112
Spain	1,665	0	12,239	5,992
Total UBS Europe SE	2,076,779	99,905	1,246,031	159,554

Net income or net expense from trading book positions relates exclusively to Germany.

Other disclosures for the fiscal year 2024 is contained in the country-specific reporting in accordance with Sec. 26a KWG [“Kreditwesengesetz”: German Banking Act].

Other notes

Proposal for the appropriation of net retained profit

The closing balance sheet of UBS Europe SE for 2024 reports a net retained profit of EUR 515,3m.

The Management Board proposes the distribution of the full amount of the net retained profit reported as of 31 December 2024 to the shareholder. This corresponds to a dividend of EUR 1,16 per share, for 446,001,086 shares.

Other financial obligations

Other financial obligations include rent obligations for the premises used for the Bank's head office and branches. The lease agreement for its head office (the Opernturm building in Frankfurt) was transferred from UBS Beteiligungs-GmbH & Co. KG to UBS Europe SE as of 1 April 2022 including the existing subleasing agreements. This lease agreement was extended in October 2022 until September 2035. Rent obligations until 2035 for all buildings come to EUR 220.7m, EUR 77.8m of which relates to the Opernturm building (UBS group). The amount of total other financial obligations to be considered to the merger with Credit Suisse (Luxembourg) S.A. amount to EUR 4.7m.

Obligations for subsequent capital contributions may occur from the membership in the deposit protection scheme of "Bundesverband deutscher Banken" and "Entschädigungseinrichtung deutscher Banken GmbH" ("EdB").

Contingent liabilities

There were no further contingent liabilities as of 31 December 2024.

Derivative financial instruments at fair value

The table below shows the book values of the derivative financial instruments measured at fair value, that are recognized as trading assets and trading liabilities.

Derivative financial instruments measured at fair value

			31.12.2024
	Nominal amount	positive	Fair Value negative
Currency transactions			
Foreign currency forward transactions	1,604,167	31,466	2,930
Interest/Currency swaps	92,630,541	2,372,336	2,371,011
Foreign currency options	11,913	533	533
Other foreign currency transactions	1,031	1,481	528
Total	94,247,651	2,405,816	2,375,002
Interest rate transactions			
Forward transactions	457,994	327	319
Interest rate swaps	0	1,600	1,600
Total	457,994	1,927	1,919
Equity/Index-related transactions			
Equity/Index options	86,381	48,772	13,778
Equity/Index swaps	0	0	0
Other contracts	3,581	13,739	17,907
Total	89,963	62,511	31,685
Other transactions			
Credit derivatives	1,029,467	8,580	11,829
Commodity related contracts	3,355,668,207	29,152	29,152
Other contracts	11,678,521	27,153	27,807
Total	3,368,376,196	64,885	68,788

Hedges

The Bank issued structured financial instruments which are offered in the form of certificates. The Bank also issues plain vanilla products, which it offers its customers as note loans. For the structured products, the repayment value is linked to the performance of the underlying instruments. For the plain vanilla products, the Bank pays a fixed rate of interest. The Bank has concluded offsetting transactions with UBS AG, London Branch, to hedge its repayment and individual payment obligations under the financial instruments it has issued. The Bank uses these offsetting transactions to hedge against its entire market, foreign currency and interest rate risk from all issues. The issue position are grouped together with the offsetting transactions to form hedges. A total volume of EUR 16.1m (book value) is hedged with these transactions.

No currency risks were hedged by the valuation units as of the reporting date. Hedges protect against interest rate risks with a fair value of EUR 17.2m. The average term to maturity for these offsetting transactions is five years.

It is corporate policy to hedge all financial instruments at group banks.

Derivatives used as hedges for issuing transactions

Derivatives used as hedges for issuing transactions			31.12.2024
<i>EUR thousand</i>			Fair Value
	Nominal amount	positive	negative
Equity/Index swaps	3,493	0	3,484

Derivative financial instruments not measured at fair value

The table below shows the volume of derivative financial instruments of the banking book. Book values of these transactions are shown as other assets (EUR 49.7m) and other liabilities (EUR 105.6m).

Derivative financial instruments not measured at fair value			31.12.2024
<i>EUR thousand</i>			Fair Value
	Nominal amount	positive	negative
Currency transactions			
Foreign currency forward transactions	27,690,887	436,162	71,887
Interest/Currency swaps	37,187,426	425,406	326,986
Foreign currency options	33,002	65	46
Total	64,911,315	861,633	398,919
Interest rate transactions			
Interest options	0	18	3
Total	0	18	3
Equity/Index-related option	2	39,736	39,865
Equity/Index-swaps	0	87	3,571
Other	0	0	-17
Total	2	39,823	43,419
Other transactions			
Other contracts	302,758	1,194	1,145
Total	302,758	1,194	1,145

Fair value is determined by various methods. Foreign currency forward transactions are valued on the basis of market-based spot exchange rates, whereas options are valued with standard market option price models and swap contracts are valued using discounted cash flow models. Both the valuation models selected and the parameters used depend on the individual product and are in line with market standards.

Derivatives and forward transactions used in the agency business

Derivatives and forward transactions used in the agency business			31.12.2024
EUR thousand			Fair Value
	nominal amount	positive	negative
Currency transactions			
Foreign currency forward transactions	67,029,570	842,189	842,189
Interest/Currency swaps	430,466,661	7,159,294	7,159,294
Foreign currency options	38,393,954	1,890	1,890
Total	535,890,185	8,003,373	8,003,373
Interest rate transactions			
Forward transactions	455,153	15	15
Interest options	151,945,514	2,071,004	2,071,004
Interest swaps	0	341	341
Total	152,400,667	2,071,360	2,071,360
Equity/Index-related transactions			
Equity/Index options	25,881,413	1,484,047	1,484,048
Equity/Index swaps	9,017,868	265,293	265,293
Other	1,896,513	107,540	107,540
Total	36,795,794	1,856,880	1,856,881
Other transactions			
Credit derivatives	874,671	643,650	643,650
Other	505,218	6,298	6,297
Total	1,379,889	649,948	649,947

Auditor's fees

The auditor Forvis Mazars GmbH & Co. KG invoiced EUR 2.1m for the audit of the financial statements in the financial year. The auditor invoiced EUR 0.1m for other assurance services (audit activities in relation to financial statements).

Related party disclosure

The parent company UBS AG, having its registered office in Zurich, UBS Group AG and all affiliated companies, joint ventures and associates of the UBS Group were identified as related parties of UBS Europe SE.

Persons related to key management personnel (members of the Management Board, general managers and Supervisory Board members) of UBS Group, UBS AG in Zurich and UBS Europe SE and their immediate family members are treated as related persons.

The following financial transactions are performed with related parties:

- Money market transactions, investing in and raising funds
- Forward transactions in equities, foreign currency, bonds and structured products
- Options in equities, bonds and foreign currency
- Equity and interest rate swaps
- Securities lending
- Securities transactions (reverse repos)
- Nostro/Vostro accounts
- Credit facilities
- Guarantees
- Procurement/provision of intragroup services

Significant events after the balance sheet date

With effect from 2 January 2025, all assets and liabilities of Credit Suisse (Italy) S.p.A. were transferred to UBS Europe SE carried out by means of a combined business transfer and cross-border merger. The merger relates to the EU Capital Requirements Directive (2013/36/EU). Within the scope of the merger, net assets and liabilities of EUR 204.2m were taken over.

Furthermore, additional transactions in connection with the integration of the business of the former Credit Suisse Group AG and the consolidation of the Asset Management business of UBS Group in UBS Asset Management (Europe) S.A. are expected to take place in 2025. As part of the integration of the Credit Suisse units into UBS Europe SE, provisions for upcoming restructuring measures will continue to be made in 2025.

Otherwise, the Bank is not aware of any significant events occurring after the end of the fiscal year which have not been taken into account in the balance sheet or income statement.

Group affiliation

UBS Europe SE is included in the scope of consolidation of UBS Group AG, Zurich. In accordance with section 292 of the German Commercial Code [“Handelsgesetzbuch”], UBS Europe SE therefore opts not to prepare subgroup consolidated financial statements.

UBS Group AG, Zurich, prepares exempting consolidated financial statements and a Group management report. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). These are the consolidated financial statements for the largest group of companies. The consolidated financial statements and the Group management report for 2024 of UBS Group AG, Zurich, are available on the UBS website and is published by UBS Europe SE, Frankfurt am Main, in the electronic Company register [“Elektronisches Unternehmensregister”] as exempting consolidated financial statements.

In addition, UBS Europe SE is included in the consolidated financial statements of UBS AG, Zurich, which are also prepared in accordance with IFRS. These are the consolidated financial statements for the smallest group of companies. The consolidated financial statements of UBS AG, Zurich, are available on the UBS website.

Disclosure

The disclosure report for the year ended 31 December 2024 is published on the UBS Europe SE website at ubs.com/de/en/ubs-germany/financial-reports.html.

Governing bodies

Supervisory Board

Prof. Dr. Reto Francioni

Chairman

Fully qualified lawyer, Brugg, Switzerland

Gregor Pottmeyer

Deputy chair,

CFO Deutsche Börse, Frankfurt, Germany

Silke Alberts*

Chairman of the Works Council, UBS Europe SE, Frankfurt, Germany

Jean-Marc Lehnertz*,

Depositary Risk & Framework Team Head, UBS Europe SE, Luxembourg

Jonathan (Bobby) Magee

Consultant, Guildford, United Kingdom

Beatriz Martin Jimenez

Head NCL, President EMEA & UK Chief Exec, GEB Lead Sustainability & Impact, UBS AG, London Branch, United Kingdom

Christine Novakovic

Head Global Wealth Management EMEA, UBS AG, Zurich, Switzerland

Natasha Meaney

Head Compliance & Investigations, UBS AG, London Branch, United Kingdom

Francesco Stumpo*

Wealth Management IT Application Delivery, UBS Europe SE, Milan, Italy

*Employee representatives

In accordance with the resolution of the ordinary General Meeting dated 1 June 2023, remuneration totaling EUR 240k was paid in 2024 for the fiscal year 2023 to the employee representatives on the Supervisory Board. Remuneration totaling EUR 640k was paid to the independent members of the Supervisory Board.

Management Board

Tobias Vogel

Chairman of the Board

Head Global Wealth Management and Head Asset Management, UBS Europe SE, Frankfurt, Germany

Georgia Paphiti

Chief Financial Officer, UBS Europe SE, Frankfurt, Germany

Pierre Philippe Chavenon

Chief Risk Officer, UBS Europe SE, Frankfurt, Germany

Dr. Denise Bauer-Weiler

Head Group Compliance, Regulatory & Governance, UBS Europe SE, Frankfurt

Filippo Bianco

Head Investment Bank, UBS Europe SE, Frankfurt, Germany

Miriam Godoy Suarez

Chief Operating Officer, UBS Europe SE, Frankfurt, Germany

Remuneration for the members of the Management Board amounted to EUR 10,3m in the fiscal year. The amount includes the basic salary, variable remuneration and other remuneration for the period during which they were a member of the Management Board.

EUR 3.4m was paid to former members of the Management Board and their survivors; the pension provisions for this group were EUR 64.0m on 31 December 2024.

Employees

The average number of employees during the fiscal year was 2,445, thereof 1,064 female and 1,381 male employees. The increase in the number of employees in the Luxembourg branch is due to the takeover of the Credit Suisse's 220 employees.

As of 31 December 2024, the headcount was 2,681 and 33 employees were on parental leave.

The distribution of employees was as follows:

Employees	31.12.2024	31.12.2023
... by locations		
Denmark	9	7
Germany	740	732
France	421	355
Italy	397	392
Ireland	5	0
Luxembourg	641	429
Netherlands	19	17
Poland	339	253
Portugal	11	0
Sweden	29	34
Switzerland	2	2
Spain	68	69

Employees	31.12.2024	31.12.2023
... by business division		
Asset Management	7	29
Global Wealth Management	1,033	865
Investment Bank	365	275
Operating office	752	632
Non-Core and Legacy	2	18
Other	522	471

Frankfurt / Main, 30 April 2025

UBS Europe SE - Management Board

Tobias Vogel

Georgia Paphiti

Pierre Chavenon

Dr. Denise Bauer-Weiler

Filippo Bianco

Miriam Godoy Suarez

Management Report

Business Report

Divisions and organization

UBS Europe SE based in Frankfurt am Main was created in 2016 by merging several European wealth management subsidiaries of UBS Group. UBS Europe SE is one of the leading financial services providers for wealth management in Europe, leveraging strong cross-divisional synergies with the Investment Bank and Asset Management.

The bank is a direct 100% subsidiary of UBS AG, Zurich. Its organizational structure includes the business divisions Global Wealth Management (GWM), Investment Bank (IB), Asset Management (AM) and Group Functions (GF).

As a universal bank within the scope of the German Banking Act (KWG) and as an SE under European law, its administrative bodies are the Management Board, the Supervisory Board (including Committees) and the Annual General Meeting.

UBS Europe SE encompasses eleven branches (Denmark, France, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain, Sweden, and Switzerland), including the company's headquarters in Germany.

As part of the consolidation of the European asset management business in UBS Asset Management (Europe) S.A. (formerly UBS Fund Management (Luxembourg) S.A.), the asset management businesses in Sweden and Spain were transferred to UBS Asset Management (Europe) S.A. with effect from 1 July 2024 and 1 August 2024 respectively.

In the first quarter of 2023, UBS Group AG announced its plans to acquire Credit Suisse AG. The merger of Credit Suisse Group AG and UBS Group AG has successfully been completed on June 12th 2023. Credit Suisse (Luxembourg) S.A., including its branches in France, Portugal and Ireland were merged on October 21st 2024 with UBS Europe SE. Additionally, UBS Europe SE merged various business units as part of integration measures, namely Credit Suisse Deutschland AG, Frankfurt am Main, Credit Suisse (Europe) S.A., Madrid, Credit Suisse (Luxembourg) S.A., Luxembourg, Credit Suisse AG, Milan Branch, Milan, and Credit Suisse International, London. Entities were merged within the framework of Business Transfer Agreements. Part of these agreements was the transfer of employees and the associated intangibles such as customer contacts, qualifications, expertise and experience, as well as the transfer of client relationships, loans and derivatives. The merger of Credit Suisse (Italy) S.p.A. took place with effect on January 1st 2025.

Global Wealth Management

Global Wealth Management is the core business of UBS Europe SE and offers clients a wide range of solutions. The Wealth Management business aims to strengthen the relationship with clients and help them to manage their financial and personal goals. As a globally awarded wealth manager UBS offers clients tailored investment offerings, analysis and ideas as well as access to industry specialists. The CIO provides the UBS House View, identifying investment opportunities designed to protect and increase our clients' wealth over generations. Our product specialists deliver investment solutions, including our flagship investment mandates, innovative long-term themes and sustainable investment offerings. Clients benefit from our comprehensive expertise, including wealth planning, investing, philanthropy and family advisory services.

UBS Manage is the mandated discretionary portfolio management solution family. UBS Transact is our mandated solution for clients looking for access to financial markets brokerage and custody services as well as access to generic investment research. The Professional Market Access Agreement provides a framework for professional clients to access non-advised professional services, such as direct access to IB product specialists (e.g., sales coverage) or institutional grade investment opportunities.

UBS Europe SE also offers wealth planning services that give access to a wide range of solutions to meet the needs of our clients related to succession, financial, retirement and relocation planning while ensuring that their financial and personal goals can be achieved.

Within UBS Europe SE, specialists from Global Wealth Management and the Investment Bank are working together to support special clients, such as German SMEs in question of entrepreneurial planning. Due to the "Guided Architecture" clients of UBS Europe SE have access to a wide range of products and services from UBS and third-party providers.

UBS ESE acts as a strategic business partner for Financial Intermediaries (FIM) across Europe and Latin America. It offers them professional investment advisory services, a global banking infrastructure and tailored solutions, helping FIM to advise their end-clients more effectively.

Investment Bank

UBS Europe SE is committed to deliver through its Investment Bank division the best-in-class services and solutions to corporate, wealth management and institutional clients through an integrated, solutions-led approach. It consists of two business divisions: Global Banking and Global Markets, which are supported by Investment Bank Research.

Global Banking provides client coverage, advisory, debt and equity capital market solutions and financing solutions for corporate, financial institution, financial sponsor clients and clients of UBS's Global Wealth Management businesses.

Global Markets is an active participant in capital markets flow activities, including sales, trading, and market-making across a range of securities. From origination and distribution to managing risk and providing liquidity in foreign exchange, rates, credit and precious metals, the Investment Bank helps clients to realize their financial goals. Each business unit is organized by product.

The Investment Bank is committed to deliver an excellent performance with corporate and institutional clients driving ability to add value across the Group. The Investment Bank's key priority is providing seamless client service and high-quality execution through disciplined growth in the capital-light advisory and execution businesses, while accelerating its digital transformation.

Asset Management

UBS Asset Management offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutional clients, wholesale intermediaries and Global Wealth Management clients in Europe.

At present, UBS Europe SE is only active in France with its Asset Management division. The transfer of this business to UBS Asset Management (Europe) S.A. is expected to take place within the next twelve months.

Institutional clients are made up of Pension Funds, Corporates and Insurance companies, Wholesale clients include Banks, Fund-of-Funds, Independent Financial Advisors and Insurance companies. These segments are covered by Client Relationship Managers, being partly supported by Client Service colleagues. To reflect the increasing demand and sophistication of clients, Real Estate specialists supporting management of existing Real Estate investments of UBS Asset Management products are also involved.

Strategy

UBS key levelers to drive profitability

UBS Europe SE's strategy is centered on its leading Global Wealth Management and Investment Bank businesses in Europe. UBS Europe SE focuses on businesses that have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth and profitability outlook. The partnership between the Global Wealth Management business and other divisions is a key differentiating factor and a source of competitive advantage.

UBS Europe SE aims to drive higher and superior returns by growing each of its businesses and leveraging its unique, integrated and complementary business portfolio and geographic footprint in Europe.

Acquisition of Credit Suisse

In March 2023, UBS Group AG announced its intention to acquire former competitor Credit Suisse. As of 12 June 2023, UBS completed the acquisition of Credit Suisse (Credit Suisse Group AG was merged into UBS Group AG and the combined entity operates as a consolidated banking group).

With regard to impact of the merger, UBS Europe SE is planning to either wind down or consolidate the European Credit Suisse banking entities into UBS Europe SE in accordance with the intermediate EU parent undertaking requirement, which in agreement with the ECB is to be implemented by June 2025. Credit Suisse (Luxembourg) S.A., including its branches in France, Portugal and Ireland were merged on 21 October 2024 with UBS Europe SE. Additionally, UBS Europe SE merged various business units as part of integration measures, namely Credit Suisse Deutschland AG, Frankfurt am Main, Credit Suisse (Europe) S.A., Madrid, Credit Suisse (Luxembourg) S.A., Luxembourg, Credit Suisse AG, Milan Branch, Milan, and Credit Suisse International, London. Entities were merged within the framework of Business Transfer Agreements. Part of these agreements was the transfer of employees and the associated intangibles such as customer contacts, qualifications, expertise and experience, as well as the transfer of client relationships, loans and derivatives. The merger of Credit Suisse (Italy) S.p.A. took place with effect on 1 January 2025. It is underlined that the business strategy for UBS Europe SE remains unchanged as a result of the integration of Credit Suisse.

- For Wealth Management, there is no change to the strategy: continue to be the leading Wealth Manager for (Ultra)High Net Worth- and Global Family & Institutional Wealth clients in Europe.
- For the Investment Bank, there is no change to the strategy: UBS Europe SE continues to operate a capital-light business model focused on advice and execution. The remaining Investment Bank positions are expected to be transferred to UBS Europe SE, where this aligns to the existing UBS Europe SE booking model and risk appetite;
- For Asset Management, there is no change to the strategy: the Asset Management businesses will be transferred to UBS Fund Management (Luxembourg) S.A.; and
- Non-Core and Legacy businesses will be wound down as economically as possible outside UBS Europe SE, while controlling risks and associated costs.

The target state legal entity structure in Europe continues to be UBS Europe SE with a branch network.

Key pillars for growth

Global Wealth Management

UBS Europe SE's Global Wealth Management business benefits from significant scale in an industry with attractive growth prospects, increasingly high barriers to entry and its leading position and market penetration. The business is adjusting its coverage across the client spectrum to deliver more tailored services and solutions. It is reorganizing itself to be closer to clients, in order to increase time spent with them, empowering regions, improving responsiveness and speed to market, as well as delivering on all the firm's capabilities through expanded strategic partnerships with the Investment Bank and Asset Management. Furthermore, the business is expanding its product offering while becoming more efficient, leveraging scale through partnerships and optimizing processes to increase productivity.

Priorities:

- Be the primary wealth manager for (Ultra)High Net Worth- and Global Family & Institutional Wealth clients in Europe;
- Leverage leading investment advice, lending and wealth planning capabilities to clients; and
- Further enhance business opportunities and client satisfaction through cross-divisional synergies with Investment Bank and Asset Management.

Investment Bank

The Investment Bank's key priority is disciplined growth in the capital-light advisory and execution businesses while accelerating its digital transformation. Together with other business divisions and through external partnerships the aim is to deliver market-leading digital research and banking capabilities to clients.

Priorities:

- Global Banking: Focus resources on selected markets, sectors & clients, defending traditional business whilst scaling up non-traditional businesses including private markets;
- Global Markets: Holistic client focus and positioning as a top liquidity provider with differentiated content, bespoke solutions and dynamic resource allocation
- Cross-divisional partnership opportunities with Global Wealth Management and Asset Management.

Asset Management

Asset Management provides highly differentiated offering mix across alpha & alternatives and indexed & alternative beta products. It offers best-in-class capabilities to clients and prospects, within each of these areas.

Priorities:

- Continue executing the transfer of existing UBS ESE Asset Management activities to UBS Asset Management (Europe) S.A.;
- Maintain strong performance across active products and diversify product offering;
- Leverage expertise in private markets and alternatives;
- Extend leading position with investment solutions in China, Emerging Markets and sustainable investment products;
- Drive operational excellence and simplify to increase efficiency and scale; and
- Prioritize client-centricity and cross-divisional business opportunities.

Treasury

At UBS Europe SE, Treasury is responsible for establishing and maintaining a comprehensive governance and control frameworks for capital and liquidity & funding management. It produces and maintains plans for balance sheet, capital and funding (including a contingency funding plan), proposes and monitors financial resource limits and other indicators.

Priorities:

- The goal is to bring return on CET1 (RoCET1) up to 9-12% over the next five years by targeted measures such as capital optimization, and further diversifying UBS ESE's funding resources.

Service-aligned Operating Model

The former UBS Europe SE Operation function has been re-built into four robust cross-border service areas: Front Support Organization, Event Lifecycle Management, Securities & Payments Processing and Client Tax Services & Regulatory Reporting.

- Front Support Organization: acts as the single point of contact for the Client Advisors / Client Account Managers to support them in their processes and manages services in relation to the lifecycle of our client and credit admin.
- Event Lifecycle Management: manages the processing activities and evolution of non-Order Room services, including overseeing the activities provided by other parties in relation with the execution of our processes.
- Securities & Payments Processing: manages the processing activities and evolution of Order Room services, including overseeing the activities provided by other parties on.
- Client Tax Services & Regulatory Reporting: manages the processing activities and evolution of client tax reporting & reclaim services, as well as regulatory reporting.

Key Strategic Imperatives

One Bank Collaboration

The collaboration between business divisions is critical to the success of the strategy and is a source of competitive advantage. This collaboration also provides further revenue growth potential and enables the firm to better meet client needs.

To further drive synergies and foster our position as continental Europe's leading wealth manager key levers have been identified to support cross-collaboration initiatives across the bank: One Bank training, incentivization schemes, and reporting capabilities.

Priorities:

- Priority Clients initiative: Coordinate coverage and identification of cross-business opportunities for EMEA Priority Clients;
- Cross-business dialogue: Foster the cross-business dialogue in the region through establishment and support of cross-divisional platforms, especially at country level; and
- Promotion of best practices: Support the framework for cross-border collaboration and manage all cross-business communication in EMEA

Sustainability

UBS Europe SE is guided by the ambition to be a leader in sustainability. This is reflected in the firm's vision to be the bank for the next generation. To help UBS Europe SE realize that vision, the sustainability and impact strategy is based on three overarching strategic pillars: Protect, Grow and Attract, representing a natural evolution in the strategic approach.

Protect

As part of continued commitment to protect UBS Europe SE's clients' assets and those of the firm, UBS Europe SE is focused on managing its business by aligning to the sustainable long-term Group strategy and evolving standards. The bank maintains a strong control and risk framework, as well as a robust sustainability data strategy, to support risk management processes, regulatory requirements and product offerings.

Grow

UBS Europe SE continues to expand its sustainability and impact offerings across all business divisions to meet its clients' evolving needs. For example, identifying and offering innovative sustainable financing and investment solutions, with the aim to support clients through the world's transition to a low-carbon economy.

Attract

UBS Europe SE aspires to be the bank of choice for clients and employees alike, maintaining top quartile sustainability ratings and positioning itself as the go-to employer through engagement and education programs.

Priorities:

- Support the transition of financing and investing clients to low-carbon and climate-resilient business models;
- Minimize operational footprint and utilize resources in an efficient and sustainable way;
- Identifying, measuring, monitoring, managing and reporting sustainability and climate risks.

Digitalization

UBS Europe SE aims to drive improvements in firm-wide efficiency to fund growth and enhance returns. Continued optimization of processes, platforms, its organization and capital resources will help UBS Europe SE to achieve this. The firm will continue to invest in technology with the goal of improving efficiency and effectiveness, driving growth and better serving clients.

Priorities:

- Enhance user experience (for clients and staff); and
- Reduce operational complexity.

Talent, conduct and culture

UBS Europe SE believes that the right strategy and a strong culture drive strong performance. This culture is grounded in the "three keys to success". UBS's Pillars, Principles and Behaviors underscore the bank's strategy and culture, defining what UBS Europe SE stands for as a firm. It guides every employee in terms of what UBS aims for and provides a universal guide for decision making. To unlock the company's potential, UBS has made these principles its guiding principle for its day-to-day operations, investment decisions, management methods and the design of the employee experience. Furthermore, UBS Europe SE attaches great importance to a diverse workforce and inclusive culture based on meritocracy. This is crucial in order to meet the equally diverse client's needs.

Priorities:

- Talent: Define clear talent & people agenda for UBS Europe SE;
- Leadership: Ensure robust and clear leadership structures, suitability, and training & development opportunities; and
- We are committed to providing a diverse and inclusive workplace based on a meritocracy. We want to create a culture of belonging where all employees are recognized and valued, and where everyone can be successful and develop.

Further, we have determined the following topics as our Conduct & Culture priorities:

- Tone from the top: ensure and promote tone from the top in line with UBS's Pillars, Principles and Behaviors;
- Pan-ESE exchange: foster pan-ESE exchange (both physical and virtual) between branches, locations, and divisions; and
- Coming together as one firm: build a unified culture across the combined organization.

Management systems

Planning for the legal entity UBS Europe SE is performed on an annual basis and covers a period of three years. The plan is based on group reporting systems and is broken down by branch and by division.

For Wealth Management the legal entity plan is based on the divisional targets for revenues, costs, head count and growth of Net New Money. For other divisions the planning is based on a backward looking view and adjusted for known items. Any known cost or revenue items are taken into account for the planning.

The key reporting system for Wealth Management is PSR (Performance Segment Report). The PSR is a web-based tool – key figures such as income, costs, invested assets and net new money can be queried combined with various product information. Revenues are split according to the income lines 'recurring', 'transaction-driven' and 'interest', costs according to personnel and general/administrative costs. The PSR is updated monthly and can be queried for different business units (e.g. GFIW Germany, FIM Germany, Germany Domestic, Latam Hamburg). The PSR also shows cost allocations from UBS Group. This allows the profitability (profit before tax / PbT) of the business unit to be determined.

Another control element in the Global Wealth Management division is the web-based tool GWM-Insight. Here, the financial ratios can be broken down to individual client advisors. In GWM-Insight, some data such as transaction income, net new money and assets under management are updated weekly.

For Global Markets UBS Neo is the main tool to monitor profitability based on REVs (Real Economic Value is used in Global Market Business Unit. It is the NPV of the client trade at the point in time the trade is booked in the FO Risk Management System). For market environment analysis in the Global Markets space, Coalition data is used.

For Global Banking, Banker Portal plays a central role in the management the business and provides important client and deal-related information to Advisory, Equity Capital Markets (ECM), Debt Capital Markets (DCM) und Leveraged Capital Markets (LCM), Corporate Lending and Structured Financing. The tool provides aggregate views of opportunities, actuals, pipeline, and meetings, while also informs the user of fee pool and market share information.

In addition, for the analysis of the market environment and the competitive positioning Dealogic data is used for Global Banking. Dealogic is a financial markets platform offering integrated content, analytics, and technology via a service to financial firms. From origination to distribution and investors, the Dealogic platform provides a connection across banking, capital markets, sales and trading, and institutional investing. Dealogic content is used by global financial publications for analysis of investment banking trends, activity, and wallet share, including an interactive and real-time scorecard of the world's financial markets.

Economic report

Financial performance indicators

The key financial performance indicators (KPIs) of UBS Europe SE are aligned with the business objectives, focusing on drivers of direct increases in efficiency and profitability. Hence, all levels of divisions' functional organizational structure (segment, location and team level) are covered.

The following financial performance indicators are reported:

Cost-Income-Ratio

The Cost-Income-Ratio is defined as operating expenses in relation to total revenues.

The financial year 2024 resulted in EUR 1,174.5m revenues compared to EUR 1,243.6m in the previous year. In the previous year, income included the effect from the sale of the Asset Management business in the Netherlands as a one-off effect. Adjusted for this one-off effect, revenues in the current year have fallen by around 4% compared to the previous year. Overall, costs fell to EUR 1,132.9m compared to EUR 1,089.0m in the previous year. However, this included the loss of EUR 74.9m from the merger of UBS (France) S.A. in the previous year. Adjusted for this non-recurring effect, cost increased by 12% compared to the previous year. Overall, the cost/income ratio based on HGB figures results to 96% (prior year 88%). Excluding the non-recurring effects, cost/income ratio in the previous year was 83%.

The budget for the current financial year is based on IFRS figures and stipulated a cost/income ratio of 82%. Cost/Income ratio according to IFRS is 88%.

Profit before tax

The profit before tax according to IFRS is reported as financial performance indicator. For the financial year 2024 the profit before tax results to EUR 148m excluding proceeds from the sale of GWM's business in Spain which is 34% above the plan of EUR 223m.

The bank discloses the profit before tax per division and per location in the internal management information system: only the branches in Germany (EUR + 14m), Sweden and Portugal (EUR + 1m each) are above plan in terms of results, the other branches were unable to achieve their target figures (Luxembourg EUR – 46m, Spain EUR – 16m, Italy EUR – 14m, France EUR – 10m, Netherlands EUR -3m and Denmark EUR -1m).

All divisions' pre-tax profit is below the previous year's result (Global Wealth Management – 24% and Investment Bank – 32%). The Asset Management division, which will be centralised within UBS Group in UBS Asset Management (Europe) S.A., has a pre-tax profit of EUR -1m.

Return on Equity

The Return on Equity (RoE) is calculated as ratio between profit before tax and equity according to IFRS and results to 2% for the financial year 2024 which is below the plan of 4%. The Return on CET1 (RoCET1) is 3% and also below the plan of 6%.

Invested Assets

Invested assets increased from EUR 170.4bn. to EUR 226.7bn. in the financial year. The increase is mainly due to the merger of Credit Suisse (Luxembourg) S.A. into UBS Europe SE.

Non-financial performance indicators

In order to provide a more holistic view on our performance and on the sustainability of our results, the following section on non-financial performance indicators is provided.

MyImpact, our performance management approach, considers both contribution and behavior and supports our corporate vision and our corporate targets. It features aspirational objectives aligned to strategic priorities and regular coaching conversations to support employees' development. It also includes a integrated feedback app which enables employees to easily give and receive meaningful feedback "in the moment."

Behaviors and risk culture objectives are pre-populated for all employees. In addition, there is also a people management objective for line managers. This is to ensure we all stay aligned on the UBS behaviors, the code of conduct and ethics of UBS and our risk management culture and the line management principles.

Setting high quality objectives promotes accountability, clarifies everyone's impact, drives excellence, and aligns everyone's efforts. The individual performance against these objectives will influence the individuals reviews and rewards.

In addition to the behavior and risk objectives, the categories of the performance objectives illustrate the importance of non-financial factors to UBS Europe SE. These include:

- Client Focus
- Financial
- Job Specific
- People/Team
- Risk

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

For information and data on sustainability, please refer to the [Annual Report 2024 – UBS AG for filing in the EU](#), section "Sustainability Statement", in particular the section "Additional UBS Europe SE considerations for sustainability and climate risk management", available at www.ubs.com/ubs-ag-consolidated."

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

Pursuant to Article 76 (4) und Article 111 (5) AktG ["Aktiengesetz": German Stock Corporation Akt] in conjunction with the FührungsGleichberG ["Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst": German Act on the Equal Participation of Women and Men in Management Positions] aspirational goals for the ratio between male and female employees on the Supervisory Board, the Management Board and the two management levels below the Management Board have been defined. For 2021 to 2025, the Management Board of UBS Europe SE set new ratios of 27% of females for the first management level and 28% of females for the second management level below the Management Board. As of 31 December 2024, the representation of females on the UBS Europe SE Supervisory Board was 44% and on the UBS Europe SE Management Board 50%, exceeding the minimum female representation threshold of 33% for Supervisory and Management Board. As of the same date, the representation of females on the first management level of UBS Europe SE was 23%, and 40% on the second management level.

Non-financial report

UBS Group AG has issued a separate non-financial group report and published it in accordance with Article 114 WpHG ["Wertpapierhandelsgesetz": Securities Trading Act]. The report contains a consolidated Global Reporting Initiative (GRI) document, providing a disclosure on environmental, social and governance (ESG) factors and including the disclosures on non-financial information required by German law implementing the EU directive 2014/95 ["CSR-Richtlinie-Umsetzungsgesetz" / CSR-RUG]. The GRI document is available in English under the [Annual Report 2024 – UBS AG for filing in the EU](#), in particular the section "Information on UBS AG standalone and UBS Europe SE consolidated pursuant to Art. 8 of the EU Taxonomy Regulation", available at www.ubs.com/ubs-ag-consolidated. UBS Europe SE is therefore exempted from the issuance of a non-financial report in accordance with Article 289b HGB and refers to the GRI document for details on the mentioned subjects.

Overall economic environment

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

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

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

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

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

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

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

Business in 2024

In 2024, UBS Europe SE executed the merger of CS Luxembourg S.A. while maintaining the strength of its core business lines and demonstrating the management's ability to achieve growth in difficult market condition as well as being able to execute strategic initiatives. This shows that the business mix and business model of UBS Europe SE is solid and can generate returns even in times of uncertainty and stress.

Financial result of UBS Europe SE for the year 2024

On IFRS basis, UBS Europe SE recorded a profit before tax for 2024 of EUR 148m

- Profit before tax for 2024 is at EUR 148m, approx. 50% below previous year (EUR 295m)
- Profit before tax for Global Wealth Management was EUR 63m, approx. 50% below previous year (EUR 127m)
- Profit before tax for the Investment Bank was EUR 50m, approx. 32% below previous year (EUR 74m)
- Loss before tax for Asset Management was EUR 1m
- Group Items and Non-Core Legacy reported a profit before tax of EUR 32m, approx. 44% previous year (EUR 65m)

Global Wealth Management revenues in 2024 accounted for EUR 677m, being 5% above previous year levels. Underlying revenues increased 12% YoY predominantly driven by higher recurring fees from the integration of Global Wealth Management France and Credit Suisse Luxembourg into UBS Europe SE, as well as EUR 14m growth in Germany. Further revenue growth can be accounted to an increase in clients assets, due to both integration of Credit Suisse and market performance.

For the Investment Bank, revenues in 2024 were EUR 346m, approx. 5% above previous year levels. Underlying revenues increased by 9% YoY. Growth in Global Banking can be attributed to successful transactions in Equity Capital Markets (ECM), Debt Capital Markets (DCM) and Leveraged Capital Markets (LCM). Increased levels of revenue in Global Markets are due to successful growth in areas of Execution Services and Financing revenues.

Asset Management observed EUR 7m in revenues in 2024, previous year showed revenues of EUR 34m. Decrease in revenue is predominantly driven by the Asset Management carve-out in Netherlands, Spain and Sweden carve-outs executed in 2023 and 2024.

Finally, Group Items and Non-Core Legacy revenues were EUR 163m in 2024, marking a decrease of 1% compared to 2023.

Overall, operating expenses in 2024 were at EUR 1,045m compared to EUR 885m in the previous year, mainly due to the integration Credit Suisse (Luxembourg) S.A., including its branches in France, Portugal and Ireland, but also from the shift of FTEs from Credit Suisse to UBS Europe SE in the Investment Bank.

Financial position

Net assets

The bank's net assets are in order. The balance sheet total increased to EUR 65.6bn for the current year (prior year: EUR 53.9bn).

Key items were receivables from credit institutions (60% of total assets) and customer receivables (11%). Further items affecting net assets are described below.

Cash reserve

As of the balance sheet date 2024, the credit balance with central banks was EUR 0.3bn (prior year: EUR 0.3bn), thereof EUR 0.1bn (prior year: EUR 0.2bn) with Deutsche Bundesbank.

Receivables from credit institutions and customers

Total receivables from banks increased by EUR 4.6bn compared to the previous year. The deposit facility with Deutsche Bundesbank increased by EUR 1.1bn while receivables from repurchase agreements are EUR 4.2bn higher compared to the previous year. Receivables from customers decrease by EUR 0.4bn.

	31.12.2024 <i>EUR million</i>	31.12.2023 <i>EUR million</i>	Change <i>EUR million</i>	%
Receivables from credit institutions	39,665	35,090	4,575	13.0%
Receivables from customers	7,206	7,637	-431	-5.6%
Total receivables	46,871	42,727	4,144	9.7%

The following overview shows the geographical split of receivables and liabilities to credit institutions and customers.

Breakdown by country

<i>EUR million</i>	Receivables from credit institutions	Receivables from customers	Liabilities to credit institutions	Liabilities to customers
Denmark	1	0	0	0
Germany	38,021	2,074	29,493	5,988
France	84	1,541	120	817
Ireland	0	0	0	0
Italy	29	657	9	925
Luxembourg	1,481	2,933	330	12,698
Netherlands	1	0	0	0
Poland	1	0	0	0
Portugal	8	0	0	0
Sweden	6	0	0	0
Switzerland	1	0	1	0
Spain	30	0	0	0
Total	39,665	7,206	29,952	20,428

Trading assets

Trading assets include shares and other variable yield securities amounting to EUR 5.3bn and positive replacement values from derivatives amounting to EUR 2.5bn.

Securities

Debt securities and other fixed-income securities increased by EUR 1.1bn compared to the previous year

	31.12.2024 <i>EUR million</i>	31.12.2023 <i>EUR million</i>	Change <i>EUR million</i>	%
Money market instruments, bonds and debt securities from public issuers	1,954	1,238	716	57.8%
Money market instruments, bonds and debt securities from other issuers	3,216	2,805	411	14.6%
Debt and other fixed-income securities	5,170	4,043	1,127	27.9%
Shares and other variable-yield securities	0	0	0	-99.4%
Total securities	5,170	4,044	1,126	27.9%

Liabilities to credit institutions and customers

Total liabilities increased by EUR 7.9bn compared to the prior year value. The intercompany liabilities increased by EUR 4.4bn.

	31.12.2024 <i>EUR million</i>	31.12.2023 <i>EUR million</i>	Change <i>EUR million</i>	%
Liabilities to credit institutions	29,952	23,646	6,307	26.7%
Liabilities to customers	20,428	18,798	1,630	8.7%
Total liabilities	50,380	42,444	7,936	18.7%

Equity

The bank's subscribed capital is at EUR 446,001,086 and is divided into 446,001,086 registered shares. In the current financial year the subscribed capital increased by 2 shares with a par-value of EUR 1.00 in the course of the merger of Credit Suisse (Luxembourg) S.A. to UBS Europe SE. These shares were taken over by UBS AG in exchange for 230,936 shares of Credit Suisse (Luxembourg) S.A. with a par-value of CHF 1,000.00 each. The capital reserve pursuant to Sec. 272 (2) No. 4 HGB increased by EUR 544.3m as a result of the merger of Credit Suisse (Luxembourg) S.A. with UBS Europe SE. At the same time, an amount of EUR 500.0m was withdrawn from the capital reserve in accordance with Section 272 (2) No. 4 HGB in the financial year and allocated to the retained profit. Following this, capital reserves amount to EUR 2,330.0m.

Profit reserves remained unchanged amounting to EUR 46.4m.

The Common Equity Tier 1 (CET 1) ratio according to Article 92 CRR was 23.01% (prior year: 21.20%).

Valuation of interest rate transactions in the banking book at net realizable value

There was no obligation as of 31 December 2024. Therefore provisions were not recognized.

Liquidity

UBS Europe SE was solvent at all times during the fiscal year. The Liquidity Coverage Ratio (LCR) introduced on 1 October 2015 and the Net Stable Funding Ratio (NSFR) introduced on 28 June 2021 have to be fulfilled. According to the Delegated Regulation 2015/61 as of 10 October 2014 the minimum ratio is 100% for 2018. As of 31 December 2024, the LCR for UBS Europe SE amounted to 134.6% (prior year: 156.5%).

According to the Regulation (EU) 575/2013 as amended by (EU) 2019/876 Capital Requirement Regulation 2(CRR2) the minimum Net Stable Funding Ratio (NSFR) of 100% is to be maintained from 28 June 2021. As of 31 December 2024, the NSFR for UBS Europe SE amounted to 125.1% (prior year: 131.5%).

Result of operations

The financial year 2024 resulted in a net profit of EUR 15.3m after EUR 103.1m in the previous year. The net profit in the previous year included as non-recurring items the gain from the sale of the Asset Management business in the Netherlands (EUR 24.5m) and the loss from the merger of UBS (France) S.A. to UBS Europe SE, French branch, (EUR 74.9m).

Net interest result totaled EUR -75.3m. The decrease is due to higher funding costs for trading activities within the investment bank business as well as the non-recurring effect from the merger with the French entities in 2023. Net commission income is EUR 813.7m. Net trading income was positive with EUR 167.8m.

Regarding costs, the most significant items were personnel expenses with EUR 557.4m. Other administrative expenses amount to EUR 489.6m. Largest part of the other administrative expenses with 56.7% are intragroup charges, particularly for IT and management services.

The bank is working to foster efficiency to recuperate the economic result.

The following table shows the profit before tax split by branches before consolidation of intra-group expenses and income:

<i>EUR thousand</i>	2024
Denmark	-1,812
Germany	44,911
France	-39,283
Ireland	75
Italy	-1,974
Luxembourg	37,162
Netherlands	694
Poland	-521
Portugal	772
Sweden	3,610
Switzerland	191
Spain	-3,037
Total UBS Europe SE	40,790

The result of Germany includes treasury activities for all branches.

Opportunities and risk report

Opportunities and risks

Acquisition of Credit Suisse and Impact on UBS ESE

In March 2023, UBS Group AG announced its intention to acquire former competitor Credit Suisse Group AG. As of 12 June 2023, UBS completed the acquisition of Credit Suisse (Credit Suisse Group AG was merged into UBS Group AG and the combined entity operates as a consolidated banking group).

With regard to the impact of the merger, UBS Europe SE is planning to either wind down or consolidate the European Credit Suisse banking entities into UBS Europe SE in accordance with the intermediate EU parent undertaking requirement, which in agreement with the ECB is to be implemented by June 2025. As part of this integration, Credit Suisse (Luxembourg) S.A., including its branches in France, Portugal and Ireland, was merged into UBS Europe SE in 2024. In addition, various business units were acquired from other Credit Suisse companies under business transfer agreements. In January 2025, Credit Suisse (Italy) S.p.A. was merged.

Industry trends

Client expectations

As technology progresses, clients more rapidly redefine the way they live, work and interact with others. This is reshaping clients' expectations toward financial services firms, as their reference points are increasingly influenced by experiences with companies outside the financial services sector, where technology-supported and data-driven solutions are progressively enabling a more seamless and improved client experience. In order to meet these new standards, the offer of UBS Europe SE needs to be developed continuously.

UBS Europe SE streamlines and simplifies interactions with clients through digitalization and product innovations.

Wealth transfer

Demographic and socioeconomic developments continue to generate shifts in wealth. Over the next 20 to 25 years, USD 83.5 trn. of wealth will be transferred to the "next gen," composed of individuals currently between the ages of 20 and 50. This will be an influential driver of future growth for UBS.

As a group, next gens have a longer investment horizon, a greater appetite for risk and often a desire to use wealth to create a positive societal impact alongside investment returns. Additionally, the proportion of ultra-wealthy women has also been on a gradual upward trend in recent years, reflecting changing cultural attitudes and growth in female entrepreneurship, as well as wealth transfers between generations.

New competitors

UBS Europe SE's competitive environment is evolving. In addition to traditional competitors in the asset-gathering businesses, new entrants are targeting selected parts of the value chain. However, UBS Europe SE has not yet seen a fundamental unbundling of the value chain and client relationships, which might ultimately result in the further disintermediation of banks by new competitors. Over the long term, we believe large platform companies entering the financial services industry could pose a significant competitive threat, given their strong client franchises and access to client data, if they decide to broaden the scope of their services. Fintech firms are gaining momentum, causing increased use of remote solutions. The trend for forging partnerships between new entrants and incumbent banks is continuing, as technology and innovation help banks overcome new challenges. Joint efforts between the Investment Bank and our Global Wealth Management and Asset Management businesses enable us to provide clients with broad access to financing, global capital markets and portfolio solutions.

Consolidation

Many regions and businesses in the financial services sector are still highly fragmented. Further consolidation is expected, with key drivers being ongoing margin pressure, a push for cost efficiencies and increasing scale advantages resulting from the fixed costs of technology, and regulatory requirements. UBS Europe SE continuously screens for potential targets to benefit from industry consolidation dynamics.

Regulation

Regulators remain focused on advanced policy areas including prudential regulation and anti-money laundering (AML), two areas where new EU rules entered into force in 2024, as well as more recent policy topics that are increasing in importance, such as digital innovation and environmental, social and governance (ESG), and emerging risks such as Non-Bank Financial Intermediation (NBFI).

EU policymakers recently agreed new rules on corporate sustainability due diligence, with which UBS Europe SE is expected to be required to comply by 2029. At the same time UBS needs to ensure that appropriate data governance frameworks are in place for AI systems and models, in line with the requirements of the new EU AI Act, which will be phased in from 2026.

The requirements of the EU Digital Operational Resilience Act (DORA) Regulation, with which UBS Europe SE needs to demonstrate compliance by January 2025, covers Information and communication technology (ICT) Risk Management governance and control frameworks, ICT Incident Reporting, Digital Operational Resilience Testing, Management of ICT Third-Party Risk and Information-Sharing Arrangements. Together with the DORA Directive, this significant new law represents more than 200 requirements across multiple lines of business and functions.

Harmonized EU AML requirements under the AML-Regulation will apply from 2027, while the new EU AML Authority will be fully operational from 2028, however it will only become clear in 2027 if UBS Europe SE is selected to be an entity within scope of the AMLA's direct supervision.

Finally, geopolitical developments are likely to continue to impact the policy agenda. In addition, the EU adopted its 14th package of sanctions against Russia in June 2024 and significant political uncertainties and geopolitical tensions are likely to continue to impact to the provision of cross-border financial services.

Overall, UBS Europe SE believes that the adaptations made to our business model and our proactive management of regulatory change will continue to put us in a strong position to absorb upcoming changes to the regulatory environment.

Digitalization

Digitalization in the financial services industry is further accelerating driven by the pursuit of greater operational efficiency, enhanced security, and hyper-personalized services. A key technological advancement is the rise of Generative AI (GenAI), which is revolutionizing areas like customer service, fraud detection, and operational automation. Additionally, nascent technologies, such as Distributed Ledger Technology (DLT) are expected to mature over the coming years with several countries already advancing pilot programs on the development of central bank digital currencies (CBDCs). Embedded finance is another significant trend, allowing banking services to be integrated directly into non-financial platforms, providing consumers with on-demand access to financial products. This trend requires financial institutions to focus even more on a fully digital and digitally enhanced service model, as well as digitally enabled ecosystems. The digitalization of the financial services industry has led to a structural shift in the workforce: more and better engineers are required to keep banks at the forefront of technology, thus setting them into direct competition with technology companies beyond the borders of the financial sector.

The Wealth Management industry is accelerating the adoption of digital tools to meet the needs of an increasingly tech-savvy clientele and employees. Forward looking, AI-powered platforms could enable wealth managers to offer data-driven investment strategies and real-time financial insights. Hybrid advisory models, which combine human expertise with robo-advisors, are becoming the standard, allowing clients to access personalized financial advice with the added benefit of automation. Blockchain and tokenization of assets are opening new avenues for clients to invest in alternative assets, while virtual reality (VR) and augmented reality (AR) are emerging as potential options to enhance client engagement through immersive financial planning experiences.

Investment banks continue to leverage digital technologies to optimize operations and enhance decision-making. Automation, through AI and robotic process automation (RPA), is transforming processes such as underwriting, due diligence, and trade settlement, significantly improving efficiency. Regarding DLT and on-chain transactions, some actors have started low scale experiments on specific products (i.e., on-chain issued bonds). Additionally, advanced data analytics is playing an essential role in deal sourcing, risk management, and market analysis, providing bankers with deeper insights into market trends and client needs, thus driving more informed decision-making.

This adoption of emerging technologies such as GenAI is also seen within some Asset Management firms who have started to embrace AI and machine learning to optimize portfolio management and provide real-time insights into market trends and risks. Some AI tools are also used to enhance ESG investing by allowing firms to analyze large amounts of data for sustainability compliance. Additionally, digital client portals are empowering investors with on-demand access to their portfolios, enhancing engagement and personalized service.

Sustainability

In 2024, sustainability-focused public investment fund markets recorded a new high of USD 3.2trn. While the level of inflows decreased compared to previous years, investors continued to allocate to sustainability-focused funds and ETFs. Investments into alternative asset classes, including hedge funds, real estate and infrastructure, continued throughout 2024. The share of sustainable investing private-market fundraising in total reached an all-time high.

There has been a sharp rise as well as divergence in sustainability-related regulation over the past few years. Regulators, particularly in Europe, have begun to emphasize labeling regimes, introducing new local criteria for sustainable investment solutions.

In an evolving macroeconomic and complex regulatory landscape, UBS Europe SE focuses to help its clients achieve their sustainability and impact objectives. The transition to a lower-carbon economy, including the associated risks and opportunities, continues to be the main focus for many clients. This is driven both by their own ambitions and by regulatory requirements. Additionally, there is a diversification of sustainable investing into private markets.

Risk management and methods

UBS Europe SE uses a risk management and risk controlling approach that is both qualitative and quantitative in nature.

The choice of quantitative and/or qualitative measures is dependent on the nature of the respective risk and whether it is managed as part of the day to day business (operational level) or on a strategic level. While non-financial risks are mainly limited qualitatively by policies and process descriptions, the bank's financial risks are mainly steered by quantitative limits and complementary indicators.

The overall rules and standards of the internal risk management and risk controlling for significant risks including the qualitative and quantitative limits are defined within the risk strategy of UBS Europe SE based on a regular risk identification process in alignment with the strategic business plan. The risk appetite is expressed via strategic risk appetite statements as well as by defining limits and complementary indicators.

In general, all material risks are covered in the Internal Capital Adequacy Assessment Process (ICAAP) normative and economic view. Further, liquidity risk is efficiently steered and monitored in the Internal Liquidity Adequacy Assessment Process (ILAAP) framework (see section liquidity and funding risk).

Furthermore, UBS Europe SE has implemented a so-called stress testing framework, which conducts scenario-, sensitivity-, portfolio- as well as reverse stress tests for all relevant risks.

Credit risk

Credit risk is the risk of incurring a loss as a result of a failure by a counterparty (including issuers) to meet its contractual obligations. Credit risk comprises counterparty risk, lending risk, issuer risk, settlement risk and correlation risk / wrong way risk. It arises from the credit exposure inherent in lending, trading and contingent liabilities, from accepting collateral and from other risk mitigation activities.

Issuer risk is a counterparty default risk arising from both trading and banking book activities. Risk in trading book comes from the IB market making activities and Risk Exposure Measurement Credit Value Adjustment management. Risk in banking book comes primarily from liquidity and excess cash portfolios managed by Group Treasury.

Credit Risk arises primarily from UBS Europe SE's GWM Lombard and mortgages lending and in form of counterparty credit risk as a result of IB trading with counterparties covering over the counter (OTC) derivative transactions, exchange traded derivatives (ETD) and securities financing transactions. All IB lending commitments out of the banking book, which are entered into by UBS Europe SE (or its legal predecessors), are sub-participated to UBS AG once drawn under the terms of a Master Sub-Participation Agreement.

UBS Europe SE's Risk Credit Risk Appetite is defined via counterparty -specific and portfolio limits and triggers.

Credit risk in the WM business activities is dominated by the client Lombard and to a much lesser extent mortgage business. Collateralization is an inseparable element of this credit business outlined as follows:

- UBS Europe SE's Lombard activities are subject to strict collateralization rules requiring pledged available collateral for which haircuts to the market values are applied. The haircuts depend on liquidity, intra-portfolio concentration and stability/ volatility of the collateral. Single concentration risk of clients' exposure is closely monitored on a daily basis.
- UBS Europe SE's mortgage lending is linked (via mortgage deed) to individual real estate properties for which clients receive dedicated loans. UBS Europe SE reduces risks by applying a set of comprehensive criteria (underwriting standards) that have to be fulfilled by clients in order to be eligible for a loan including debt service capacity.
- Additional credit risk arises from nostro and intra-bank accounts used for facilitating client services including the settlement of client transactions. Third party banks act as sub-custodians or as clearers for the assets of clients. The associated settlement risk is mitigated by various methods including payment netting, continuous net cash settlement, and covered settlement like account-account settlement or Delivery Versus Payment (DVP).

Credit risk in the Investment Bank business activities is largely driven by the derivatives and SFT business. Mitigants such as collateralization or margining are a structural element of many Investment Bank credit activities such as securities financing (repos), and OTC derivatives. Settlement risk is mitigated by strict control framework, limits, netting as part of bilateral and multilateral (e.g. CLS) agreements. Counterparty derivative risk exposure from IB is subject to UBS Europe SE's limit framework which sets counterparty-specific and portfolio limits based on risk appetite, counterparty creditworthiness and the scope of business.

A variety of methodologies and measurements are applied for the credit risk measurement. Exposure as well as Stress Loss metrics on Counterparty- as well as Portfolio level are reported regularly to Credit Officers and Senior Management. In addition, Credit Risk is comprehensively covered in enterprise wide stress frameworks, e.g. ICAAP.

In order to ensure high quality of primary risk activities with end clients, UBS Europe SE pursues the following approach: volume limitation, collateralization(as described above), stress testing, escalation and reporting. The underlying exposure is tracked and reported on a monthly basis to the UBS Europe SE MB via the Credit Risk Report so as to safeguard limit and other indicators adherence. Thus, the status of key risk limits for credit risk are reported on a frequency appropriate for each individual metric, and utilization against portfolio limits is formally reported to the Risk Committee regularly.

Market risk

Market risk is the risk of loss resulting from adverse movements in market variables. Market variables include observable variables, such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity (including precious metal) prices, and variables that may be unobservable or only indirectly observable, such as volatilities and correlations.

Market risks in UBS Europe SE arise from both trading and non-trading business activities.

Trading market risks arise mainly in connection with market making for securities and derivatives within the Investment Bank. In addition, credit and funding valuation adjustments (CVA and FVA) on the derivatives portfolio managed centrally by Regional Treasury also give rise to market risk.

Non-trading market risk arises predominantly in the form of interest rate risk in the banking book (IRRBB) in connection with lending & deposits within the Wealth Management business, as well as from Treasury activities to manage the liquidity and funding profile in the entity. The inherent interest rate risks within the Wealth Management business are transferred either by means of back-to-back transactions, or in case of products with no contractual maturity date, by replicating portfolios into Regional Treasury where the risks are managed. A second source of non-trading market risk is market-wide credit and liquidity spread risk in the banking book (CSRBB) mostly originating from the HQLA portfolio, intercompany funding and debt securities issued.

Regional Treasury assumes market risks from the active management of interest rate risks, as well as the liquidity and funding profile in the entity, where exposure arises from intercompany funding transactions and debt securities issued, from asset portfolio such as HQLA and from management of excess cash. Regional Treasury uses derivative instruments to manage interest rate risk in the banking book, some of which are in designated hedge accounting relationships.

Market risks are measured and controlled using limits and triggers proposed by Market and Treasury Risk Control (MTRC). The Management Board approves the risk appetite for the entity and the portfolio limits, including their allocation to the business divisions and Group Item units. Limits are then also allocated at granular levels within the various business lines reflecting the nature and magnitude of the market risks.

The primary portfolio measures of market risk are liquidity adjusted stress (LAS) loss and value at risk (VaR), subject to limit on entity and divisional level. These measures are complemented by position limits for general and specific market risk factors. Value at risk is based on a level of confidence of 95% or 99%, a holding period of one day over a historical observation period of five years, and cover various portfolio scopes.

In addition, Market and Treasury Risk Control applies a holistic risk framework which sets the appetite for Treasury- and Wealth Management related risk taking activities across the entity. A key element of this framework is an overarching economic value sensitivity (EVS) limit. Furthermore, the sensitivity of net interest income (NII) to changes in interest rates is monitored in order to analyze the outlook and volatility of net interest income based on market-expected interest rates. Lastly, within IRRBB and CSRBB the economic value of equity (EVE) and its change under different scenarios is used to complement the income perspective provided by NII sensitivity.

Limit monitoring and excess management is performed on an ongoing basis. In the event of a limit or trigger excess, the respective limit authorities will be notified automatically and required to take action. Market risks, developments and limit utilization are reported to senior management, the Risk Control Committee and the Management Board on a regular basis by means of treasury risk and monthly risk reports.

Liquidity and funding risk

Liquidity risk is the risk that UBS Europe SE is unable to meet business-as-usual or stress cash/collateral flows. Funding risk is the risk that UBS Europe SE is unable to borrow funds to support the bank's current business and desired strategy.

The Liquidity and Funding Risk Management Framework defines the liquidity and funding risk management approach for UBS Europe SE.

UBS Europe SE has identified liquidity and funding risk drivers, through discussions with the business, legal, risk and other stakeholders, covering its business by reviewing the primary and consequential impact of its business activities to liquidity and funding. Treasury and MTRC reassess all liquidity and funding related risks as part of the Internal Liquidity Adequacy Assessment Process (ILAAP). The material liquidity and funding risk drivers for ESE are unsecured outflows and off-balance sheet and contingent outflows.

In addition to regulatory metrics, UBS Europe SE measures liquidity and funding risks using a set of internal stress tests covering the risk drivers affecting UBS Europe SE, different stress scenarios, time horizons and both ILAAP perspectives (economic and normative) supported by Reverse Stress Testing. The output of internal liquidity and funding stress tests are managed in aggregate via limits and other indicators.

The Risk Appetite Statement of the entity, which defines the Management Board's tolerance to liquidity and funding risks arising from ESE's business activities, is translated quantitatively into Risk Appetite limits. In addition, UBS Europe SE also monitors its liquidity and funding position through Early Warning Indicators (EWI) and Recovery and Resolution Indicators (RRI).

UBS Europe SE Treasury and MTRC monitor ESE's liquidity and funding situation through reporting, based on internal and regulatory liquidity risk metrics. The UBS Europe SE ALCO and Management Board are also informed about the liquidity and funding situation through reporting. Treasury facilitates the day-to-day liquidity and funding management and monitors business activity/strategy through the business-level funding planning process and targets, thereby ensuring appropriate business activity/strategy and preventative actions are taken to avoid breaches.

UBS Europe SE also maintains a Contingency Funding Plan as a preparation and action plan to ensure UBS Europe SE can maintain sufficient liquidity to meet payment obligations in a liquidity and funding stress.

UBS Europe SE adheres to the ILAAP regulatory requirements. The key output of the ILAAP is the Management Board's assessment of UBS Europe SE's liquidity adequacy, formalized through the respective statement.

Legal risk

Legal risk is the risk of being held liable for a breach of applicable laws, rules and regulations as well as contractual or other legal obligations. Further, legal risks can arise from an inability or failure to enforce or protect contractual or non-contractual rights sufficiently to protect UBS Europe SE's interest.

UBS Europe SE operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and legal proceedings, including litigation, arbitration and regulatory and criminal investigations.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS Europe SE may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS Europe SE believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. In some cases UBS Europe SE is subject to confidentiality obligations that preclude such disclosure.

Specific litigation matters and external investigations are described below, including matters that the Management Board believes to be of significance due to potential financial, reputational and other effects. A significant proportion of the value in dispute for UBS Europe SE is attributable to the consequences of the Madoff investment fraud. Potential payment obligations of UBS Europe SE as the successor to UBS (Luxembourg) S.A., which could arise from Madoff related litigation are indemnified by UBS AG up to a contractually defined maximum amount. The indemnity agreement with UBS Europe SE has turned the original litigation risk into a counterparty risk involving UBS AG. As a consequence UBS Europe SE's concentration risk towards the group has increased. In order to appropriately monitor the enhanced concentration risk a "collateral posting process" has been implemented in addition to the already existing monitoring processes. According to the collateral posting process UBS AG needs to provide additional collateral in case its long term

credit rating falls below a pre-defined threshold. In addition, the specific litigation risk is monitored by the Legal department on a continuous basis.

Apart from the aforementioned Madoff related litigation cases, UBS Europe SE was involved in civil litigation cases in various jurisdictions where it operates. It has established provisions for legal risks and damage claims amounting to EUR 31m for these cases.

UBS Europe SE and relevant UBS-individuals are also subject to certain investigations by public authorities in various countries, which may result in reputational and financial impact.

Measures to reduce legal and reputational risk

Legal risks are curtailed at various stages of work processes by measures put in place by Legal and Compliance among other departments. Main preventive measures include the operational framework as well as the involvement of Legal in the drafting of standard forms and contracts. Non-standardized contracts and/or disclaimers require review and sign-off by the Legal department. Outside legal counsel may only be retained by the Legal department or a unit authorized by the Legal department. During the processing of legal proceedings, the bank regularly reviews whether a provision needs to be recognized or adjusted for specific events. Legal reports on significant developments in existing and new litigation cases to the Risk and Capital Committee of UBS Europe SE on a regular basis.

In individual cases the Legal department and the Compliance department have provided information and specific recommendations on how to lower the risk with regard to operational processes, documentation or product design based on experience gained from processing complaints, actions filed and other events.

Sustainability and Climate Risk

Sustainability and Climate Risk (SCR) is defined as the risk that UBS Europe SE negatively impacts, or is impacted by, climate change, natural capital, human rights, and other environmental, social, governance (ESG) matters. SCR may manifest as credit, market, liquidity, business and non-financial risks for UBS Europe SE, resulting in potential adverse financial, liability and reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g. real estate).

Climate risks can arise from either changing climate conditions (physical risks) or from efforts to mitigate climate change (transition risks). Nature-related risks refer to how organizations and people depend on and impact natural capital, which is defined as natural resources that combine to yield a flow of benefits to people.

Another risk referred to SCR is greenwashing risk. Greenwashing refers to a practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial services. This practice may be misleading to consumers, investors, or other market participants and/or cases in which investors and clients will be consciously or unconsciously misled about the sustainable characteristics of financial products and services.

The SCR risk appetite is expressed via qualitative SCR standards (e.g. stipulating controversial activities UBS will not engage in, and other areas of concern UBS Europe SE will only engage in under pre-established guidelines), as well as via risk appetite metrics monitored across the risk categories where SCR may manifest itself.

SCR is monitored and reported to the Management Board on a quarterly basis via the monthly risk report at Risk Control Committee.

Further details can be found in the section "Additional UBS Europe SE Considerations for sustainability and climate management" of the UBS AG Annual Report.

Non Financial Risk

NFR is the risk of undue monetary loss and/or non-monetary adverse consequences to UBS, its clients or markets, resulting from:

- Compliance risk: failure to comply with laws, rules and regulations, internal policies and procedures, and the firm's code of conduct and ethics.
- Financial crime risk: failure to prevent financial crime.
- Operational risk: inadequate or failed internal processes, people, systems, or from external events.

NFR is an inherent part of UBS Europe SE's activities. The firm's overall objective is to manage its businesses and associated NFR, balancing the interests of its clients, employees, suppliers, communities and investors, and protecting the safety and soundness,

including the financial position and reputation of the firm.

Conduct risk

Conduct risk is considered as a root cause, contributing to Operational risk, Compliance risk and Financial Crime risk. It is defined as the risk that the conduct of the firm or its individuals unfairly impacts clients or counterparties, undermines the integrity of the financial system or impairs effective competition to the detriment of consumers.

Model risk

Model risk is the risk of adverse consequences (e.g. financial loss, loss due to legal matters, operational loss, biased business decisions or reputational damage), resulting from decisions based on incorrect or misused model outputs and reports. Model risk may result from several sources: inputs, methodology, implementation, use.

Model risk is induced by relying on models to derive business, risk management or control decisions, to identify or measure risks, valuing exposures, value instruments or positions, conduct stress testing, assess adequacy of capital, manage client and own assets, measure or monitor compliance with rules and regulations, survey activities or meet financial or regulatory reporting requirements and issue public disclosures.

Model risk is mitigated by a comprehensive model governance framework ensuring the independence of the validation function. A single model inventory registers all models used in the institution. Further, UBS Europe SE has set up a quantifiable Model Risk Appetite Framework with specific metrics and thresholds.

UBS Europe SE ensures that models are independently validated and model risks are identified, measured, monitored, reported, controlled and mitigated to an acceptable level. Model risk appetite with specific metrics and thresholds is articulated at an individual model level and at an aggregated model portfolio level.

At an individual model level, models with severity 1 validation issues are not approved by Model Risk Management & Control (MRMC) prior to effective model risk mitigation via compensating controls or validation issue remediation. At an aggregated model portfolio level, UBS Europe SE defines metrics to monitor aggregated model risk. For these metrics, triggers were set and breaches are investigated, escalated and addressed.

The Model Governance Committee (MGC) reviews the metrics defined for the monitoring of model risk on a quarterly basis and reports the outcome to the Risk Control Committee (RCC) via the monthly risk report.

All relevant stakeholders must complete a computer-based model governance training. Completion is tracked according to UBS Europe SE standards.

IT risk

The trend of an intensifying threat situation in the area of cyber-attacks, both in their number and in variance, complexity and depth, continued in 2024. This trend is expected to persist in the future. However, no significant impact of cyber-attacks on UBS Europe SE was detected in 2024.

To effectively counter the increasing cyber threat situation, UBS Europe SE has significantly invested in cyber security over the past few years. These investments in UBS Europe SE's security control infrastructure reflect our strong commitment to protecting our systems and data. This commitment was evident at the beginning of 2024, with the successful participation of UBS Europe SE in the European Central Bank's first simulated Cyber Resilience Stress Test. Our robust infrastructure was officially confirmed by the regulator, further underlining our commitment and the efficiency of our security measures and preparing UBS Europe SE well for another core topic in 2024, the Digital Operational Resilience Act (DORA).

DORA, initiated by the European Union, aims to improve digital resilience in the financial sector. The increasing number of cyberattacks and IT outages worldwide, which have the potential to destabilize the entire financial system, highlighted the need for such regulation. As a result, analyzing the far-reaching regulatory DORA requirements, along with the associated Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS), to ensure compliance was a key focus in 2024.

In 2024, UBS Europe SE continued to implement its cloud strategy consistently, aiming to achieve operational stability and resilience and cost-optimized scalability. The main advantages of this strategy became clear during the Credit Suisse integration. The integration of Credit Suisse was challenging but greatly facilitated by UBS Europe SE's cloud strategy. The user collaboration and data exchange required between the Credit Suisse and UBS ecosystems were key to successful integrations and migrations. This was achieved smoothly and efficiently due to UBS Europe SE's existing cloud structures, which greatly facilitated data exchange and system

integration, significantly accelerating the integration process. This illustrates the effectiveness of the cloud strategy. Another key topic in 2024 was the follow-up of digitization and AI adoption strategies, which received significant new impetus through immediate, concrete implementation initiatives. The introduction of emerging technologies required us to adapt our risk and governance framework to address potential new non-financial risks adequately and comply with future DORA requirements. This holistic approach enabled the organization to achieve its goals in digitalization and AI adoption successfully, positioning itself for the future while managing any potential new risks.

Reputational risk

Reputational risk is defined as the risk of a less positive opinion of the firm or a decline in UBS Europe SE's reputation from the point of view of e.g. clients/industries, shareholders, regulators, employees or the general public which may lead to potential financial losses and/or market share. Reputational risk is considered in all business activities, transactions and decisions and as such regarded as an impact rather than a "risk cluster".

Therefore, reputational risk can be a consequence of losses in all risk categories. Relevant incidents triggering such loss typically relate to sanctions because of non-compliance with regulatory requirements. There were no significant incidents in 2024 with regard to reputational risk towards shareholders, employees, and the general public. Furthermore, the Year-on-Year numbers of client complaints as indicator for client related reputational risks slightly reduced and were overall inconspicuous.

In terms of reputational risk relating to regulators, the focus is on maintaining a transparent and reliable working relationship with all relevant regulators. There have been no noteworthy events in 2024 with respect to the interaction with the regulators regarding reputational risks.

Outsourcing risk

Outsourcing risks arise when Third Party services are consumed and an external company or service provider is engaged to perform activities and processes.

UBS Europe SE has a certain concentration risk as critical processes are outsourced to specific intragroup service providers. However, the default risk is low as the outsourced services are intragroup and underpinned by robust contingency planning and regular performance monitoring and risk assessments. The majority of UBS Europe SE's outsourcings are provided by other UBS affiliates, especially by UBS Business Solutions AG, a fully owned subsidiary of UBS Group AG. Leveraging the group's infrastructure and know-how allows UBS Europe SE to meet regulatory requirements and at the same time to further strengthen the approach to service management, without losing efficiency in the way UBS Europe SE operates and ensures that critical shared services can continue to be provided in case of a resolution event. UBS Europe SE retains the full local end-to-end responsibility for outsourced activities, while it leverages the group-wide Third-Party Risk Management (TPRM) framework and tools.

Third party risk is low as the services are provided by multiple service providers. In addition, it is managed through the existence of exit plans for critical services, regular vendor risk assessments and robust monthly performance monitoring.

There have been no service deviations in 2024 causing a material adverse impact on the operations of UBS Europe SE. The results of the evaluation processes are used to ensure full compliance with MaRisk and EBA Guideline requirements.

The bank's strategy is to continue using intragroup outsourcings provided mainly by UBS Business Solutions AG, to leverage existing centers of competence for effective business and risk governance. In addition, it will continue leveraging Group infrastructure to share the investments and benefits of scale economies and ensure standardization and alignment of the operating models across multiple locations.

For the efficient outsourcing management UBS Europe SE has set up teams and governance (1st and 2nd line) to ensure early and effective implementation of any new regulatory requirements. Additionally, all staff of UBS Europe SE responsible for outsourcing are adequately trained to fulfill MaRisk and EBA Guideline requirements in their daily business.

Overall statement non-financial risk

UBS Europe SE's NFR exposure is systematically monitored, assessed and reported by Operational Risk Control (ORC), Compliance and Financial Crime Prevention respectively, in line with the holistic NFR Framework. The NFR Framework establishes the requirements for the management and control of NFR. The minimum governance standards for NFR management include the NFR definition, NFR taxonomy (i.e. systematic categorization of NFR at UBS Europe SE), NFR appetite, (i.e. the amount of acceptable NFR exposure), and roles and responsibilities along the three lines of defense.

The NFR Framework is managed on enterprise level, considering UBS Europe SE including its branches and subsidiaries, and on individual branch/subsidiary level, if required. UBS Europe SE's governance bodies are fully updated on the Operational, Compliance and Financial Crime risk exposure and mitigation actions on a monthly basis.

During 2024 the Operational risks management and control was mainly focusing on the efficient mitigation of potential Operational risks derived from the Credit Suisse integration, from the increasing geopolitical tensions and conflicts, as well as from climate events in Europe and in other parts of the world in the form of floods. The UBS Europe SE NFR Framework has proved to be efficient to properly address the exposure to Operational risks with no material operational discontinuation or events, achieving a very stable Operational risk profile during the year. The same can be stated for the management of the financial crime related risks. In addition to the absence of major risk events, the active mitigation of the risks stemming from the integration of Credit Suisse contributed to a moderate risk profile in 2024 as did the overall robust framework which was confirmed by internal and external audits.

Business risk

Business risk is defined as a decrease in income due to lower volumes, margins and other factors that may negatively impact business performance. It relates to a decline in income which is not offset by reduced expenses. The output of the model is the stress loss under adverse conditions.

UBS Europe SE regularly monitors and reports income and expenses by divisions in order to track earnings generated by fees and interest margins. To mitigate risk the business strategy does not focus on providing specific niche products, but rather exhibits a broad diversification of revenue sources among UBS Europe SE Business and Treasury functions.

Pension risk

Pension risk is the risk of a negative impact on UBS Europe SE's capital position as a result of deteriorating funded status from decreases in fair value of assets held in the defined benefit pension funds and / or changes in the value of defined benefit pension obligations due to changes in the actuarial assumptions (e.g. discount rate, life expectancy, rate of pension increase) and / or changes to plan designs.

Pension risk is monitored by measuring liabilities by actuarial revaluation and the development is closely monitored in the normative and economic perspective against the risk appetite.

Risk position

The bank's own funds pursuant to Article 72 Capital Requirements Regulation (CRR) amounted to EUR 3,839.0m (prior year: 3,225.0m), which corresponds to a CET1 capital ratio of 23.01% (prior year: 21.20%) and an overall ratio of 27.27% (prior year: 26.05%). The capital requirements according to Regulation (EU) No 575/2013 CRR have been fulfilled at all times during the fiscal year.

The bank's risk-weighted assets as of the balance sheet date break down as follows:

Risk-weighted assets	31.12.2024	31.12.2023
<i>EUR million</i>		
Credit risk	10,113	8,807
Settlement and delivery risk	25	25
Market risk	706	700
Operational risk	2,428	2,163
Credit value adjustments	808	686
Risk-weighted assets total	14,079	12,382

Summary presentation of the risk position

UBS Europe SE carries out a regular risk identification process at enterprise level, at least once a year, to determine the material risks the bank is exposed to.

Within the ICAAP, potential risk exposures for material risks are calculated on a quarterly basis and compared with the own funds available at the respective reporting date. This results in necessary capital ratios after stress in the normative view and in remaining internal capital („excess capital“) in the economic view.

Conceptually the ICAAP encompasses a normative as well as an economic view. The normative view aims to prove adherence to regulatory (minimum) ratios in a baseline scenario as well as under severe adverse conditions and simulates a three year forward looking time horizon.

The economic view represents a point in time risk calculation based on internal methodologies under a 99.9% confidence level and a one year forward looking time horizon. Risk exposures are being compared to internal capital in order to prove sufficient capital resources are available.

The following tables show the normative and the economic perspective of ICAAP as of 31 December 2024:

Normative view

	Baseline scenario		Adverse scenario			Total
	3-year planned capital requirement		3-year adverse capital requirement and cumulative capital impacts			
	Planned RWA	RWA x Capital Requirement	Adverse RWA	Adverse RWA x TSCR	Capital impacts	
	<i>Going Concern Capital Requirement = 15.07%</i>		<i>Total SREP Capital Requirement = 10.00%</i>			
Credit Risk	10,741	1,619	10,477	1,048	78	1,126
Market Risk	2,467	372	2,448	245	21	266
Operational Risk	3,100	467	2,692	269	216	486
Business Risk					154	154
Funding Risk					234	234
Pension Risk					37	37
Total	16,308	2,458	15,617	1,562	740	2,302
Total capital requirement and scenario impact		2,458		1,562	740	2,302
Early warning indicator headroom		314		312		312
Total early warning indicator level		2,772		1,874	740	2,615
Capital resources						
Total available capital resources		3,839				3,839
Capital surplus / (deficit) to trigger level		1,067				1,225

Economic view (ICAAP)

EUR million							31.12.2024
	WM	IB	AM	GT	Services	NCL	Total
Credit and issuer risk incl. country risk	117	82	0	205	0	2	406
Market risk and Pension risk	6	4	0	197	1	0	209
Operational risk incl. legal risk	391	144	10	22	41	12	619
Funding cost risk incl. FVA	70	0	0	39	0	0	110
Business Risk	126	16	1	-51	83	-2	173
Aggregated risk exposure	710	246	11	412	125	12	1,518
Early warning indicator headroom							250
Aggregated risk exposure incl. early warning indicator							1,768
Capital resources							
Total available internal capital							3,055
Capital surplus/(deficit) vs early warning indicator							1,287

Forecast Report

Assumptions on macro-economic environment

With continued moderate GDP growth in Europe, UBS Europe SE forecasts a gradual and steady improvement in the coming years. Following GDP growth of 0.7% in 2024, we expect 0.9% in 2025 and an acceleration to 1.1% in 2026. Key headwinds facing the economy are lagged effects of ECB policy tightening (which is fading now as the ECB cuts rates), a weak export environment and fiscal consolidation as the European fiscal rules are binding again. Supporting factors for the growth outlook are low unemployment and rising wages, which implies that households are regaining purchasing power which should support consumption growth.

Growth within the Eurozone remains very uneven. Across sectors, activity in manufacturing is much weaker than in services. Across countries, stagnating GDP in Germany with only a weak expected pick-up is contrasting with more upbeat activity in France, Italy and notably Spain. This reflects Germany's higher exposure to modest global demand, but also structural headwinds to German growth, including demographic ageing, high energy prices and competition from China in key sectors, which implies that Germany has a lower potential growth rate than the average in the Eurozone.

UBS Europe SE assumes that a gradual decline in inflation continues, but wage dynamics will be key. Disflation has made good progress, and inflation has moved closer to the 2% target of the ECB. Inflation in the service sector in particular has been resilient in view of strong wage growth. UBS Europe SE expects the ECB to gradually reduce interest rates to 2% by mid-2025, with the possibility of an even faster decline or lower key interest rate.

The key downside risks for the outlook include an escalation of geopolitical risks triggering higher energy prices, new global trade tensions (notably higher US import tariffs), more resilient inflation (implying tighter monetary policy), weaker global GDP growth and a sharp weakening of Eurozone labor markets. Within Europe, political instability in France is a downside risk, while the early federal elections in Germany can also bring opportunities despite uncertainties. A faster-than-expected decline in inflation combined with faster and larger interest rate cuts by the ECB, as well as a recovery in global trade and political stimulus in China, pose upside risks.

3-Year strategic plan

With a strong capital base and business model, UBS Europe SE is expected to remain profitable across the planning horizon and reach its profitability goals.

Revenues in 2025 are planned to increase mostly driven by incremental revenues from Credit Suisse mergers, organic growth in the existing UBS Europe SE Global Wealth Management business, and higher Investment Bank revenues. Revenue growth from core business activities is offset by lower Group Treasury revenues on the back of the changing interest rate environment. Operating Expenses in 2025 are planned to increase, driven by incremental costs from Credit Suisse Mergers and impact from extraordinary cost items and partially offset by other cost items with tailwinds from the Asset Management carve-outs and Non-core and Legacy reductions.

Key points over the 3-year planning cycle include:

- Focus on core markets and steady growth YoY
- Restructuring and cost control / optimization
- Sustainable profitability with a target profit before tax of EUR 414m in 2027
- Improve Underlying Cost/Income ratio to <72% and Return on CET1 to increase to 11% by 2027

Global Wealth Management

Revenues growth in Global Wealth Management post-merger is mostly driven by market performance via recurring fees and transactional revenues. Net interest income is expected to stagnate in the face of falling interest rates.

- Strategic initiatives: acquire new clients / increase share of wallet, pricing and discount review;
- Strategic imperatives: increase UBS Manage penetration and improved productivity; and
- Successful integration: stronger focus on UHNW clients, more One Bank capabilities post integration

2025 is still a transition year for operating expenses with ongoing integration activities before the cost base can be optimized via synergies, which is expected to materialize in 2026.

UBS Europe SE aims to grow revenues in Global Wealth Management by 7% annually until 2027.

Investment Bank

Revenues to increase mostly driven by uptick in Global Banking dealmaking activities and continued growth in Global Markets revenues.

- Global Banking: Increased dealmaking activity aligned with market consensus, execution of existing client transactions and the easing of Central Banks monetary policy
- Global Markets: Consolidate and improve market share, maintaining momentum on revenue progression despite headwinds from transfer pricing changes

Operating Expenses to remain materially flat across the planning horizon with focus on cost discipline.

UBS Europe SE aims to grow revenues within the Investment Bank by 4% annually until 2027.

Group Items, Asset Management, and Personal & Corporate Banking

Revenue is expected to decline over the planning horizon in Group Items, Asset Management and Personal & Corporate Banking due to the following reasons:

- Lower results in Group Treasury Funding Management related to spreads development and intercompany borrowing requirements
- Expected lower interest rate environment will drive higher replication yield with offset from lower rates on Equity
- Asset Management revenues will decrease following the carve-out of Sweden and Spain in 2024 and the planned carve-out of France in 2025

Lastly, operating Expenses will be progressively reduced throughout the planning horizon on the back of personnel and real estate footprint synergies.

Overall Statement

The integration with Credit Suisse does not change UBS ESE strategy but accelerates its execution. UBS ESE expects PbT to reach 414m by 2027 with improved profitability of core business lines.

In summary, UBS Europe SE expects a slight increase in both income and expenses for the coming financial year due to the developments and one-off effects described above. Compared to the expected earnings development, the cost base on the other hand is expected only to increase slightly. Resulting in a substantial increase in pre-tax profit. In the following years, a further reduction in the cost level is expected, which will lead to an increase in earnings before taxes with rising revenues. It is planned to achieve a return on equity tier 1 (RoCET1) of 11% in 2027, as well as a Cost/Income ratio of <72%.

Dependency Report according to Article 312 AktG (3) sentence 3

The Management Board of UBS Europe SE has provided a report on the relations with affiliated companies for the fiscal year, which includes the following declaration:

"For all known legal relationships with the obligation to be reported in the Dependency Report according to § 312 with related parties and affiliated entities, UBS Europe SE received appropriate compensation in return. The company has not been prejudiced by any act or omission".

Frankfurt / Main, 30 April 2025

**UBS Europe SE
Management Board**

Tobias Vogel

Georgia Paphiti

Pierre Chavenon

Dr. Denise Bauer-Weiler

Filippo Bianco

Miriam Godoy Suarez

Other disclosures according to Art 26a (1) Sentence 2 and 4 KWG

["Kreditwesengesetz": German Banking Act] for fiscal year 2024
Arts. 89 and 90 of Directive 2013/36/EU

Other disclosures for the financial year 2024

Country-by-Country reporting according to Sec 26a (1) Sentence 2 KWG

Scope of consolidation

UBS Europe SE is included in the scope of consolidation of UBS Group AG, Zurich.

UBS Group AG, Zurich, prepared exempted consolidated financial statements. These are available at UBS Europe SE and are published by UBS Europe SE, Frankfurt am Main, in English language in the Electronic Company register [“Elektronisches Unternehmensregister“].

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB).

Foreign Branches

UBS Europe SE has foreign branches in the following locations:

- Copenhagen, Denmark
- Paris, France
- Strasbourg, France
- Lyon, France
- Bordeaux, France
- Dublin, Ireland
- Milan, Italy
- Naples, Italy
- Treviso, Italy
- Modena, Italy
- Padua, Italy
- Turin, Italy
- Brescia, Italy
- Florence, Italy
- Bologna, Italy
- Rome, Italy
- Luxembourg, Luxembourg
- Amsterdam, Netherlands
- Krakow, Poland
- Warsaw, Poland
- Lisbon, Portugal
- Stockholm, Sweden
- Opfikon, Switzerland
- Madrid, Spain

Key services

UBS Europe SE offers the following key services:

- Wealth Management and advice for private customers
- Custody business (including custodian bank function)
- Distribution of funds
- Consultancy in Mergers & Acquisitions
- Research in German equities
- Issuance of certificates, promissory note loans and registered bonds

Revenues

UBS Europe SE generated total revenues of EUR 1,195.5m. This amount includes net interest income, net commission income, current income from shares and other variable-yield securities, equity investments and investments in affiliated companies, net trading income and other operating income.

Country-specific information is provided on a gross basis (i.e. before elimination of transactions between branches).

Geographical breakdown of revenues

<i>EUR thousand</i>	2024
Denmark	1,878
Germany	501,700
France	200,843
Ireland	340
Italy	177,250
Luxembourg	230,775
Netherlands	8,125
Poland	16,978
Portugal	1,699
Sweden	22,410
Switzerland	5,643
Spain	27,834
Total UBS Europe SE	1,195,474

Employees

The number of employees in full-time equivalents was 2,625 in 2024.

Geographical breakdown

	31.12.2024
... by locations	
Denmark	9
Germany	710
France	420
Italy	394
Ireland	5
Luxembourg	620
Netherlands	19
Poland	339
Portugal	11
Sweden	29
Switzerland	2
Spain	67

Net profit for the year

The following table shows the net profit before and after taxes as well as the taxes on profit or loss. Information is provided on a gross basis (i.e. before elimination of transactions between branches.)

<i>EUR thousand</i>	Result before taxes on profit and loss	Taxes on profit and loss	Result after taxes on profit and loss
Denmark	-1,812	0	-1,812
Germany	44,911	12,003	32,908
France	-39,283	3,005	-42,288
Netherlands	694	304	391
Ireland	75	12	63
Italy	-1,974	-122	-1,852
Luxembourg	37,162	8,934	28,228
Poland	-521	0	-521
Portugal	772	222	551
Sweden	3,610	853	2,757
Switzerland	191	50	142
Spain	-3,037	246	-3,283
Total UBS Europe SE	40,790	25,507	15,283

Public subsidies

UBS Europe SE did not receive any public subsidies in the reporting year.

Disclosure of return on capital (Sec. 26a (1) Sentence 4 KWG)

Return on assets (as ratio of net profit by total assets) for UBS Europe SE is 0.02%.

Report of the Supervisory Board for 2024

Report of the Supervisory Board for 2024

The Supervisory Board fulfilled all its tasks according to law and according to the articles of association. The Supervisory Board advised and supervised the Management Board on a regular basis and was involved in decisions which were of fundamental importance for the entity.

In 2024 the Management Board regularly informed the Supervisory Board about the business strategy as well as general questions of corporate governance and corporate planning, financial development, profitability and risk management. Important topics and decisions were regularly discussed in meetings between the Chair of the Management Board and the Chair of the Supervisory Board.

In the financial year 2024, the Supervisory Board has had four ordinary and three extra-ordinary meetings. In these meetings, all relevant issues and topics were discussed, and appropriate decisions were taken. Moreover, all relevant topics and developments on strategies were discussed together with the Management Board. Additionally, the four Supervisory Board committees (Risk Committee, Audit Committee, Nomination Committee and Remuneration Committee) support the Supervisory Board in performing its tasks and functions, in accordance with the Rules of Procedures and the legal requirements. According to the Rules of Procedure of the Supervisory Board, the Supervisory Board performed its annual self-assessment.

The auditor Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Zweigniederlassung Frankfurt am Main, elected as auditors by the Annual General Meeting in the previous year, has audited the financial statement of UBS Europe SE and the Management Report for 2024 and issued their unqualified certification.

The Supervisory Board approvingly acknowledges the result of the auditor. The Supervisory Board follows the assessment of the auditor and does not raise any objections to the final assessment after its own examination and therefore approves the annual financial statement provided by the Management Board. The annual financial statement is adopted respectively.

The Supervisory Board would like to thank all employees who have contributed significantly through their great commitment to this result and the good of the bank.

Bericht des Aufsichtsrats für 2024

Der Aufsichtsrat hat im abgelaufenen Jahr die ihm nach Gesetz und Satzung obliegenden Aufgaben wahrgenommen. Er hat den Vorstand regelmäßig beraten, überwacht und war in Entscheidungen von grundlegender Bedeutung für die Bank eingebunden.

Der Vorstand hat dem Aufsichtsrat im Geschäftsjahr 2024 regelmäßig über die Geschäftsstrategie und andere grundsätzliche Fragen der Unternehmensführung und -planung, finanzielle Entwicklung und Ertragslage der Bank sowie das Risikomanagement berichtet. Aktuelle Einzelthemen und Entscheidungen wurden in regelmäßigen Gesprächen zwischen dem Vorstandsvorsitzenden und dem Vorsitzenden des Aufsichtsrats erörtert.

Der Aufsichtsrat trat im Geschäftsjahr 2024 zu insgesamt vier ordentlichen und drei außerordentlichen Sitzungen zusammen. In diesen Sitzungen wurden alle für den Aufsichtsrat relevanten Themen diskutiert und die notwendigen Beschlüsse gefasst. Die Berichte und Entwicklung der einzelnen Geschäftsbereiche wurden zudem gemeinsam mit der Geschäftsleitung erörtert sowie die strategischen Fragestellungen diskutiert. Weiterhin hat der Aufsichtsrat seine Aufgaben gemeinsam mit den vier

bestehenden Ausschüssen (Risikoausschuss, Prüfungsausschuss, Nominierungsausschuss und Vergütungskontrollausschuss) gemäß den regulatorischen Vorgaben und der Geschäftsordnung wahrgenommen. Entsprechend der Geschäftsordnung des Aufsichtsrats wurde die jährliche Selbsteinschätzung des Aufsichtsrates durchgeführt.

Die von der Hauptversammlung des vergangenen Jahres zum Abschlussprüfer gewählte Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Zweigniederlassung Frankfurt am Main, hat den Jahresabschluss der UBS Europe SE und den Lagebericht für das Geschäftsjahr 2024 geprüft und mit einem uneingeschränkten Bestätigungsvermerk versehen.

Der Aufsichtsrat nimmt das Ergebnis der Abschlussprüfung zustimmend zur Kenntnis. Er schließt sich dem Ergebnis der Abschlussprüfung an und erhebt auch nach dem abschließenden Ergebnis seiner eigenen Prüfung keine Einwendungen, sondern billigt den vom Vorstand aufgestellten Jahresabschluss der UBS Europe SE. Der Jahresabschluss ist damit festgestellt.

Besonderer Dank gilt allen Mitarbeiterinnen und Mitarbeitern, die durch ihren großen Einsatz maßgeblich zum Wohle der Bank beigetragen haben.

Frankfurt, 22 May / Mai 2025

The Supervisory Board / Der Aufsichtsrat



Prof. Dr. Reto Francioni
Chair of the Supervisory Board / Vorsitzender des Aufsichtsrat

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