

UBS Group AG

Standalone financial information
for the six months ended 30 June 2023



Table of contents

UBS Group AG standalone financial information

- 1 Income statement
- 1 Balance sheet

Notes to the UBS Group AG standalone financial information

- 2 Basis of accounting
- 2 Accounting policies
- 2 Significant events

Appendix

- 4 Cautionary statement

Contacts

Switchboards

For all general inquiries
ubs.com/contact

Zurich +41-44-234 1111
London +44-207-567 8000
New York +1-212-821 3000
Hong Kong +852-2971 8888
Singapore +65-6495 8000

Investor Relations

Institutional, professional and retail investors are supported by UBS's Investor Relations team.

UBS Group AG, Investor Relations
P.O. Box, CH-8098 Zurich,
Switzerland

ubs.com/investors

Zurich +41-44-234 4100
New York +1-212-882 5734

Media Relations

Global media and journalists are supported by UBS's Media Relations team.

ubs.com/media

Zurich +41-44-234 8500
mediarelations@ubs.com

London +44-20-7567 4714
ubs-media-relations@ubs.com

New York +1-212-882 5858
mediarelations@ubs.com

Hong Kong +852-2971 8200
sh-mediarelations-ap@ubs.com

Office of the Group Company Secretary

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

UBS Group AG, Office of the Group Company Secretary
P.O. Box, CH-8098 Zurich,
Switzerland

sh-company-secretary@ubs.com

+41-44-235 6652

Shareholder Services

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

UBS Group AG, Shareholder Services
P.O. Box, CH-8098 Zurich,
Switzerland

sh-shareholder-services@ubs.com

+41-44-235 6652

US Transfer Agent

For global registered share-related inquiries in the US.

Computershare Trust Company NA
P.O. Box 505000
Louisville, KY 40233-5000, USA

Shareholder online inquiries:
[www-us.computershare.com/
investor/Contact](https://www-us.computershare.com/investor/Contact)

Shareholder website:
computershare.com/investor

Calls from the US +1-866-305-9566
Calls from outside the US
+1-781-575-2623
TDD for hearing impaired
+1-800-231-5469
TDD for foreign shareholders
+1-201-680-6610

Imprint

Publisher: UBS Group AG, Zurich, Switzerland | ubs.com
Language: English

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

UBS Group AG standalone financial information

Income statement

	USD m		CHF m	
	Year-to-date	30.6.22	Year-to-date	30.6.22
Dividend income from the investment in UBS AG	6,000	4,200	5,361	4,087
Other operating income	3,091	1,174	2,808	1,112
Operating income	9,091	5,374	8,169	5,199
Impairment of the investment in Credit Suisse AG	21,855		19,648	
Other operating expenses	3,184	965	2,895	910
Operating expenses	25,039	965	22,543	910
Extraordinary income	17,317		15,771	
Extraordinary expenses	16,319		14,861	
Operating profit / (loss) before tax	(14,950)	4,409	(13,465)	4,289
Tax expense / (benefit)	(9)	10	(8)	10
Net profit / (loss) for the period	(14,941)	4,399	(13,456)	4,280

Balance sheet

	USD m		CHF m	
	30.6.23	31.12.22	30.6.23	31.12.22
Assets				
Current assets	12,965	4,895	11,615	4,524
Non-current assets	171,910	104,509	154,001	96,597
<i>of which: investment in UBS AG</i>	<i>40,889</i>	<i>40,889</i>	<i>36,629</i>	<i>37,793</i>
<i>of which: investment in Credit Suisse AG</i>	<i>9,822</i>		<i>8,799</i>	
Total assets	184,876	109,404	165,615	101,121
Liabilities				
Short-term liabilities	11,000	6,429	9,854	5,942
Long-term liabilities	129,344	64,883	115,869	59,971
Total liabilities	140,344	71,311	125,723	65,913
<i>of which: Deferred Contingent Capital Plan</i>	<i>1,535</i>	<i>1,600</i>	<i>1,375</i>	<i>1,479</i>
<i>of which: other deferred compensation plans</i>	<i>2,576</i>	<i>2,793</i>	<i>2,307</i>	<i>2,581</i>
Equity				
Share capital ¹	346	359	341	352
Statutory capital reserve ²	45,356	23,826	43,440	23,522
<i>of which: capital contribution reserve</i>	<i>55,438</i>	<i>23,826</i>	<i>52,761</i>	<i>23,522</i>
<i>of which: other statutory capital reserve</i>	<i>(10,082)</i>		<i>(9,320)</i>	
Statutory earnings reserve	50		47	
<i>of which: reserve for treasury shares held by subsidiaries</i>	<i>50</i>		<i>47</i>	
Voluntary earnings reserve ²	18,155	16,364	13,855	13,620
Treasury shares	(4,435)	(6,844)	(4,334)	(6,557)
<i>of which: against capital contribution reserve</i>	<i>(1,133)</i>	<i>(2,525)</i>	<i>(1,053)</i>	<i>(2,407)</i>
Net profit / (loss)	(14,941)	4,389	(13,456)	4,271
Equity attributable to shareholders	44,532	38,093	39,893	35,209
Total liabilities and equity	184,876	109,404	165,615	101,121

¹ Refer to "Share information and earnings per share" in the "Risk, capital, liquidity and funding, and balance sheet" section of the UBS Group second quarter 2023 report for information about UBS Group AG shares.
² During the second quarter of 2023, as approved by the Annual General Meeting of Shareholders (the AGM), the payment of an ordinary cash dividend of USD 0.55 (gross) per dividend-bearing share, totaling USD 1.679m (CHF 1,517m), was made, half of it from the capital contribution reserve within the statutory capital reserve and the other half from total profit available for appropriation. The remaining amount of total profit available for appropriation (i.e., USD 3,549m from USD 4,389m respectively CHF 3,512m from CHF 4,271m) was appropriated to the voluntary earnings reserve.

Notes to the UBS Group AG standalone financial information

Basis of accounting

The UBS Group AG standalone financial statements are prepared in accordance with the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

The interim financial information at hand comprises a condensed balance sheet, income statement and notes and is unaudited. It should be read in conjunction with the audited standalone financial statements of UBS Group AG included in the Annual Report 2022.

This interim financial information provides an update of the financial position of UBS Group AG to current and future investors, as well as other interested stakeholders.

Accounting policies

In preparing the interim financial information for UBS Group AG, the same accounting policies and methods of computation have been applied as in the annual standalone financial statements as of 31 December 2022. More information about the accounting policies applied is provided in Note 2 to the UBS Group AG standalone financial statements in the Annual Report 2022. In addition, UBS Group AG adopted the following accounting policies during the reporting period:

Hedge accounting

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

Fair value hedges of interest rate risk related to debt instruments

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

Hedge accounting for Investments in subsidiaries

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

Significant events

Acquisition of Credit Suisse Group AG

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

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

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

Impairment of investment in Credit Suisse AG

Investments in subsidiaries include all subsidiaries directly held by UBS Group AG through which UBS conducts its business on a global basis. The investments are measured individually and carried at cost less impairment. The carrying amount is tested for impairment annually and when indicators of a potential decrease in value exist.

In the reporting period, UBS Group AG recorded an impairment of its investment in Credit Suisse AG of USD 21,855m (CHF 19,648m) in the income statement in *Impairment of the investment in Credit Suisse AG*. The impairment was recorded to align the book value of the assets and liabilities acquired through merger by absorption of Credit Suisse Group AG as of 19 March 2023 with the fair value of the treasury shares provided to the Credit Suisse Group AG shareholders as of 12 June 2023 ("consideration paid approach").

Cancellation of shares and change of the share capital currency

On 5 April 2023, the Annual General Meeting of Shareholders (the AGM) approved the cancellation of 62,548,000 shares, each with a nominal value of CHF 0.10, purchased under the 2021 share repurchase program. Share capital has been reduced by the nominal value of the repurchased shares upon cancellation, i.e., USD 7m (CHF 6m). The capital contribution reserve and the voluntary earnings reserve were each reduced by 50% of the total capital reduction amount exceeding the nominal value upon cancellation of the repurchased shares, i.e., each by USD 554m (CHF 511m). Amounts disclosed in Swiss francs may differ from the purchase price of the shares due to the applied method of converting US dollars to Swiss francs for presentation purposes.

Furthermore, the AGM approved a change of the share capital currency from the Swiss franc to the US dollar, resulting in a slight reduction of the nominal value per share to USD 0.10 (from CHF 0.10), with the amount of the reduction of USD 6m (CHF 5m) allocated to the *Capital contribution reserve*. As a consequence of the change in the share capital currency, the capital contribution reserve was also converted from Swiss francs to US dollars, resulting in an increase of USD 1,602m (CHF 1,482m), with the offset recorded in the *Other statutory capital reserve*. The conversion was implemented with retroactive effect as of 1 January 2023 for accounting purposes based on the closing exchange rate from 30 December 2022.

These events did not change the total equity reported for UBS Group AG.

Cautionary Statement | This report and the information contained herein are provided solely for information purposes, and are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this report. Refer to UBS's most recent Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission (the SEC) on Form 6-K, available at ubs.com/investors, for additional information.

Rounding | Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Percentages and percent changes disclosed in text and tables are calculated on the basis of unrounded figures. Absolute changes between reporting periods disclosed in the text, which can be derived from numbers presented in related tables, are calculated on a rounded basis.

Tables | Within tables, blank fields generally indicate non-applicability or that presentation of any content would not be meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Values that are zero on a rounded basis can be either negative or positive on an actual basis.

UBS Group AG
P.O. Box
CH-8098 Zurich

ubs.com

