

To the General Meeting of
UBS Group AG, Zurich

Basel, 9 March 2023

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



Opinion

We have conducted an audit in accordance with Art. 653m para. 1 of the Swiss Code of Obligations (CO) to determine, based on the financial statements and the result of the notice to creditors, whether the claims of the creditors of UBS Group AG (the Company) are covered in full despite the proposed reduction of the share capital.

In our opinion, the claims of the creditors of the Company are covered in full, despite the proposed reduction of the share capital.



Basis for opinion

We conducted our audit in accordance with Swiss Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Board of Directors' responsibilities

The Board of Directors is responsible for the preparation of the financial statements and the execution of the share capital reduction in accordance with the legal provisions, and for such internal controls as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors' proposal

The Board of Directors proposes to reduce the share capital from CHF 352'463'572.20 currently

divided into 3'524'635'722 registered shares with a nominal value of CHF 0.10 each, by cancelling 62'548'000 registered shares with a nominal value of CHF 0.10 per share, or a total of CHF 6'254'800.00

resulting in a new share capital amount of **CHF 346'208'772.20**

After the reduction, the share capital will be divided into 3'462'087'722 shares with a nominal value of CHF 0.10.



Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the claims of the creditors are covered in full despite the reduction of the share capital, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SA-CH will always detect a material misstatement when it exists. 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 the proposal of the Board of Directors.

As part of an audit in accordance with SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

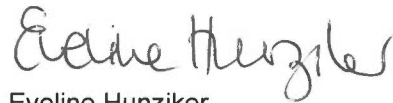
- ▶ Identify and assess the risks of material misstatement in the proposal of the Board of Directors, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one 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 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- ▶ Conclude on the appropriateness of the Board of Directors' 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. Our conclusions are based on 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 continue as a going concern.

Ernst & Young Ltd

A handwritten signature in black ink that reads 'MDA M' followed by a long horizontal flourish.

Maurice McCormick
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink that reads 'Eveline Hunziker' in a cursive style.

Eveline Hunziker
Licensed audit expert

Enclosure

- ▶ Balance Sheet as of 31 December 2022 (before and after the reduction)

Balance sheet of UBS Group AG

In million	Before capital reduction as of 31 December 2022		Capital reduction – cancellation of shares		Total after capital reduction ¹	
	USD	CHF ²	USD	CHF ²	USD	CHF ²
Assets						
Liquid assets	1,312	1,213			1,312	1,213
Marketable securities	106	98			106	98
Other short-term receivables	2,638	2,438			2,638	2,438
Accrued income and prepaid expenses	839	775			839	775
Total current assets	4,895	4,524			4,895	4,524
Investments in subsidiaries	41,199	38,080			41,199	38,080
<i>of which: investment in UBS AG</i>	<i>40,889</i>	<i>37,793</i>			<i>40,889</i>	<i>37,793</i>
Financial assets	62,975	58,207			62,975	58,207
Other non-current assets	336	310			336	310
Total non-current assets	104,509	96,597			104,509	96,597
Total assets	109,404	101,121			109,404	101,121
<i>of which: amounts due from subsidiaries</i>	<i>67,514</i>	<i>62,403</i>			<i>67,514</i>	<i>62,403</i>
Liabilities						
Current interest-bearing liabilities	4,344	4,015			4,344	4,015
Accrued expenses and deferred income	2,084	1,927			2,084	1,927
Total short-term liabilities	6,429	5,942			6,429	5,942
Long-term interest-bearing liabilities	61,682	57,012			61,682	57,012
Compensation-related long-term liabilities	3,201	2,959			3,201	2,959
Total long-term liabilities	64,883	59,971			64,883	59,971
Total liabilities	71,311	65,913			71,311	65,913
<i>of which: amounts due to subsidiaries</i>	<i>2,614</i>	<i>2,416</i>			<i>2,614</i>	<i>2,416</i>
Equity						
Share capital	359	352	(6)	(6)	353	346
General reserves	23,826	23,522	(554)	(511)	23,271	23,011
<i>of which: statutory capital reserve</i>	<i>23,826</i>	<i>23,522</i>	<i>(554)</i>	<i>(511)</i>	<i>23,271</i>	<i>23,011</i>
<i>of which: capital contribution reserve</i>	<i>23,826</i>	<i>23,522</i>	<i>(554)</i>	<i>(511)</i>	<i>23,271</i>	<i>23,011</i>
Voluntary earnings reserve	16,364	13,620	(554)	(511)	15,810	13,109
Treasury shares	(6,844)	(6,557)	1,115	1,028	(5,729)	(5,529)
<i>of which: against capital contribution reserve</i>	<i>(2,525)</i>	<i>(2,407)</i>	<i>554</i>	<i>511</i>	<i>(1,971)</i>	<i>(1,896)</i>
Net profit / (loss)	4,389	4,271			4,389	4,271
Equity attributable to shareholders	38,093	35,209	0	0	38,093	35,209
Total liabilities and equity	109,404	101,121	0	0	109,404	101,121

¹ Reflects the balance sheet of UBS Group AG as of 31 December 2022 as disclosed in the standalone financial statements after the effects of the capital reduction due to cancellation of 62,548,000 shares, as proposed to the AGM on 5 April 2023. ² Disclosed in Swiss Francs as additional presentation currency. Amounts in Swiss Francs for shares repurchased under the 2021 share repurchase program may differ from the purchase price due to the applied method of converting US dollar to Swiss Francs for presentation purposes.