

To the General Meeting of
UBS Group AG, Zurich

Basel, 4 March 2021

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

We have audited in accordance with article 732 para. 2 Swiss Code of Obligations (CO) whether the claims of the creditors of UBS Group AG are fully covered despite the proposed reduction of the share capital.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the balance sheet as of 31 December 2020 and for executing the capital reduction in accordance with the legal requirements.

Board of Directors' proposal

The Board of Directors proposes to reduce the current share capital of CHF 385'905'539.50 divided into 3'859'055'395 registered shares with a nominal value of CHF 0.10

By cancelling 156'632'400 registered shares with a nominal value of CHF 0.10 per share or a total of CHF 15'663'240.00

resulting in a new share capital amount of CHF 370'242'299.50

After the reduction, the share capital will be divided into 3'702'422'995 shares with a nominal value of CHF 0.10.

Auditor's responsibility

Our responsibility is to express an opinion based on our audit as to whether the claims of the creditors are fully covered despite the reduction of the share capital. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the claims of the creditors are fully covered despite the reduction of the share capital.

An audit involves performing procedures to obtain audit evidence about the disclosures in the Board of Directors' proposal. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the proposal, whether due to fraud or error.

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

Opinion

In our opinion, the claims of the creditors of UBS Group AG are fully covered despite the proposed reduction of the share capital.

Ernst & Young Ltd



Maurice McCormick
Licensed audit expert
(Auditor in charge)



Bruno Patusi
Licensed audit expert

Enclosure

- ▶ Balance Sheet as of 31 December 2020 (before and after the capital reduction)

Balance Sheet of UBS Group AG

<i>In million</i>	Before capital reduction as of 31 December 2020		Treasury shares repurchased in 2021 ¹		Total before capital reduction		Capital reduction		Total after capital reduction ²	
	USD	CHF ³	USD	CHF ³	USD	CHF ³	USD	CHF ³	USD	CHF ³
Assets										
Liquid assets	2,198	1,946	(112)	(101)	2,085	1,845			2,085	1,845
Marketable securities	84	74			84	74			84	74
Other short-term receivables	5,555	4,919			5,555	4,919			5,555	4,919
Accrued income and prepaid expenses	947	839			947	839			947	839
Total current assets	8,784	7,779	(112)	(101)	8,672	7,678			8,672	7,678
Investments in subsidiaries	41,199	36,483			41,199	36,483			41,199	36,483
<i>of which: investment in UBS AG</i>	<i>40,889</i>	<i>36,209</i>			<i>40,889</i>	<i>36,209</i>			<i>40,889</i>	<i>36,209</i>
Financial assets	50,062	44,332			50,062	44,332			50,062	44,332
Other intangible assets	4	3			4	3			4	3
Other non-current assets	21	19			21	19			21	19
Total non-current assets	91,286	80,837			91,286	80,837			91,286	80,837
Total assets	100,071	88,616	(112)	(101)	99,959	88,515			99,959	88,515
<i>of which: amounts due from subsidiaries</i>	<i>58,340</i>	<i>51,662</i>	<i>(112)</i>	<i>(101)</i>	<i>58,228</i>	<i>51,562</i>			<i>58,228</i>	<i>51,562</i>
Liabilities										
Current interest-bearing liabilities	3,853	3,412			3,853	3,412			3,853	3,412
Accrued expenses and deferred income	2,097	1,857			2,097	1,857			2,097	1,857
Total short-term liabilities	5,950	5,269			5,950	5,269			5,950	5,269
Long-term interest-bearing liabilities	50,993	45,156			50,993	45,156			50,993	45,156
Compensation-related long-term liabilities	3,128	2,770			3,128	2,770			3,128	2,770
Total long-term liabilities	54,120	47,925			54,120	47,925			54,120	47,925
Total liabilities	60,071	53,194			60,071	53,194			60,071	53,194
<i>of which: amounts due to subsidiaries</i>	<i>1,268</i>	<i>1,123</i>			<i>1,268</i>	<i>1,123</i>			<i>1,268</i>	<i>1,123</i>
Equity										
Share capital	393	386			393	386	(16)	(16)	377	370
General reserves	27,048	26,506			27,048	26,506	(236)	(224)	26,812	26,282
<i>of which: statutory capital reserve</i>	<i>27,048</i>	<i>26,506</i>			<i>27,048</i>	<i>26,506</i>	<i>(236)</i>	<i>(224)</i>	<i>26,812</i>	<i>26,282</i>
<i>of which: capital contribution reserve</i>	<i>27,048</i>	<i>26,506</i>			<i>27,048</i>	<i>26,506</i>	<i>(236)</i>	<i>(224)</i>	<i>26,812</i>	<i>26,282</i>
Voluntary earnings reserve	12,738	8,812			12,738	8,812	(1,792)	(1,762)	10,946	7,050
Treasury shares	(4,020)	(3,917)	(112)	(101)	(4,132)	(4,018)	2,044	2,001	(2,089)	(2,017)
<i>of which: against capital contribution reserve</i>	<i>(180)</i>	<i>(174)</i>	<i>(56)</i>	<i>(50)</i>	<i>(236)</i>	<i>(224)</i>	<i>236</i>	<i>224</i>	<i>0</i>	<i>0</i>
Reserve for own shares held by subsidiaries	0	0			0	0			0	0
Net profit / (loss)	3,841	3,635			3,841	3,635			3,841	3,635
Equity attributable to shareholders	40,000	35,421	(112)	(101)	39,888	35,321	0	0	39,888	35,321
Total liabilities and equity	100,071	88,616	(112)	(101)	99,959	88,515	0	0	99,959	88,515

¹ Additional shares repurchased under the 2018-2021 share repurchase program in January and February 2021. ² Reflects the balance sheet of UBS Group AG as of 31 December 2020 as disclosed in the standalone financial statements after the effects of the capital reduction as proposed to the AGM on 8 April 2021. ³ Disclosed in Swiss Francs as additional presentation currency. Amounts in Swiss Francs for shares repurchased under the 2018-2021 share repurchase program may differ from the purchase price due to the applied method of converting US dollar to Swiss Francs for presentation purposes.