UBS acquisition of Credit Suisse: Overview of pro forma financials and other terms

This presentation summarizes key terms of the Pro forma financial statements and Loss Protection Agreement included in the Form F-4 as amended and filed by UBS Group AG in connection with the acquisition of Credit Suisse and should be read in conjunction therewith

12 June 2023

Important information

Forward Looking Statements: This presentation contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development and goals or intentions to achieve climate, sustainability and other social objectives. While these forward-looking statements represent UBS's judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. UBS's business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2022. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Alternative Performance Measures: In addition to reporting results in accordance with International Financial Reporting Standards (IFRS), UBS reports certain measures that may qualify as Alternative Performance Measures as defined in the SIX Exchange Directive on Alternative Performance Measures, under the guidelines published by the European Securities Market Authority (ESMA), or defined as Non-GAAP financial measures in regulations promulgated by the US Securities and Exchange Commission (SEC). Please refer to "Alternative Performance Measures" in the appendix of UBS's Quarterly Report for the first quarter of 2023 for a list of all measures UBS uses that may qualify as APMs.

Disclaimer: This presentation and the information contained herein are provided solely for information purposes, and are not to be construed as a 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 document. No representation or warranty is made or implied concerning, and UBS assumes no responsibility for, the accuracy, completeness, reliability or comparability of the information contained herein relating to third parties, which is based solely on publicly available information. UBS undertakes no obligation to update the information contained herein.

Available Information: UBS's Annual Report, Quarterly Reports, SEC filings on Form 20-F and Form 6-K, as well as investor presentations and other financial information are available at ubs.com/investors. UBS's Annual Report on Form 20-F, quarterly reports and other information furnished to or filed with the US Securities and Exchange Commission on Form 6-K are also available at the SEC's website: www.sec.gov

Basel III RWA, LRD and capital: Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB rules as of 1.1.20 that became effective on 1.7.16, unless otherwise stated. Basel III risk-weighted assets in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20 unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III. Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20, unless otherwise stated. Refer to the "Capital management" section in the 1Q23 report for more information.

Numbers presented in US dollars unless otherwise indicated. Currency translation of monthly income statement items of operations with a functional currency other than the US dollar are translated with month-end rates into US dollar.

Definitions: "Earnings per share" refers to diluted earnings per share. "Litigation" refers to net additions/releases to provisions for litigation regulatory and similar matters reflected in the income statement for the relevant period. "Net profit" refers to net profit attributable to shareholders. "Sustainability-focus and impact" refers to sustainability-focus and impact investing; sustainability focus refers to strategies that have sustainability as an explicit part of the investment guidelines, universe, selection, and/or investment process that drive the strategy; impact investing refers to strategies that have an explicit intention to generate measurable, verifiable, positive sustainability outcomes. "Net new fee-generating assets" exclude the effects on fee-generating assets of strategic decisions by UBS to exit markets or services.

Rounding: Numbers presented throughout this presentation 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.

Updates

UBS currently expects its CET1 ratio to be around 14% in 2Q and to remain around that level throughout 2023, as we expect CS operating losses and significant restructuring charges to be offset by reductions in RWA.

Slides 4-10

Certain rulings and interpretations by FINMA

- Increases in UBS Group's prudential capital surcharge based on market share in Switzerland and total exposures will, in general, be phased in beginning after the end of 2025 with the phase in path to be determined based on an integration plan to be developed by UBS Group.
- UBS Group may temporarily continue to apply certain capital and liquidity rulings previously provided to Credit Suisse.
- UBS Group may reflect some accounting-related adjustments to temporarily compensate for unintended impacts of interest rate driven fair value adjustments on certain held-to-maturity portfolios.
- Each of UBS Group AG and Credit Suisse AG may temporarily continue to use their respective existing rules and models for calculating risk-weighted assets.
- Supervisory expectations for liquidity coverage ratios to be maintained by UBS Group and each Swiss banking subsidiary.

Slides 12-15

Incorporation of the Loss Protection Agreement

- No impact on purchase price allocation; baseline for loss calculations is UBS accounts as of 31 May 2023, after purchase accounting adjustments.
- A signing fee of CHF 40m, annual maintenance fee of CHF 36m, and drawn portion fee which steps up based on the level of realized and unrealized losses.
- Loss Protection Agreement to cover around CHF 44bn of CS leverage ratio denominator[1].

Credit Suisse's borrowings under additional liquidity facilities as of 31 March 2023 included borrowings of CHF 20bn under the Public Liquidity Backstop. CS has made repayments of CHF 10bn on 20 April, CHF 5 bn on 17 May, and the remaining balance of CHF 5 bn on May 30.

1 Based on CS balance sheet as of 31.3.23, does not include purchase accounting adjustments

Pro forma financial information

Basis for preparation of pro forma financial information

The unaudited pro forma condensed combined financial information included in the registration statement (hereafter "pro forma financial information") has been prepared in accordance with the requirements of Article 11 of SEC Regulation S-X *Pro forma financial information*. It includes a balance sheet as of 31.12.22, which gives effect to the transaction as if it had closed on 31.12.22, and an income statement for the year ended 31.12.22, which gives effect to the transaction as if it had closed on 1.1.22.

Pursuant to IFRS 3 "Business Combinations", the acquirer records all the identifiable assets acquired and liabilities assumed, including contingent liabilities, at their respective fair values on the completion date, with limited exceptions. Adjustments to any provisional amounts are allowed during the subsequent 12 months following the acquisition date.

Any excess of the net fair value of the assets and liabilities over the consideration transferred will be recorded at the completion date as a gain (negative goodwill) in the income statement. Assuming the transaction closes as planned in the second quarter, we will show consolidated financial statements, including negative goodwill, with our 2Q23 earnings.

The purchase price accounting is dependent upon performance of detailed valuations and other analyses that have yet to progress to a stage that informs a definitive measurement. UBS intends to complete the valuations and other assessments upon completion of the transaction and will finalize the purchase price allocation within the required 12-month period.

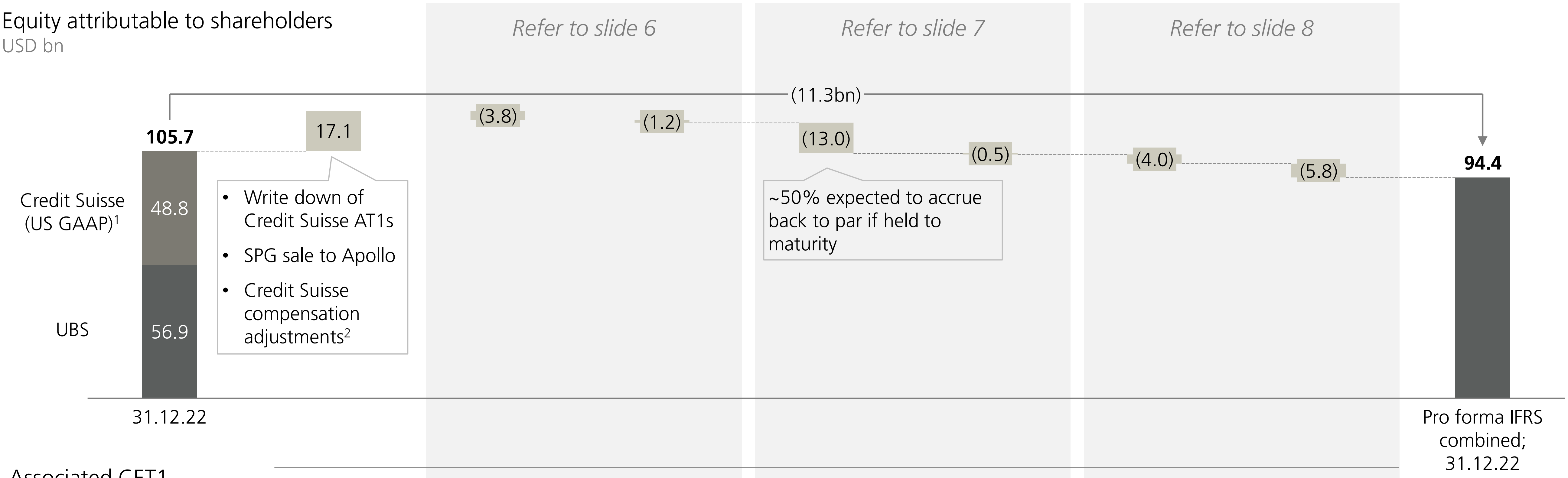
The various assets and liabilities of Credit Suisse have been measured based on preliminary estimates starting from the Credit Suisse's year ended 31.12.22 audited balance sheet and income statement. The assumptions underlying the respective adjustments are described in the accompanying notes. Differences between these preliminary estimates and the final accounting will occur, and these differences could have a material impact on the accompanying unaudited pro forma financial information and the future combined results of operations or combined financial condition of UBS.

The unaudited pro forma condensed combined financial information does not purport to represent what UBS's actual results of operations or financial condition would have been had the transaction occurred on the dates indicated, nor is it necessarily indicative of future results of operations or financial condition.

In connection with the merger, and following discussions with UBS Group, FINMA has made several rulings described on slide 2. UBS Group AG expects that the adjustments and/or transitional measures will be effected by way of interpretations and rulings by FINMA under its ordinary statutory and supervisory authority. As such, FINMA would not rely on the Special Ordinance, and the effectiveness of such adjustments and/or measures is not dependent on the enactment of the Special Ordinance into ordinary law.

The pro forma combined UBS Group LCR as of 31.3.23, which assumes closure of the transaction as of that date and includes the effect of SNB facilities, is higher than the UBS Group published LCR as of 31.3.23.

Preliminary combined pro forma shareholders' equity estimate as of 31.12.22



Associated CET1 capital impacts[3]
USD bn

Credit Suisse events in 2023 as mentioned above	US GAAP / IFRS conversion	Goodwill and intangibles	Fair value adjustments on financial assets and liabilities[5]	Fair value adjustments on non-financial assets and liabilities	Litigation, regulatory and similar matters	Other
17	0	0	(<13)[4]	(1)	(4)	1

Refer to slide 10 for the individual components of the categories in the chart; **1** Credit Suisse reported Shareholders' equity (US GAAP) as of 31.12.22 has been translated to USD using a CHF/USD spot rate of 1.08 as of 31.12.22; **2** Estimated balance sheet impact of a write down of contingent capital awards issued by Credit Suisse and specific mandated Credit Suisse compensation cancellations as communicated by the Swiss government to Credit Suisse in 2Q23; **3** As of 31.3.23, UBS CET1 capital was 45bn. The net addition from the transaction would be the CET1 capital of Credit Suisse of 54bn (based on a 31.3.23 CHF/USD rate of 1.09) and the above (<17bn) of adjustments, excluding the first column which is already incorporated in Credit Suisse's CET1 capital as of 31.3.23, as well as an estimated (1bn) reduction from the elimination of the reversal of cash flow hedge losses in Credit Suisse's CET1 capital calculations. Therefore the pro forma combined CET1 capital would be >81bn. This would translate into >70% CET1 capital per share accretion; **4** Given FINMA ruling on adjustments to temporarily compensate for unintended impacts of interest rate driven fair value adjustments on certain held-to-maturity portfolios; **5** Excludes fair value adjustments to debt issued as well as ECL allowances and provisions, which are covered in the "Other" category

US GAAP / IFRS conversion; Goodwill and intangibles

USD bn	Adjustment	Assets	Liabilities	Equity	CET1 impact	Comments
US GAAP / IFRS conversion	Reversal of US GAAP derivative netting impacts	89.2	89.2			
	Trade date to settlement date accounting	(10.5)	(10.5)			
	Derecognition of certain positions recognized under US GAAP	(3.2)	(3.2)			
	Derecognition of pension assets under IFRS	(3.8)				
	Subtotal	**71.7**	**75.5**	**(3.8)**	**-**	CET1 neutral
Goodwill and intangibles	Elimination of Credit Suisse goodwill	(3.1)				
	Estimated fair value of intangible assets acquired	2.0				
	Write down of existing intangible assets	(0.1)				
	Subtotal	**(1.2)**	**-**	**(1.2)**	**-**	CET1 neutral

US GAAP / IFRS conversion

- Includes various impacts, most of which are net neutral to equity and CET1 capital.
- Net equity impact driven by the de-recognition of pension assets, which is neutral to CET1.

Goodwill and intangibles

- Full elimination of Credit Suisse goodwill, as required in acquisition accounting.
- 2.0bn recognition of estimated fair value related to new identifiable intangible assets, primarily from customer relationships and core deposits.
- 0.1bn write-down of existing intangible assets.
- All of these adjustments are neutral to tangible equity and CET1.

Updated on
12 June 2023

Fair value adjustments on financial and non-financial assets and liabilities

USD bn	Adjustment	Assets	Liabilities	Equity	CET1 impact	Comments
Fair value adjustments on financial assets and liabilities[1]	Loans and advances to customers	(5.9)				Will be partially CET1 neutral due to FINMA ruling
	Financial assets at fair value held for trading	(3.0)				
	Financial assets at fair value not held for trading	(1.0)				
	Provisions related to unfunded loan commitments		3.1			
	Subtotal	**(9.9)**	**3.1**	**(13.0)**	**(<13)**	~50% expected to accrue back to par if held to maturity
Fair value adjustments on non-financial assets and liabilities	Real estate	1.0				
	Capitalized software	(2.0)				
	DTA/DTL adjustments	(0.1)	(0.6)			
	Subtotal	**(1.1)**	**(0.6)**	**(0.5)**	**(1)**	DTA/DTL adjustments are largely CET1 neutral

Fair value adjustments on financial assets and liabilities

- Various fair value marks reflecting our preliminary best estimates which are subject to change once further analyses are performed and as additional information becomes available. These changes may be material.
  - 5.9bn mark-downs on accrual assets. Around half of the 5.9bn discount stems from fixed rate products, in particular Swiss mortgages, which are expected to accrue back to par if the product is held to its maturity. Also includes wealth management loans, of which a portion is expected to accrue to par.
  - 3.0bn mark-downs on fair value assets held for trading reflect our best estimate of the fair value of individual positions and valuation adjustments for a range of uncertainties including liquidity and model risks given the illiquid nature of some positions and structural complexities and consideration of the markets for potential strategic exit of certain positions.
  - 1.0bn mark-downs on fair value assets not held for trading reflect our best estimate of certain unobservable or more complex portfolios in markets for potential strategic exit.
  - 3.1bn increase in provisions reflecting our best estimate of the fair value of accrual-accounted unfunded loan commitments primarily in the relationship lending portfolio, which are required to be fair valued under IFRS 3 acquisition rules. For the portion retained, the initial mark is expected to accrete back into fee and commission income over the life of the loan commitment.

Fair value adjustments on non-financial assets and liabilities

- 1.0bn mark-up of real estate properties held by Credit Suisse at cost, based on a preliminary valuation analysis performed for the most significant properties, referencing limited information provided by Credit Suisse.
- 2.0bn mark-down of capitalized software based on an initial scenario analysis, including high-level information about the components of capitalized software received from Credit Suisse by business division.
- Derecognition of DTAs for 0.1bn as well as derecognition and recognition of certain DTLs, resulting in a net 0.6bn decrease in liabilities.

UBS

1 Excludes fair value adjustments to debt issued as well as ECL allowances and provisions, which are covered in the “Other” category on slide 10

Litigation, regulatory and other similar matters; other

USD bn	Adjustment	Assets	Liabilities	Equity	CET1 impact	Comments
Litigation, regulatory and similar matters	IFRS 3 recognition of possible outflows		4.0			
	Subtotal		**4.0**	**(4.0)**	**(4)**	
Other	Debt issued measured at amortized cost		(0.2)			
	o/w: Impact of UBS's own credit spread		*1.0*			CET1 neutral
	o/w: Impact of interest rates into amortized cost securities not hedge accounted		*(1.2)*			CET1 impact will be affected by FINMA ruling
	Debt issued designated at fair value		5.3			
	o/w: Reversal of own credit gain recognized on fair value debt		*5.1*			CET1 neutral
	o/w: Impact of UBS's own credit spread		*0.2*			CET1 neutral
	Estimated acquisition-related costs		0.2			
	o/w: Incurred by UBS		*0.1*			Does not impact negative goodwill
	o/w: Incurred by Credit Suisse		*0.1*			
	Intercompany elimination adjustments	(4.1)	(4.1)			
	Expected credit losses under IFRS 9	(0.3)	0.2			Does not impact negative goodwill or CET1
	Subtotal	**(4.4)**	**1.4**	**(5.8)**	**1**	

Litigation, regulatory and other similar matters

- IFRS 3 requires us to recognize contingent liabilities for all present obligations included in the scope of the acquisition at fair value upon closing, **even if it is not probable** that they will result in an outflow of resources.
- The additional 4.0bn in provisions reflects the **possible** outflows from litigation, regulatory and similar matters.

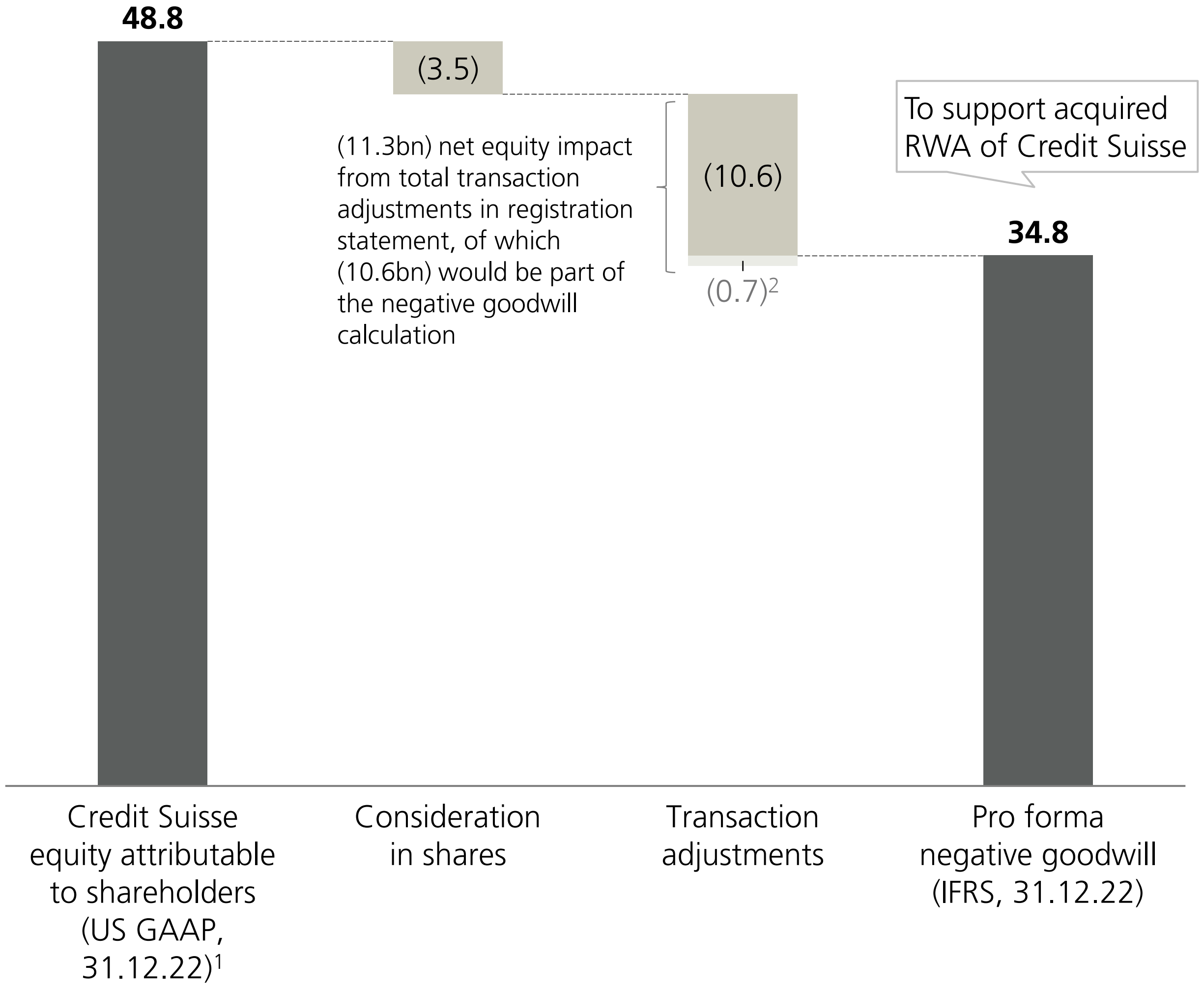
Other adjustments

- (5.1bn) net equity impact from Debt issued, including own credit which is CET1 neutral
  - Calculated using UBS funding spreads as at 31.3.23 to give an estimate of the impacts at the merger closure date, given the significant movement in funding spreads across 1Q23
- (0.5bn) net equity impact from expected credit losses (ECL) under IFRS 9, which do not impact negative goodwill or CET1 capital (as the Basel 3 expected losses exceed IFRS 9 ECL).

Preliminary negative goodwill will support the combined group's capital position and underpin acquired RWAs

Negative goodwill to be booked as a gain in the income statement upon closing; preliminary numbers subject to change

USD bn



- Consideration in shares based on UBS share price on 5 May 2023.
  - Each Credit Suisse share will be exchanged for 1/22.48 UBS shares.
  - Includes the estimated fair value of outstanding share-based compensation awards for Credit Suisse employees that is attributable to pre-combination service.
- The negative goodwill estimate is preliminary, and the final amount may differ materially from the amounts presented here.
  - IFRS 3 allows for a further 12 months to finalize provisional amounts after the acquisition date.
  - Includes 17.1bn of Credit Suisse events in 1Q23
  - See slides 5 and 10 for list of items relevant to CET1 capital
- Transaction adjustments totaling (0.7bn) net equity impacts will not be part of negative goodwill.
  - Estimated (546m) adjustment related to ECL recognition to be booked through the income statement on day-1.
  - Estimated (0.1bn) acquisition-related costs incurred by UBS until closing of the transaction, including (70m) already incurred in 1Q23.
- A restructuring provision may be booked after the transaction closes.

UBS

1 Credit Suisse reported Shareholders' equity (US GAAP) as of 31.12.22 in CHF has been translated to USD using a spot rate of 1.08 (CHF/USD) as of 31.12.22; **2** (0.5bn) impact from recognition of ECL allowances and provisions and (0.1bn) UBS acquisition-related costs are not included in the calculation of negative goodwill

All balance sheet adjustments

USD bn	Adjustment	Assets	Liabilities	Equity	CET1 impact	Comments
Credit Suisse events in 1Q23	Write down of Credit Suisse AT1s		(15.9)			
	SPG sale to Apollo	(4.2)	(5.0)			
	Credit Suisse compensation cancellations		(0.4)			
	Subtotal	**(4.2)**	**(21.3)**	**17.1**	**17**	
US GAAP / IFRS conversion	Reversal of US GAAP derivative netting impacts	89.2	89.2			
	Trade date to settlement date accounting	(10.5)	(10.5)			
	Derecognition of certain positions recognized under US GAAP	(3.2)	(3.2)			
	Derecognition of pension assets under IFRS	(3.8)				
	Subtotal	**71.7**	**75.5**	**(3.8)**	**-**	CET1 neutral
Goodwill and intangibles	Elimination of Credit Suisse goodwill	(3.1)				
	Estimated fair value of intangible assets acquired	2.0				
	Write down of existing intangible assets	(0.1)				
	Subtotal	**(1.2)**	**-**	**(1.2)**	**-**	CET1 neutral
Fair value adjustments on financial assets and liabilities	Loans and advances to customers	(5.9)				Will be partially CET1 neutral due to FINMA ruling
	Financial assets at fair value held for trading	(3.0)				
	Financial assets at fair value not held for trading	(1.0)				
	Provisions related to unfunded loan commitments		3.1			
	Subtotal	**(9.9)**	**3.1**	**(13.0)**	**(<13)**	~50% expected to accrue back to par if held to maturity
Fair value adjustments on non-financial assets and liabilities	Real estate	1.0				
	Capitalized software	(2.0)				
	DTA/DTL adjustments	(0.1)	(0.6)			
	Subtotal	**(1.1)**	**(0.6)**	**(0.5)**	**(1)**	DTA/DTL adjustments are largely CET1 neutral
Litigation, regulatory and similar matters	IFRS recognition of possible outflows		4.0			
	Subtotal		**4.0**	**(4.0)**	**(4)**	
Other	Debt issued measured at amortized cost		(0.2)			
	o/w: Impact of UBS's own credit spread		*1.0*			CET1 neutral
	o/w: Impact of interest rates into amortized cost securities not hedge accounted		*(1.2)*			CET1 impact will be affected by FINMA ruling
	Debt issued designated at fair value		5.3			
	o/w: Reversal of own credit gain recognized on fair value debt		*5.1*			CET1 neutral
	o/w: Impact of UBS's own credit spread		*0.2*			CET1 neutral
	Estimated acquisition-related costs		0.2			
	o/w: Incurred by UBS		*0.1*			Does not impact negative goodwill
	o/w: Incurred by Credit Suisse		*0.1*			
	Intercompany elimination adjustments	(4.1)	(4.1)			
	Expected credit losses under IFRS 9	(0.3)	0.2			Does not impact on negative goodwill or CET1
	Subtotal	**(4.4)**	**1.4**	**(5.8)**	**1**	
Total		**50.8**	**62.1**	**(11.3)**	**>0**	

Loss Protection Agreement

Overview

The Loss Protection Agreement (LPA) was reached with the Swiss Confederation based on the amended Ordinance on Additional Liquidity Assistance Loans and the Granting of Federal Default Guarantees for Liquidity Assistance Loans from the Swiss National Bank to Systemically Important Banks and has been filed as part of an update to our F4 filing, in line with the SEC requirements.

Assets covered by the LPA representing around CHF 44bn of CS leverage ratio denominator[1] include loans, derivatives, legacy and structured products that are predominantly part of the current Credit Suisse Capital Resolution Unit and will become part of the new Non-Core and Legacy unit at UBS.

The scope of the Non-Core and Legacy unit at UBS is in the process of being defined and will include additional assets and liabilities that will not be covered by the guarantee.

Further details on the assets covered by the guarantee including RWA, LRD, and capital treatment will be given with 2Q results. This is to allow UBS to undertake a review of the assets after closing, as it gains access to the CS balance sheet. UBS will be able to dispose of assets during this time.

The starting balance sheet is fixed as 31 May 2023 and gives effect to purchase accounting adjustments.

On 19 March 2023 the Swiss Confederation authorized a loss protection agreement (the "Loss Protection Agreement") in favor of UBS Group AG for CHF 9bn if losses incurred by UBS Group AG on certain assets held by Credit Suisse entities exceeded CHF 5bn.

This is outlined in the Amendment to the Ordinance on Additional Liquidity Assistance Loans and the Granting of Federal Default Guarantees for Liquidity Assistance Loans from the Swiss National Bank to Systemically Important Banks published on 19 March 2023.

Any further loss guarantee exceeding CHF 14 billion requires a separate legal basis in the form of a parliamentary approval in the ordinary legislative procedure as well as the commitment credit.

1 Based on CS balance sheet as of 31.3.23, does not include purchase accounting adjustments

Key terms of the Loss Protection Agreement (1/3)

General

Parties:	Swiss Confederation and UBS Group AG.
Effective date:	9 June 2023, i.e. effective from completion of the Merger ("Day 1").
Maturity date:	Upon realization / maturity of the last remaining asset covered by the guarantee *(see Drawdown and Close Out right on slide 14).*
Loss share:	UBS takes first CHF 5bn of loss, Confederation CHF 9bn of loss beyond this.
Guarantee fees and costs:	• CHF 40m signing fee (to cover the external costs of the Confederation's advisers in setting up the Guarantee) payable in two instalments on 30.6.23 and 30.9.23. • CHF 36m (40bps of CHF 9bn) annual maintenance fee payable quarterly the first time on 31.12.23. • An annual drawn portion fee which steps up based on the level of realized and unrealized losses (up to an amount equal to CHF 360m), to be set off against any guaranteed amounts which are drawn under the LPA. Payable only if drawdown demand is made. • UBS generally bears the initial and ongoing reasonable external costs for the Confederation beyond the signing and maintenance fees.

Scope of coverage

Covered assets:	Certain assets and exposures of CS Group as at 31.3.23 that are considered non-core to UBS and require tail risk protection. The assets within the perimeter of the guarantee are static from Day 1 with limited exceptions including dynamic components (e.g. hedging) and a right for UBS to remove loss-making assets at any time without guarantee protection. Covered Assets will fall into four portfolio categories: loans, derivatives, legacy and structured products. Assets in these portfolios will be covered under the guarantee from Day 1. The covered assets are defined conclusively at the level of individual assets ("line-by-line").
Excluded assets:	Assets that are subsequently found after Day 1 not to comply with certain criteria may be excluded from the LPA. These include assets not owned by CS Group on 31.3.23, those that are non-compliant with law, pre-existing exposures between UBS and CS Groups, assets with existing (not future) sanction issues, and any assets not defined in detail on Day 1 beyond the value of their initial estimated maximum financial exposure. All existing and future litigation matters are also excluded from the LPA with the exception of protective litigation to preserve asset values.

Key terms of the Loss Protection Agreement (2/3)

Realization and loss calculation mechanics

Initial valuation and currency:	Initial valuation in UBS's accounts at 31.5.23 after giving effect to purchase accounting adjustments to be the baseline for loss calculation. All values to be in USD with USD converted to CHF at point of realization of an asset. UBS to provide initial valuations, projected and established loss budgets and exit plans for each pre-defined asset portfolio within 120 days of signing, for subsequent agreement with the Confederation.
Realizations:	UBS can start realizing assets from Day 1. For realizations that occur within the first 120 days before initial valuations of assets are finalized, the maximum loss incurred cannot exceed CHF 200m, with exceptions for Covered Assets that come with reputational or legal risk.
Losses covered:	Essentially realized, financial losses on the portfolio. Limited exceptions for reasonable costs of hedging, asset realization (including transactional taxes) and protective litigation. Other costs including operating / infrastructure, funding, operational risk costs not covered by the LPA. Any gains (other than asset income) in the portfolio to be offset against losses. Any difference in value between the CS valuation of an asset as at 31.3.23 and the UBS initial value for that asset will be taken into account in reducing loss or increasing gains that may otherwise have occurred on other Covered Assets.

Drawdown mechanics

Drawdown under Guarantee:	In a single payment upon final realization of all guaranteed assets. Drawdown to cover losses incurred up until the point of UBS serving a demand for payment, with accruals / provisions to be taken into account at that time for any future / unknown items. Timing of the drawdown demand is at UBS' option. No interest is paid between time of realization of assets and final drawdown payment by the Confederation.
Close Out right:	UBS can elect to close out the guarantee at any time after 5 years but with no guarantee protection for residual loss-making assets and any expected gains on assets being deducted from payment under the LPA. Valuation of the remaining assets needs to be below 20% of all Covered Assets under the LPA at its outset.
Payment mechanics:	Once UBS serves a drawdown demand, the Confederation will request that FINMA confirm the loss amount as required by the Ordinance. The Confederation will make payment no later than 9 months following receipt of the FINMA confirmation to enable the Parliamentary budgeting process to occur.

Key terms of the Loss Protection Agreement (3/3)

Miscellaneous

Governance:	UBS is required to manage the Covered Assets in a prudent and diligent manner with a view to minimizing loss and maximizing realization value. The Covered Assets will form a part of UBS' Non-core and Legacy segment, with various policies, an Oversight Committee (including representation from the Confederation), and adequate governance arrangements being established to govern and manage the Covered Assets. The Confederation has broad monitoring, information, oversight and audit rights.
Termination:	UBS has an ability to terminate at any time and for any reason; the Confederation can terminate for intentional breach of specific information delivery and payment obligations, as well as UBS moving its HQ outside Switzerland, with partial termination of the Guarantee for matters that only impact certain Covered Assets and an option to suspend those assets from the Guarantee instead.
Dispute resolution mechanism:	In the event of disputes on certain matters, the parties would follow a dispute resolution mechanism (escalating management discussions then an expert determination).
Governing law:	Swiss law, jurisdiction of the Swiss Federal Administrative Court.

Cautionary statement regarding forward-looking statements

Cautionary Statement Regarding Forward-Looking Statements I This presentation contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development and goals or intentions to achieve climate, sustainability and other social objectives. While these forward-looking statements represent UBS's judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. The Russia–Ukraine war has led to heightened volatility across global markets, exacerbated global inflation, and slowed global growth. In addition, the war has caused significant population displacement, and if the conflict continues or escalates, the scale of disruption will increase and continue to cause shortages of vital commodities, including energy shortages and food insecurity, and may lead to recessions in OECD economies. The coordinated sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the war will widen and intensify, may have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. This creates significantly greater uncertainty about forward-looking statements. In addition, turmoil in the banking industry has increased and, at the urging of Swiss authorities, UBS has announced historic plans to merge with another global systemically important bank in Switzerland. The transaction creates considerable integration risk. Other factors that may affect our performance and ability to achieve our plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (iii) increased inflation and interest rate volatility in major markets; (iv) developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates, deterioration or slow recovery in residential and commercial real estate markets, the effects of economic conditions, including increasing inflationary pressures, market developments, increasing geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS's clients and counterparties, as well as on client sentiment and levels of activity, including the COVID-19 pandemic and the measures taken to manage it, which have had and may also continue to have a significant adverse effect on global and regional economic activity, including disruptions to global supply chains and labor market displacements; (v) changes in the availability of capital and funding, including any adverse changes in UBS's credit spreads and credit ratings of UBS, Credit Suisse, sovereign issuers, structured credit products or credit-related exposures, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (vi) changes in central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the European Union and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS's business activities; (vii) UBS's ability to successfully implement resolvability and related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS in response to legal and regulatory requirements, or other developments; (viii) UBS's ability to maintain and improve its systems and controls for complying with sanctions in a timely manner and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in current geopolitical turmoil; (ix) the uncertainty arising from domestic stresses in certain major economies; (x) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers adversely affect UBS's ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to our businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA, as well as the amount of capital available for return to shareholders; (xiii) the effects on UBS's business, in particular cross-border banking, of sanctions, tax or regulatory developments and of possible changes in UBS's policies and practices; (xiv) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xv) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xvi) UBS's ability to implement new technologies and business methods, including digital services and technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xvii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, data leakage and systems failures, the risk of which is increased with cyberattack threats from nation states; (xix) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS's operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xx) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS's ability to maintain its stated capital return objective; (xxi) uncertainty over the scope of actions that may be required by UBS, governments and others for UBS to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and the possibility of conflict between different governmental standards and regulatory regimes; (xxii) the ability of UBS to access capital markets; (xxiii) the ability of UBS to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, conflict (e.g., the Russia–Ukraine war), pandemic, security breach, cyberattack, power loss, telecommunications failure or other natural or man-made event, including the ability to function remotely during long-term disruptions such as the COVID-19 (coronavirus) pandemic; (xxiv) the level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, and in the execution of the planned strategy regarding cost reduction and divestment of any non-core assets, the existing assets and liabilities currently existing in the Credit Suisse group (which is expected to become part of UBS), the level of resulting impairments and write-downs, the effect of the consumption of the integration on the operational results, share price and credit rating of UBS: delays, difficulties, or failure in closing the transaction may cause market disruption and challenges for UBS to maintain business, contractual and operational relationships; and (xxv) the effect that these or other factors or unanticipated events, including media reports and speculations, may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the US Securities and Exchange Commission (the SEC). More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2022. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.