Compensation

Julie G. Richardson
Chairperson of the
Compensation Committee
of the Board of Directors

Dear Shareholders,

The Board of Directors (the BoD) and I wish to thank you for your support once again at last year's Annual General Meeting (the AGM) and for sharing your views on our compensation practices over the past year.

Throughout 2023, the BoD Compensation Committee continued to oversee the compensation process, aiming to ensure that reward reflects performance, risk-taking is appropriate and employees' interests are aligned with those of our stakeholders. As the Chairperson of the Compensation Committee, I am pleased to present our Compensation Report for 2023.

A cornerstone year in terms of integrating Credit Suisse while achieving underlying profitability

2023 was one of the most defining years in the firm's long history with the acquisition of the Credit Suisse Group. Our accomplishments and achievements in 2023 were extensive. Our strategy, focused on delivering outstanding client services, sustainable profitability, financial strength and sound risk management, supported the successful navigation through a period of significant change and uncertainty. The acquisition of the Credit Suisse Group further expands our market leading client franchise and creates significant value for our shareholders.

- We were called on to acquire the Credit Suisse Group and have subsequently stabilized their client franchise, risk management and operations. We have further grown our combined franchise through new client acquisition and share-of-wallet gains, as well as the continued success of our client retention and client win-back strategy. Clients have entrusted us with USD 77bn of net new assets since the closing of the acquisition and have relied on our advice in a challenging geopolitical environment. We have made significant progress with the integration, strengthening our position as a leading global wealth manager, including completing the acquisition within three months, making key management appointments and taking steps toward an integrated and unified bank.
- While focused on the intense work of integrating Credit Suisse, we achieved underlying profitability at Group level despite the challenging macroeconomic environment marked by global concerns about interest rates and economic growth. We stayed close to our clients, helping them to navigate uncertainties and maintaining their trust in our products and offerings.
- We have formulated our strategy and integration goals for the next three years and indicated what an even stronger UBS can sustainably deliver in the long term. While there is much to be done, we have set out the course to successfully deliver on our integration plans and have assembled the resources and talent to make that happen.

We are optimistic about our future as we build an even stronger version of the UBS that was called upon to stabilize the Swiss financial system in March 2023 and one that all of our key stakeholders can be proud of.

› **Refer to the "Acquisition and integration of Credit Suisse" section of this report for further details about our integration efforts**

Executing an integrated one firm approach to performance, promotion and compensation

- We executed an integrated year-end process with all employees subject to one unified system leveraging the long-standing UBS approach to performance, promotion and compensation. This is a significant milestone for our combined firm, and is aimed at accelerating our cultural journey.
- In terms of aligning the cultures of the two firms, our performance management approach – with its focus on impact and outcomes, consideration of both objectives and behaviors (reflecting both the what and the how), emphasis on sustainable high performance, and the resulting link to compensation decisions – is paramount to employees understanding what matters most and working together to deliver the firm's strategic and integration objectives.
- In line with our existing commitment to fair pay and diversity, equity and inclusion, we took great care to support fairness and equity across the organization, with a focus on like-for-like outcomes for comparable roles and performance across the Group.
- In light of the ongoing integration of Credit Suisse, we also considered the complexity of the transaction, as well as the need to retain key talent, support pay fairness across the entire organization and stabilize the franchise during the integration period via our compensation decisions. While many of the synergies of the transaction relate to rightsizing the overall headcount of the company, the upside potential of the transaction will not be realized if we cannot also retain the right talent throughout the organization during the transition and thereafter.

Key acquisition-related accomplishments

In 2023, we made tremendous progress with the integration of Credit Suisse. Following the announcement of the acquisition of the Credit Suisse Group, we focused on stabilizing the client franchise, managing risks and bringing operational stability to Credit Suisse. Key accomplishments include the following.

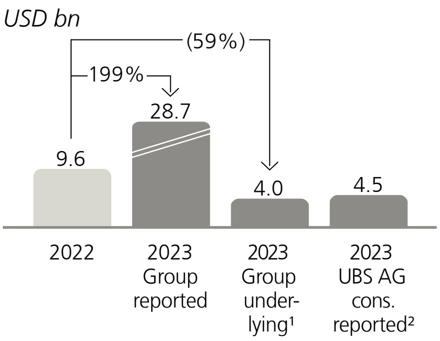
- Closing the transaction in three months.
- Delivering an early repayment of the Public Liquidity Backstop and Emergency Liquidity Assistance Plus and returning the Loss Protection Agreement.
- Achieving around USD 4bn in exit rate gross cost savings (compared with full year 2022 for combined UBS and Credit Suisse), as we restructured our operations and continued to optimize our cost base by leveraging synergies between the combined entities.
- Accelerating the wind-down of Non-core and Legacy by reducing risk-weighted assets by USD 12bn since finalizing its perimeter in the second quarter of 2023, releasing over USD 1.5bn of common equity tier 1 (CET1) capital.
- Re-composing and augmenting the Group Executive Board (the GEB) to successfully support the integration.

Financial Performance

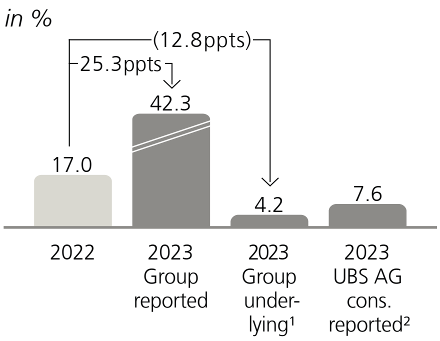
Our performance in 2023 reflected the costs from the integration of Credit Suisse, the challenging operating conditions for the financial industry, and the uncertainty and market volatility resulting from continued geopolitical tensions. On a consolidated basis, reported profit before tax was USD 28,739m, including USD 27,748m of negative goodwill related to the acquisition, as well as integration-related expenses of USD 4,478m, and negative goodwill related pull to par accretion and other purchase price allocation effects. On an underlying basis, pre-tax profit for the combined businesses was USD 3,963m.

› **Refer to the "Financial and operating performance" section of this report for further details about the Group and business division performance**

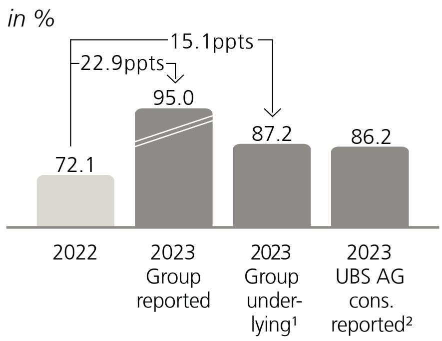
Profit before tax



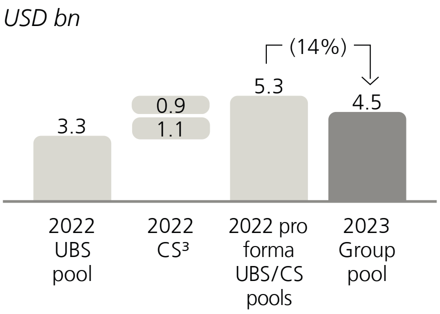
Return on CET1 capital



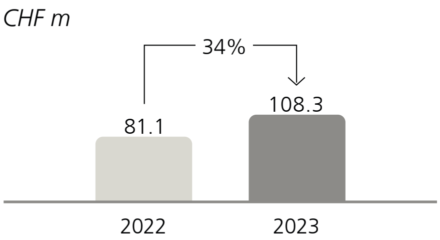
Cost / income ratio



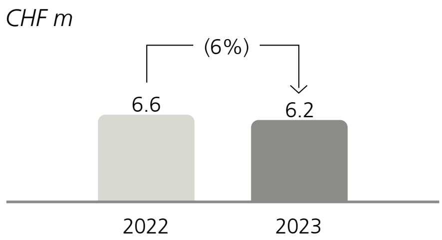
Group performance award pool



GEB performance award pool



Per capita GEB performance award pool



1 UBS underlying results exclude items of profit or loss that management believes are not representative of the underlying performance. 2 Includes UBS AG and its consolidated subsidiaries. For context, the UBS AG consolidated results are on a reported basis and therefore include integration-related expenses of USD 1,392m. 3 Includes Credit Suisse variable incentive compensation pool of USD 1.1bn (CHF 1.0bn) as well as other variable compensation awards of total USD 944m (CHF 899m, including retentions (CHF 367m), transformation awards (CHF 350m), attrition-related retentions (shares / cash CHF 68m) and supplemental cash allowance awards (CHF 114m)). Source: Credit Suisse Group Compensation Report 2022. Swiss franc amounts have been translated into US dollars at the currency exchange rate reported in the UBS Group fourth quarter 2022 report of CHF / USD 1.05.

Commitment to return capital to shareholders

Capital strength is a key pillar of our strategy, and we remain committed to maintaining a balance sheet for all seasons. The year-end CET1 capital ratio was 14.4%, and the CET1 leverage ratio was 4.6%, both in excess of our guidance of ~14% and >4.0%, respectively. For 2023, the Board of Directors plans to propose a dividend to UBS Group AG shareholders of USD 0.70 per share. We remain committed to progressive dividends and are accruing for a mid-teen percentage increase in the dividend per share for the 2024 financial year.

In 2023, we bought back USD 1.3bn of shares before we announced the acquisition, at which point we paused our share repurchases. In 2024, we expect to repurchase up to USD 1bn of shares, commencing after the merger of the UBS AG and Credit Suisse AG legal entities, which is expected before the end of the second quarter of the year. Our ambition is for share repurchases to exceed our pre-acquisition levels by 2026.

2023 Group performance award pool

Over the past years, our performance award pool has consistently reflected our pay-for-performance philosophy and our disciplined approach in managing compensation over business cycles and in alignment to shareholder interests. Accordingly, we carefully assessed the financial results and excluded both the positive and negative one-time financial impacts of the acquisition of the Credit Suisse Group.

The table below provides more information on the key factors we considered for the UBS sub-group and the Credit Suisse sub-group when determining the performance award pool. Overall, it was important to balance like-for-like pay outcomes for comparable roles and performance to support the long-term value creation of the integrated franchise.

2023 Group performance award pool development

UBS sub-group	– Reflects our usual pay-for-performance approach beginning with the financial results for the UBS sub-group. – In addition to financial business performance, we regularly consider individual business-related measures, risk and remediation activities as well as competitive market considerations.
Credit Suisse sub-group	– Given the extraordinary circumstances, we were not able to apply our usual process to determine the Credit Suisse pool. We considered other factors, such as the need to retain key talent to support realization of the value of our investment, support pay fairness across the entire organization and stabilize the franchise during the integration period. – We also considered that 2022 compensation for the Credit Suisse Group reflected a significantly reduced variable compensation pool compared with 2021 awards including other variable compensation.

We further balanced our performance award pool decisions with specific retention awards delivered in both deferred cash and deferred equity. As in most merger situations, these retention awards were a necessary step to support the protection of the client franchise, risk management and operational stability. Furthermore, to support our client win-back strategy and promote client growth, we also introduced a client-acquisition and retention award for certain producers, which is fully deferred and the final value is linked to the retention of client assets. Retention efforts were targeted and limited to certain client roles and critical roles necessary to support operational stability. Overall, the amounts of USD 736m are modest by industry standards for an integration of this magnitude. These awards account for 3% of our total personnel expenses recognized in 2023.

The UBS compensation framework and approach provides competitive pay for performance, further supporting operational stability going forward. Our decisions continue to reflect our diligent approach to considering a balanced allocation of profit between shareholders and employees over the cycle, as well as supporting strong capital returns, including reflecting the appropriate risk awareness in our business decisions.

Based on the factors above, the 2023 group performance award pool was USD 4.5bn, a reduction of 14% compared with the pro forma aggregate 2022 pool of USD 5.3bn for the combined entities (which includes the UBS performance award pool, the Credit Suisse variable incentive compensation pool and other variable compensation awards related to the 2022 performance year).

The GEB pool overall increased by 34% to CHF 108m, which reflected the changes in GEB composition to support the merger, including the addition of four GEB members. The GEB per capita performance award decreased by 6% compared with the previous year.

Separately, we are also grateful for certain members of the BoD who took on additional board roles in significant subsidiary entities. These nominations were critical to providing strong governance and oversight of the newly acquired subsidiaries, particularly prior to the merger of these legal entities with their UBS counterparts. This approach ensures parent company board representation that otherwise would not have existed and promotes governance in line with UBS Group AG's governance principles.

Continuity of our overall compensation framework

Following a comprehensive annual review, we confirmed that our Total Reward Principles and overall compensation framework continue to be aligned with our purpose and remain relevant to the Group's commitment to delivering long-term shareholder value. It is imperative that our pay approach equally recognizes and supports the economic and cultural integration of Credit Suisse to create long-term value for the combined firm.

Overall, the compensation framework for all employees, including the GEB, remains broadly unchanged. With respect to the equity component of our deferred compensation plan, we have historically granted the GEB equity with performance conditions and a payout that varies depending on the performance of the company (the Long-Term Incentive Plan (LTIP)), while other employees have received shares with time vest requirements only (the Equity Ownership Plan (EOP)). During the integration period, we have expanded the group that will receive LTIP (in replacement of EOP) to include Managing Directors (MDs) reporting to the GEB and their direct reports at MD level. This will further align the long-term focus of a broader group of senior leaders with shareholders while supporting appropriate risk taking and awareness.

Going forward, we will continue to monitor market practice and regulatory developments and, as part of our annual review, make any modifications required to ensure our Total Reward Principles and compensation framework remain aligned with the interests of our shareholders.

The 2024 Annual General Meeting

At the 2024 AGM on 24 April, we will seek your support on the following compensation-related items:
- the maximum aggregate amount of compensation for the BoD for the period from the 2024 AGM to the 2025 AGM;
- the retroactive incremental amount of compensation for the BoD for the period from the 2023 AGM to 2024 AGM
- the maximum aggregate amount of fixed compensation for the GEB for 2025;
- the aggregate amount of variable compensation for the GEB for 2023; and
- shareholder endorsement in an advisory vote for this Compensation Report.

On behalf of the Compensation Committee and the BoD, I thank you again for your feedback and we respectfully ask for your continued support at the upcoming AGM.

Julie G. Richardson
Chairperson of the Compensation Committee of the
Board of Directors

2023 key compensation themes

The feedback that we seek from our shareholders about compensation-related topics is very important to us, as we are committed to maintaining a strong link between the interests of our employees and those of our shareholders. We continued engaging with shareholders during 2023 and received overall positive feedback about our compensation framework. The below summarizes key compensation themes for 2023 and provides answers to the questions we most frequently receive from shareholders.

Summary of 2023 key compensation themes / responses to frequently asked questions

How did the failure of the Credit Suisse Group impact deferred compensation of Credit Suisse Group employees?

On 19 March 2023, we announced the acquisition of the Credit Suisse Group. Until that date, the value of the outstanding deferred compensation of Credit Suisse Group employees had already been negatively impacted by the significant decline in the price of Credit Suisse Group shares.

Furthermore, on 23 May 2023, the Federal Department of Finance (the FDF) issued an order canceling or reducing the outstanding unvested variable remuneration for the top levels of management of the Credit Suisse Group. In addition, the Swiss Financial Market Supervisory Authority (FINMA) ordered the cancellation of outstanding contingent capital awards (CCA) in line with the write-down of Credit Suisse additional tier 1 (AT1) debt.

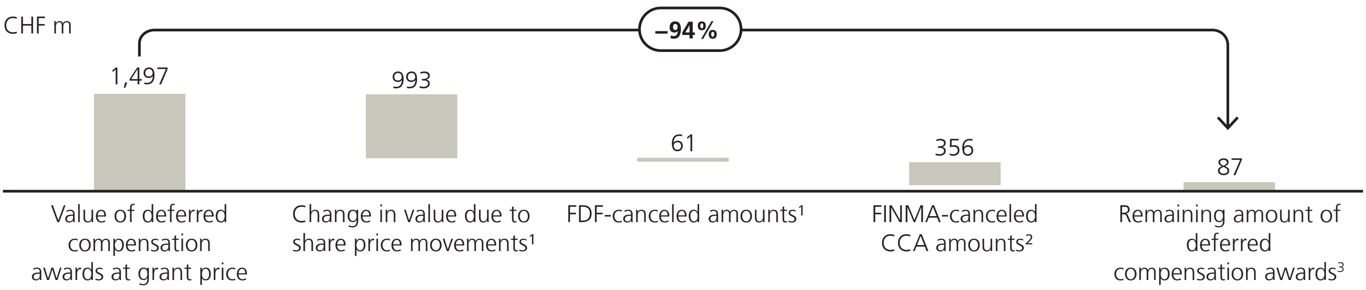
The following charts provide an overview of the total change in the value of Credit Suisse deferred compensation awards in accordance with share price movements and the FDF- and FINMA-canceled amounts.

- Approximately CHF 2.8bn (a decrease of 75% compared with the initial grant value) of deferred compensation was lost by Credit Suisse Group employees. After the cancellations, CHF 947m remained outstanding, including awards that continued to be at risk, subject to the achievement of performance conditions, and subject to malus or clawback provisions.
- Of the CHF 2.8bn mentioned above, approximately CHF 1.4bn (a decrease of 94% compared with the initial grant value) of deferred compensation was lost by Credit Suisse Group employees impacted by the FDF- and FINMA-related cancellations, leaving a remaining value of CHF 87m (including awards that continued to be at risk as described above).

Change in the value of Credit Suisse Group deferred compensation awards

All awards of former Credit Suisse Group employees

Awards in scope of FDF- and FINMA-related cancellations



Notes:
Unless otherwise stated, all data are based on awards outstanding per 18 May 2023.
1 Based on the 19th March 2023 merger offer share price of CHF 0.76. 2 Value of CCA write-down amounts are based on CCA valuation as at 28 February 2023. 3 Includes awards that continued to be at risk, subject to the achievement of performance conditions, and subject to malus or clawback provisions.

Overall, these reductions of CHF 2.8bn in the value of deferred compensation demonstrate the impact of negative business developments, risk events and share price movements.

What is the impact of the Federal Department of Finance order on UBS?

On 11 August 2023, UBS voluntarily terminated the CHF 9bn loss protection agreement (the LPA) and the public liquidity backstop (the PLB) with the Swiss National Bank of up to CHF 100bn, guaranteed by the Swiss government. After reviewing all assets covered by the LPA since the closing of the transaction involving the acquisition of the Credit Suisse Group in June 2023 and taking the appropriate fair value adjustments, UBS concluded that the LPA was no longer required.

All loans under the PLB were fully repaid by the Credit Suisse Group as of the end of May 2023 and Credit Suisse AG fully repaid outstanding Emergency Liquidity Assistance Plus loans on 10 August 2023.

Due to the termination of the LPA and release of the guarantee, the implementation of the UBS-related FDF order was no longer required. Nevertheless, our analysis had confirmed that the key aspects related to the remuneration system requirements under the FDF order were already embedded in our Total Reward Principles and compensation framework. This relates in particular to consideration of both financial and non-financial performance, including risk considerations.

Why is UBS seeking retroactive approval for an incremental Board of Directors compensation amount of CHF 2.2m?

As a result of the integration of Credit Suisse, in 2023 we expanded the roles of certain members of the Board of Directors of UBS Group AG (the BoD) to take on additional responsibilities in the boards of directors of significant subsidiary entities. These nominations were and remain critical to providing strong governance and oversight of the subsidiaries, in a manner consistent and in compliance with UBS Group AG's governance principles, as well as to facilitating the integration of Credit Suisse entities into UBS. As the integration progresses, we will continue to review the composition of the boards of directors of significant entities. Without these appointments, UBS would not have had parent company board representation on these significant subsidiary entities and would have had difficulty maintaining legally required independent roles across all entities.

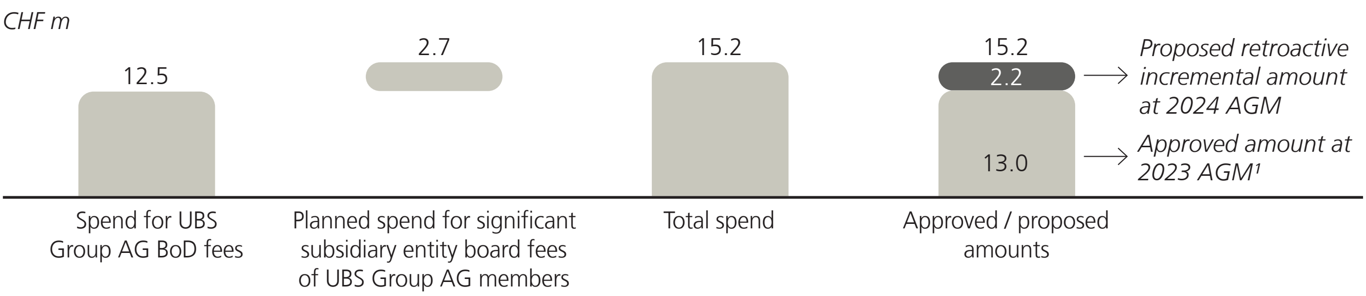
- Lukas Gähwiler was appointed as chairman of Credit Suisse AG.
- Jeremy Anderson was nominated as vice chairman of Credit Suisse AG and chair of the audit committee of Credit Suisse AG and, in addition, appointed as a member of the board of directors of Credit Suisse International (UK).
- Mark Hughes was appointed as a member of the board of directors of Credit Suisse AG, a member of the risk committee of Credit Suisse AG and, effective 1 December 2023, chair of the risk committee of that board. In addition, Mr. Hughes was appointed as a member of the board of directors of UBS Americas Holding LLC.

Considering the significant increase in the scope, responsibility and complexity of their mandate, these three BoD members will be entitled to receive additional board fees aligned with other non-executive directors on the respective subsidiary entity boards.

Neither the acquisition of the Credit Suisse Group nor the appointments to subsidiary board roles were anticipated when the maximum amount for BoD fees of CHF 13m was submitted at the 2023 Annual General Meeting (the AGM). As a result, while the spend for the BoD of UBS Group AG is within the approved amount, at the 2024 AGM we will request that the shareholders approve a retroactive incremental amount of CHF 2.2m for the period from the 2023 AGM to the 2024 AGM to support the additional subsidiary board fees amount that exceeds the original approval at the 2023 AGM. The payment of these subsidiary board fees is therefore subject to shareholder approval.

As a reminder, shareholders of UBS Group AG and Credit Suisse Group AG had approved at their respective 2023 AGM an aggregate amount for board of director compensation of combined total CHF 26m. The estimated total BoD spend in the period from the 2023 AGM to the 2024 AGM is CHF 18.1m, of which CHF 15.2m for the Board of Directors of UBS Group AG (as shown in the chart below) and the remaining amount for the board of directors of Credit Suisse Group AG (pre-merger close) and Credit Suisse AG (post-merger close). As a result, the overall BoD spend is CHF 7.9m lower compared with the combined approved aggregate amount.

Approved UBS Group AG BoD compensation and spend for the period from the 2023 AGM to the 2024 AGM



1 Does not include the amount of CHF 13m for Credit Suisse Group AG BoD fees approved at Credit Suisse AGM 2023.

How did UBS adjust reported financial results to calculate the Group and GEB performance award pools as well as the LTIP 2020/21 valuation?

The Compensation Committee determined to use UBS sub-group results as the starting point but made adjustments to exclude both the positive and negative one-time financial impacts of the acquisition of the Credit Suisse Group. The specific adjustments include the impact of gains on the transaction, which means the negative goodwill, or gain, of USD 27.7bn had no impact on the Group and GEB performance award pools or the 2020 LTIP achievement level. Other adjustments relate to factors such as integration- and acquisition-related costs, increased CET1 capital requirements, and the exclusion of certain unplanned one-off items that would otherwise not have occurred, including higher litigation costs. These cumulative negative adjustments from reported results reflect the rigorous internal review as well as the judgment of the Compensation Committee. We have applied these adjustments in our considerations of pay and performance across the Group, including for the GEB, and, as a net result, the achievement level of the 2020/21 LTIP is below the maximum of 100%.

What is the impact of the integration on outstanding deferred compensation plans across both entities?

After the acquisition, the outstanding deferred compensation of both UBS and Credit Suisse employees generally continues to vest according to the original plan delivery schedule and subject to applicable performance conditions.

UBS conducted a detailed review of Credit Suisse's deferred compensation plans and aligned the performance metrics to those of UBS deferred compensation plans where applicable. Furthermore, where applicable, share-based plans of Credit Suisse were converted reflecting the merger conversion rate, to align with the Credit Suisse shareholder experience.

This approach underlines our philosophy to align the interests of employees with those of shareholders. Furthermore, it demonstrates a consistent treatment of employees with outstanding deferred compensation awards and ultimately supports operational stability and the economic and cultural integration of Credit Suisse.

What retention activities have supported the integration of Credit Suisse into UBS?

Performance management and reward play an important part in supporting the economic and cultural integration of Credit Suisse into UBS. We have therefore reviewed our Total Reward Principles and confirmed that they remain fully aligned with our purpose and support our strategic objectives. In the short-to-medium term, they also enable UBS to drive the economic and cultural integration of Credit Suisse and the long-term value creation of the combined firm.

Furthermore, we have swiftly implemented an integrated performance and reward year-end process for the combined firm, which supports our sustainable high performance culture and reflects our well-established approach to pay for performance. The compensation decisions for all employees were governed by the same Total Reward Principles. This integrated approach supported a one-firm employee experience and our emphasis on like-for-like outcomes for comparable performance and roles.

To support operational stability, manage risks and protect the client franchise, we have deployed specific additional measures. Retention awards were delivered in both deferred cash and deferred equity awards. Furthermore, to support our client win-back strategy and promote client growth, we also introduced a client acquisition and retention award for certain producers, which is fully deferred and the final value is linked to the retention of client assets. Retention efforts were targeted and limited to certain client roles and critical roles necessary to support operational stability. Overall, the amounts of USD 736m are modest by industry standards for an integration of this magnitude. These retention awards account for 3% of our total personnel expenses recognized in 2023.

In addition, we provided indications of 2023 incentive levels to a number of Credit Suisse employees, primarily in client-facing roles, to emphasize that their compensation going forward would reflect appropriate levels of pay for performance. The UBS compensation framework and approach provides competitive pay for performance, further supporting stability going forward. Beyond financial compensation-related measures, our merger-related activities included non-financial aspects, such as a broad-based communication approach with Credit Suisse employees.

How did UBS support employees during the integration process?

Supporting employee health and well-being remained a priority in 2023. Resources to support holistic well-being included a range of programs, benefits and workplace resources, along with a bespoke eLearning curriculum that aimed to help our employees manage their health, foster well-being, strengthen their resilience and support the sustainability of the organization. In the context of the integration of Credit Suisse, we expanded our offering to include guidelines and instructor-led sessions on managing organizational change, uncertainty and resilience.

In 2023, we announced that existing social plans or support during redundancy at UBS and Credit Suisse had been aligned globally (where applicable) to ensure that all employees were treated equally.

As an example, employees in the Swiss labor market affected by the restructuring are entitled to a program with a key focus on redeployment within UBS, and we have significantly increased the budget for education and training. Outside of the Swiss labor market, we provide severance payments that are governed by location-specific severance policies. At a minimum, we offer severance terms which comply with the applicable local laws. In many locations, we may provide severance packages negotiated with our local social partners that go beyond these minimum legal requirements or offer additional time in order to find a new position. In certain locations, we may also offer redeployment support from our internal recruiters or via external outplacement firms for employees affected by redundancies.

Did UBS change the compensation framework for 2023?

We are convinced that our compensation framework remains best-in-class for our industry. Therefore, it remained broadly unchanged for 2023. The compensation approach reflects a substantial deferral into equity- and debt-based vehicles that support alignment with our shareholders and debtholders. Furthermore, the vesting period over five years remains one of the longest in the industry, providing for long employment and performance conditions.

For 2023, we will award the equity-aligned portion of compensation as part of the Long-Term Incentive Plan (LTIP, as a replacement for the EOP) for the GEB and Managing Directors (MDs) reporting to the GEB and their direct reports at MD level. These senior leaders receive the equity portion of their 2023 performance award in LTIP to support delivering on our ambitious integration goals and business / financial targets. This further mitigates the need for a distinct integration award typical for a transaction of this nature.

What has changed in the 2023 LTIP (awarded in 2024)?

We maintain our overall LTIP with the same two equally weighted performance metrics (reported RoCET1 and relative Total Shareholder Return (rTSR)) over a three-year performance period, while making adjustments to the performance range of the RoCET1 metric.

For the 2023 LTIP award (granted in 2024), the reported RoCET1 metric reflects the impact of the acquisition and our ambitious integration objectives, as well as the communicated financial ambitions over the cycle. As a consequence, we continue to use the reported basis for our RoCET1 metric, as this also considers the underlying business results and integration costs. For the 2023 performance year, we awarded the LTIP at a value of 50% of the maximum, to further align the maximum opportunity with the stretching nature of our financial ambitions.

The maximum reported RoCET1 of 10% corresponds with a 100% payout aligned with our stretch target. In contrast, the minimum reported RoCET1 of 5% corresponds with a 33% payout aligned with sustainable results in the context of the integration. Below the threshold of 5% reported RoCET1, the award is subject to full forfeiture.

The unchanged rTSR performance range of ±25 percentage points of UBS TSR compared with a peer group index TSR continues to demonstrate our ambition of delivering attractive relative returns to shareholders. The peer group consists of all listed Global Systemically Important Banks, which were independently defined by the Financial Stability Board in 2023, and reflects companies with a comparable risk profile and impact on the global economy.

During the integration period, we have expanded the group that will receive LTIP to include Managing Directors (MDs) reporting to the GEB and their direct reports at MD level. We will continue to review the LTIP design, including the RoCET1 performance range, in consideration of our integration progress and financial ambitions.

What is the achievement level of the LTIP granted in 2021 for 2020 performance?

The deferred portion of the performance award granted in 2021 (for the 2020 financial performance year) to members of the GEB and selected senior management was in part delivered through the LTIP award. The three-year performance period concluded at the end of 2023, with the 2020 LTIP achieving 92.55% of the maximum opportunity (of up to 100%).

As explained above, the Compensation Committee made certain adjustments to the financial results used to determine the 2020 LTIP achievement level. As noted, if the Compensation Committee had not made these adjustments but had applied reported UBS Group AG financial results, the achievement level would have been 100%.

We believe alignment of our senior leadership with our shareholders is important for long-term success. Our LTIP is designed to support alignment of compensation with the execution of our strategy, financial performance and long-term growth.

Performance achievement for the 2020 LTIP awarded in 2021

Performance metrics	Performance metric outcome: Threshold	Performance metric outcome: Maximum	Performance metric outcome	2020 LTIP achievement level: Threshold	2020 LTIP achievement level: Maximum	2020 LTIP achievement level
RoCET1 (Weight: 50%)	6%	18%	Outcome: 15.3%	33%	100%	Achievement: **85.1%**
rTSR (Weight: 50%)	–25ppts	+25ppts	Outcome: +75.36ppts	33%	100%	Achievement: **100%**
Overall 2020 LTIP achievement level						**Overall achievement: 92.55%**

Outcome below threshold: full forfeiture

Outcome above maximum: achievement capped at 100%

Say-on-pay

Say-on-pay votes at the AGM

In line with the Swiss Code of Obligations, we seek binding shareholder approval for the aggregate compensation awarded to the Group Executive Board (the GEB) and the Board of Directors (the BoD). Prospective approval of the fixed compensation of the BoD and GEB provides the firm and its governing bodies with the certainty needed to operate effectively. Retrospective approval of the GEB's variable compensation aligns their compensation with performance and contribution.

The table below outlines our compensation proposals, including supporting rationales, that we plan to submit to the 2024 Annual General Meeting (the AGM) for binding votes, in line with the Swiss Code of Obligations and our Articles of Association.

These binding votes on compensation and the advisory vote on our Compensation Report reflect our commitment to shareholders having their say on pay.

› **Refer to "Provisions of the Articles of Association related to compensation" in the "Supplemental information" section of this report for more information**

Audited I

Approved GEB fixed compensation and BoD compensation

At the 2022 AGM, the shareholders approved a maximum aggregate fixed compensation amount of CHF 33.0m for GEB members for the 2023 performance year. This budget reflects base salaries, role-based allowances in response to EU Capital Requirements Directive V, and estimated standard contributions to retirement benefit plans, as well as other benefits. The aggregate fixed compensation paid in 2023 to GEB members was below the approved amount for 2023.

At the 2023 AGM, the shareholders approved a maximum aggregate amount of compensation of CHF 13.0m for the members of the BoD for the period from the 2023 AGM to the 2024 AGM. At the 2024 AGM, we will ask shareholders to exceptionally approve a retroactive incremental amount of CHF 2.2m of BoD compensation for the period from the 2023 AGM to the 2024 AGM as outlined below. ▲

› **Refer to "2023 total compensation for the GEB members" in the "Compensation for GEB members" section of this report**
› **Refer to "Remuneration details and additional information for BoD members" in the "Compensation for the Board of Directors" section of this report**

Compensation-related proposals for binding and advisory votes at the 2024 AGM

Item	Approved at the 2023 AGM	BoD proposals for the 2024 AGM	Rationale
GEB variable compensation	Shareholders approved CHF 81,100,000 for the 2022 financial year[1,2,3] (vote "for": 87.1%)	The BoD proposes an aggregate amount of variable compensation of CHF 108,286,300 for the members of the GEB for the 2023 financial year.	In 2023, we added four GEB members to successfully support the integration. The GEB performance award pool takes into account the changes in GEB composition and reflects the significant progress in the integration, including bringing operational stability to Credit Suisse after the announcement of the acquisition. It also reflects that the Group achieved underlying profitability following the closing of the acquisition and maintained the Group's strong capital position. On a per capita basis, the GEB performance award pool decreased by 6%.
GEB fixed compensation	Shareholders approved CHF 33,000,000 for the 2024 financial year[1,2,3] (vote "for": 89.3%)	The BoD proposes a maximum aggregate amount of fixed compensation of CHF 33,000,000 for the members of the GEB for the 2025 financial year.	The proposed amount is unchanged compared with last year despite the increase in the number of GEB members in 2023. It further reflects unchanged base salaries for the Group CEO and other GEB members. Besides the base salaries, the amount also includes estimated standard contributions to retirement benefit plans, as well as other benefits. The proposed amount provides flexibility in light of potential changes of GEB composition or roles, competitive considerations as well as other factors (e.g., changes in FX rates or benefits).
BoD compensation	n. a.	The BoD proposes an incremental amount of compensation of CHF 2,200,000 for the members of the BoD for the period from the 2023 AGM to the 2024 AGM.	As a result of the integration of Credit Suisse, in 2023 we expanded the roles of certain members of the Board of Directors of UBS Group AG to take on additional responsibilities in the boards of directors of significant subsidiary entities. These nominations are critical to providing strong governance and oversight of the subsidiaries, in a manner consistent and in compliance with UBS Group AG's governance principles, as well as to facilitating the integration of Credit Suisse entities into UBS. Neither the acquisition of the Credit Suisse Group nor the appointments to subsidiary board roles were anticipated when the maximum amount for BoD fees of CHF 13m was submitted at the 2023 AGM. As a result, while the spend for the BoD of UBS Group AG is within the approved amount, we propose that shareholders approve a retroactive incremental amount of CHF 2.2m for the period from the 2023 AGM to the 2024 AGM to support the additional subsidiary board fees amount that exceeds the original approval at the 2023 AGM. As a reminder, shareholders of UBS Group AG and Credit Suisse Group AG had approved at their respective 2023 AGM an aggregate amount for board of director compensation of combined total CHF 26m. The estimated total BoD spend in the period from the 2023 AGM to the 2024 AGM is CHF 18.1m, of which CHF 15.2m for the Board of Directors of UBS Group AG and the remaining amount for the board of directors of Credit Suisse Group AG (pre-merger close) and Credit Suisse AG (post-merger close). As a result, the overall BoD spend is CHF 7.9m lower compared with the combined approved aggregate amount.
	Shareholders approved CHF 13,000,000 for the period from the 2023 AGM to the 2024 AGM[1,2,4] (vote "for": 88.0%)	The BoD proposes a maximum aggregate amount of compensation of CHF 16,500,000 for the members of the BoD for the period from the 2024 AGM to the 2025 AGM.	The proposed amount reflects all BoD fees, including the total compensation of the Chairman and the Vice Chairman role, as well as subsidiary fees of certain UBS Group AG members for their mandates in significant subsidiary entities. The overall amount is higher compared with the previous period which reflects the fees to certain BoD members for their continued critical roles in the board of directors of significant subsidiary entities. It also includes a higher fee for the Chairman to reflect the significantly increased scope, responsibility and complexity following the acquisition of Credit Suisse. The fees for other BoD members including the Vice Chairman remain unchanged.
Advisory vote on the Compensation Report	Shareholders approved the UBS Group AG Compensation Report 2022 in an advisory vote (vote "for": 85.6%)	The BoD proposes that the UBS Group AG Compensation Report 2023 be ratified in an advisory vote.	Our Total Reward Principles and overall compensation framework continue to be aligned with our purpose and remain relevant to the Group's commitment to delivering long-term shareholder value. It is imperative that our pay approach equally recognizes and supports the economic and cultural integration of Credit Suisse to create long-term value for the combined firm. Overall, the compensation framework for all employees, including the GEB, remains broadly unchanged and our decisions continue to reflect our diligent approach to considering a balanced allocation of profit between shareholders and employees over the cycle, as well as supporting strong capital returns, including reflecting the appropriate risk awareness in our business decisions.

1 Local currencies are converted into Swiss francs at the 2023 performance award currency exchange rates. 2 Excludes the portion related to the legally required employer's social security contributions. 3 As stated in "Group Executive Board" in the "Corporate governance" section of this report, 16 GEB members were in office on 31 December 2023 and twelve GEB members were in office on 31 December 2022. 4 Twelve BoD members were in office on 31 December 2023 and on 31 December 2022.

Compensation philosophy and governance

Our compensation philosophy

Total Reward Principles

Our Total Reward Principles provide a strong link to our strategic imperatives and encourage employees to live our strong and inclusive culture that is grounded in our three keys to success: our Pillars, Principles and Behaviors. These guiding principles underpin our approach to compensation and define our compensation framework. Following a comprehensive review in 2023, we concluded that our Total Reward Principles and compensation framework are well aligned with our purpose and support our strategic imperatives. This aims to ensure that the interests of our employees are aligned with those of our clients and other stakeholders. In the short-to-medium term, they also enable UBS to drive the economic and cultural integration of Credit Suisse and the long-term value creation of the combined firm.

Therefore, our compensation approach supports our capital strength and risk management and provides for simplification and efficiency. It encourages employees to focus on client centricity, connectivity and sustainable impact in everything we do. Moreover, we reward behaviors that help build and protect the firm's reputation, specifically Accountability with integrity, Collaboration and Innovation. Compensation for each employee is based on individual, team, business division and Group performance, within the context of the markets in which we operate.

Total Reward Principles

Our Total Reward Principles apply to all employees globally but vary in certain locations according to local legal requirements, regulations and practices. The table below provides a summary of our Total Reward Principles.

Support our purpose and strategy	Our compensation approach supports the firm's purpose and strategy, fosters engagement among employees and aligns their long-term interests with those of clients and stakeholders.
Attract, retain and connect a diverse, talented workforce	We embrace a culture of diversity, equity and inclusiveness. Pay at UBS is fair, reflects equal treatment and is competitive. In this way, our investment in a connected workforce supports the sustainability of the organization.
Apply a pay-for-performance approach to promote development and our ways of working	The setting of clear objectives, as well as a thorough evaluation of what was achieved and how it was achieved, combined with effective communication, promotes clarity, accountability and establishes a strong link between pay and performance. This approach emphasizes our Behaviors, which are Accountability with integrity, Collaboration and Innovation.
Reinforce sustainable growth and support long-term value creation	Compensation is appropriately balanced between fixed and variable elements and delivered over an adequate period to support our growth ambitions and sustainable performance.
Support risk awareness and appropriate risk-taking	Our compensation structure encourages employees to have a focus on risk management and behave consistently with the firm's risk framework and appetite, thereby anticipating and managing risks effectively to protect our capital and reputation.

Our Total Reward approach

At UBS, we apply a holistic Total Reward approach, generally consisting of fixed compensation (base salary and role-based allowances, if applicable), performance awards, pension contributions and benefits. Our Total Reward approach is structured to support sustainable results and growth ambitions.

For employees whose total compensation exceeds certain levels, performance awards are delivered in a combination of cash, deferred contingent capital awards and deferred share-based awards.

A substantial portion of performance awards is deferred and vests over a five-year period (or longer for certain regulated employees). This deferral approach supports alignment of employee and investor interests, our capital base and the creation of sustainable shareholder value.

› **Refer to "Compensation elements for all employees" in the "Group compensation" section of this report for more information**

Compensation governance

Board of Directors and Compensation Committee

The Board of Directors (the BoD) is ultimately responsible for approving the compensation strategy and principles proposed by the Compensation Committee, which determines compensation-related matters in line with the principles set forth in the Articles of Association (the AoA).

As determined in the AoA and the firm's Organization Regulations, the Compensation Committee supports the BoD with its duties to set guidelines on compensation and benefits, to oversee implementation thereof, to approve certain compensation and to scrutinize executive performance. The Compensation Committee consists of independent BoD members, who are elected annually by shareholders at the Annual General Meeting (the AGM), and is responsible for governance and oversight of our compensation process and practices. This includes the alignment between pay and performance, and ensuring that the compensation framework supports appropriate risk awareness and management, as well as appropriate risk-taking. In 2023, to additionally support the connection between the Compensation Committee and the Risk Committee, the Compensation Committee Chairperson was also a member of the Risk Committee.

Annually, and on behalf of the BoD, the Compensation Committee:
- reviews our Total Reward Principles;
- approves key features of the compensation framework and plans for the non-independent BoD members and members of the Group Executive Board (the GEB);
- reviews performance award funding throughout the year and proposes, upon proposal of the Group CEO, the final annual Group performance award pool to the BoD for approval;
- upon proposal of the Group CEO, reviews the performance framework for the other GEB members;
- upon proposal of the Group CEO, proposes the performance assessments and the individual total compensation for the other GEB members for approval by the BoD;
- upon proposal of the Chairman, for the Group CEO, proposes the financial and non-financial performance targets and objectives, the performance assessment and the total compensation for approval by the BoD;
- approves the total compensation for the Chairman and the non-independent BoD members;
- upon proposal of the Chairman, proposes the remuneration / fee framework for independent BoD members for approval by the BoD;
- upon proposal of the Chairman and the Group CEO, approves the remuneration / fee frameworks for external supervisory board members of Significant Group Entities and is informed of remuneration / fee frameworks for external supervisory board members of Significant Regional Entities;
- proposes to the BoD for approval the annual compensation report and approves other material public disclosures on UBS compensation matters; and
- proposes to the BoD, for approval by the AGM, the maximum aggregate amounts of BoD compensation and GEB fixed compensation and the aggregate amount of variable compensation for the GEB.

The Compensation Committee is required to meet at least four times each year. All meetings in 2023 were held in the presence of the Chairman, the respective Group CEOs and external advisors. In addition, three ad hoc calls took place, most of which were attended by the Chairman and by external advisors. Individuals, including the Chairman and the Group CEO, are not permitted to attend a meeting or participate in a discussion on their own performance and compensation.

After the meetings, the Chairperson of the Compensation Committee reports to the BoD on the Compensation Committee's activities and discussions and, if necessary, submits proposals for approval by the full BoD. Compensation Committee meeting minutes are also sent to all members of the BoD. On 31 December 2023, the members of the Compensation Committee were Julie G. Richardson (Chairperson), Dieter Wemmer and Jeanette Wong.

› **Refer to "Board of Directors" in the "Corporate governance" section of this report for more information**

External advisors

The Compensation Committee may retain external advisors to support it in fulfilling its duties. In 2023, HCM International Ltd. (HCM) provided independent advice on compensation matters. HCM holds no other mandates with UBS. Additionally, Willis Towers Watson provided the Compensation Committee with data on market trends and pay levels. Various subsidiaries of Willis Towers Watson provide similar information to UBS's human resources department in relation to compensation for employees, including advisory services and secondments to UBS on benefits and year-end compensation activities. Willis Towers Watson holds no other compensation-related mandates with UBS.

The Risk Committee's role in compensation

The Risk Committee, a committee of the BoD, works closely with the Compensation Committee with the goal of ensuring that our compensation framework appropriately reflects risk awareness and management, and supports appropriate risk-taking. It supervises and sets appropriate risk management and risk control principles and is regularly briefed on how risk is factored into the compensation process. It also monitors the involvement of Group Risk Control and Compliance and Operational Risk in compensation and reviews risk-related aspects of the compensation process.

› **Refer to *ubs.com/governance* for more information**

Compensation Committee 2023 / 2024 key activities and timeline

	April	May	July	Sept	Oct[1]	Nov	Dec[1]	Jan	Mar
Strategy, policy and governance									
Total Reward Principles			●						
Integration-related compensation matters	●	●	●	●	●	●	●	●	
Sustainability / ESG, pay fairness and diversity, equity & inclusion (DE&I) in the compensation process			●					●	
Compensation disclosure and stakeholder communication matters			●		●				●
AGM reward-related items			●					●	
Compensation Committee governance			●						●
Annual compensation review									
Accruals and full-year forecast of the performance award pool funding			●		●	●	●	●	
Performance targets and performance assessment of the Group CEO and GEB members						●	●	●	●
Group CEO and GEB members' salaries and individual performance awards							●	●	
Update on market practice, trends and peer group matters			●	●		●			
Pay for performance, including governance on certain higher-paid employees, and formulaic compensation arrangements		●	●	●	●	●		●	●
Board of Directors remuneration		●	●	●				●	
Compensation framework									
Compensation framework and deferred compensation matters			●	●	●		●	●	●
Risk and regulatory									
Risk management in the compensation approach			●	●		●		●	
Joint meeting with the BoD Risk Committee				●					
Regulatory activities impacting employees and engagement with regulators			●	●	●		●		●

1 The Compensation Committee held two meetings in October and December 2023.

Compensation governance

The table below provides an overview of compensation governance by specific role.

Recipients	Compensation recommendations proposed by	Approved by
Chairman of the BoD and Vice Chairman of the BoD	Compensation Committee	Compensation Committee[1]
Other BoD members	Compensation Committee and Chairman of the BoD	BoD[1]
Group CEO	Compensation Committee and Chairman of the BoD	BoD[1]
Other GEB members	Compensation Committee and Group CEO	BoD[1]
Key Risk Takers (KRTs) / senior employees	Respective GEB member and functional management team	Individual compensation for KRTs and senior employees: Group CEO

1 Aggregate variable compensation and maximum aggregate amount of fixed compensation for the GEB, as well as maximum aggregate remuneration for the BoD, are subject to shareholder approval.

Environmental, social and governance considerations

Environmental, social and governance objectives in the compensation process

Our compensation determination process considers environmental, social and governance (ESG) objectives in objective setting, performance award pool funding, performance evaluation and individual compensation decisions.

ESG-related objectives have been embedded in our Pillars and Principles since they were established in 2011. In 2021, we introduced explicit sustainability objectives in the non-financial goal category of the Group CEO and GEB performance scorecards. In 2023, we further enhanced the GEB performance scorecard framework by establishing separate Environmental & Sustainability and People & Governance categories. The objectives in these categories are linked to our sustainability priorities, and their progress is measured via robust quantitative metrics and qualitative criteria. The table below provides an overview of our metrics and progress achieved in 2023, including climate-related goals under the priority "Planet." Sustainability objectives are assessed for each GEB member on an individual basis, directly impacting their respective performance assessments and compensation decisions.

The determination of the Group performance award pool funding also takes into account ESG factors. Aside from financial performance, an assessment of progress is made against objectives linked to our focus areas of Planet, People (including progress made against our diversity aspirations) and Partnerships, alongside other key non-financial considerations. Therefore, ESG is taken into consideration when the Compensation Committee assesses performance and compensation of each GEB member. Additionally, the assessment impacts the overall performance award pool for the Group.

Going forward, we will continue to review and refine the role of ESG considerations in our performance and compensation framework, to ensure they remain aligned to our strategic priorities and the sustainable growth of shareholder value.

› **Refer to "GEB performance assessments" in the "Compensation for GEB members" section of this report for more information about the GEB performance measurement process**

› **Refer to "Our focus on sustainability and climate," "Employees" and "Society" in the "How we create value for our stakeholders" section of this report for more information**

› **Refer to *ubs.com/gri* for more information about ESG-related topics**

Fair and equitable pay

Pay equity and equal opportunity are fundamental to achieving our purpose. The diversity of our employees in terms of experiences, perspectives and backgrounds is critical to our success. Factors such as gender, race, ethnicity or part-time status should not impact opportunities available to our employees.

Fair and consistent pay practices are designed to ensure that employees are appropriately rewarded for their contribution. We pay for performance, and we take pay equity seriously. We have embedded clear commitments in our global compensation policies and practices. We regularly conduct internal reviews and independent external audits on pay equity, and our statistical analyses show a differential between men and women in similar roles across our major locations of less than 1%.

In 2020, we completed an equal pay analysis in Switzerland, as required by the Swiss Federal Act on Gender Equality. The results confirmed that we are fully compliant with Swiss equal pay standards. Beginning in 2020, UBS was certified (through 2023) by the EQUAL-SALARY Foundation for our HR practices, including compensation, in Switzerland, the US, UK, the Hong Kong SAR and Singapore, covering more than two-thirds of our global employee population. All of our HR policies are global, and we apply the same standards across all locations. Furthermore, we review our approach and policies annually to support our continuous improvement. In 2023, we fully integrated former Credit Suisse Group employees into all of our fair pay practices and continued to monitor and improve our pay equity position in our leading countries.

We also aim to ensure that all employees are paid at least a living wage. We regularly assess employees' salaries against local living wages, using benchmarks defined by the Fair Wage Network. Excluding our US financial advisor staff (as their compensation is primarily based on a formulaic approach), our analysis in 2023 showed that employees' salaries were at or above the respective benchmarks.

Our aspirations and progress

Following the acquisition of the Credit Suisse Group, our exposure increased accordingly, so we reviewed our aspirations. Amendments that arose from this review process were considered by the Group Executive Board and the UBS Group Board of Directors' Corporate Culture and Responsibility Committee. This table reflects the overall outcomes of this process with more detailed information provided in the UBS Group Sustainability Report 2023.

Our priorities	Our aspirations or targets	Our progress in 2023
Planet, people, partnerships	Sustainable investments.[1]	Increased invested assets in sustainable investments in UBS AG to USD 292.3bn (compared with USD 266bn in 2022).
Planet	Following the acquisition of the Credit Suisse Group, we refined the UBS Group lending sector decarbonization targets to reflect the activities of the combined organization and evolving standards and methodologies.[2] Reduce emissions intensity associated with UBS in-scope lending by 2030 from 2021 levels for: – Swiss residential real estate by 45%; – Swiss commercial real estate by 48%; – power generation by 60%; – iron and steel by 27%; and – cement by 24%. Reduce absolute financed emissions associated with UBS in-scope lending by 2030 from 2021 levels for: – fossil fuels by 70%. Continue disclosing in-scope ship finance portfolios according to the Poseidon Principles decarbonization trajectories with the aim of aligning therewith.[3]	Calculated progress against pathways for revised targets.[4] Changes in emissions intensity associated with UBS in-scope lending (end of 2022 vs. 2021 baseline): – Swiss residential real estate reduced by 6%; – Swiss commercial real estate increased by 2%; – power generation reduced by 13%; – iron and steel reduced by 4%; and – cement reduced by 1%. Changes in absolute financed emissions associated with UBS in-scope lending (end of 2022 vs. 2021 baseline) for: – fossil fuels reduced by 29%. In-scope ship finance portfolio remains below the existing International Maritime Organization (IMO 50) decarbonization trajectory.
	Aim, by 2030, to align 20% of UBS AG Asset Management's total assets under management (AuM) with net zero. This pre-acquisition UBS aspiration will be reassessed in 2024.[5]	Aligned 2.9% of UBS AG Asset Management's total AuM with net zero.
	Minimize our scope 1 and 2 emissions through energy efficiencies and switching to more sustainable energy sources. After which, procuring credible carbon removal credits to neutralize any residual emissions down to zero by 2025.[6]	Reduced net GHG footprint for scope 1 and 2 emissions by 21% and energy consumption by 8% (compared with 2022); continued replacing fossil fuel heating systems and monitored delivery of contracted carbon removal credits; achieved 96% renewable electricity coverage in line with RE100 despite challenging market conditions.
	Offset historical emissions back to the year 2000 by sourcing carbon offsets (by year-end 2021) and by offsetting credit delivery and full retirement in registry (by year-end 2025). The scope is UBS Group excluding Credit Suisse.	Continued to follow up on credit delivery and retirement of sourced portfolio.
	Engage with our greenhouse gas (GHG) key vendors, for 100% of them to declare their emissions and set net zero-aligned goals by 2026, and reduce their scope 1 and 2 emissions in line with net-zero trajectories by 2035.[7]	We invited the vendors that accounted for 67% of our annual vendor spend to disclose their environmental performance through CDP's Supply Chain Program, with 70% of the invited vendors completing their disclosures in the CDP platform. 65% of GHG key vendors (defined as those vendors that collectively account for more than 50% of our estimated vendor GHG emissions) have declared their emissions on CDP and set net-zero-aligned goals.
People (aspirations)	By 2025, 30% of worldwide roles at Director level and above held by women.	Increased to 29.5% (2022: 27.8%) of worldwide roles at Director level and above held by women.
	By 2025, 26% of US roles at Director level and above held by employees from ethnic minority backgrounds.	Increased to 25.1% (2022: 20.5%) of US roles at Director level and above held by employees from ethnic minority backgrounds.
	By 2025, 26% of UK roles at Director level and above held by employees from ethnic minority backgrounds.	Increased to 24.3% (2022: 23.4%) of UK roles at Director level and above held by employees from ethnic minority backgrounds.
	By 2025, 4% of UK roles at Director level and above held by black employees.	Stable at 2.1% (2022: 2.2%).
	By 2025, 25% of Americas financial advisor / client advisor roles held by women (UBS Group excluding Credit Suisse).	Increased to 16.8% (2022: 16.6%).
	By 2025, 18.8% of US financial advisor / client advisor roles held by employees from racial / ethnic minority backgrounds (UBS Group excluding Credit Suisse).	Decreased to 12.2% (2022: 12.4%).
	Raise USD 1bn in donations to our client philanthropy foundations and funds and reach 26.5 million beneficiaries by 2025 (cumulative for 2021–2025).	Achieved a UBS Optimus network of foundations donation volume of USD 328.0m in 2023, totaling USD 763.9m since 2021 (both figures include UBS matching contributions).[8] Reached 7 million beneficiaries in 2023 and 18.5 million beneficiaries across our social impact activities since 2021.

Partnerships	Continue to position UBS as a leading facilitator of discussion, debate and idea generation.	Delivered a variety of insights, including through interviews with subject-matter experts, individual research reports and comprehensive white papers, via the UBS Sustainability and Impact Institute, including key publications *The Rise of the Impact Economy* and *Rethink, rebuild, reimagine*. Co-organized, with the Institute of International Finance, the second Wolfsberg Forum for Sustainable Finance.
	Drive standards, research and development, and product development.	Co-led financial-sector-specific working group of the Taskforce on Nature-related Financial Disclosures (the TNFD) and supported the launch of the TNFD framework. Co-chaired the UNEP FI Principles for Responsible Banking Nature working group that developed initial guidance on nature target setting for financial institutions.

1 As part of the integration of Credit Suisse, UBS has retired the pre-acquisition UBS sustainable investing aspiration of USD 400bn in SI invested assets. 2 While we continue to take steps to align our business activities to our targets, it is important to note that progress towards our targets may not be linear and that the realization of our own targets and aspirations is dependent on various factors which are outside of our direct influence. We will continue to adjust our approach in line with external developments and evolving best practices for the financial sector and climate science. Refer to the Supplement to the UBS Group Sustainability Report 2023, available under "Annual reporting" at ubs.com/investors, for more information about parts of the value chain within sectors covered by metrics and targets. Metrics are based on gross exposure, which includes total loans and advances to customers, fair value loans and guarantees, and irrevocable loan commitments. Exclusions from the scope of analysis primarily include financial services, credit card and other exposure to private individuals. 3 As part of our ship finance strategy, ships in scope of Poseidon Principles (PP) are assessed on criteria which aim at aligning portfolios to the PP decarbonization trajectories. The PP are a framework for assessing and disclosing, on an annual basis, the climate alignment of in-scope ship finance portfolios to the ambition of the International Maritime Organization (the IMO), including its 2023 Revised GHG Strategy for GHG emissions from international shipping to decrease to net zero by or around 2050 (compared with 2008 levels). 4 Refer to the "Environment" section of the UBS Group Sustainability Report 2023, available under "Annual reporting" at ubs.com/investors, for further information. The inherent one-year time lag between the as-of date of our lending exposure and the as-of date of emissions can be explained by two factors: corporations disclose their emissions in annual reporting only a few months after the end of a financial year; and specialized third-party data providers take up to nine months to collect disclosed data and make it available to data users. Consequently, the baselines for our decarbonization targets are calculated on year-end 2021 lending exposure and 2020 emissions data. Our 2022 emissions actuals are based on year-end 2022 lending exposure and 2021 emissions data. For asset financing (e.g., real estate, shipping) there is no time lag, and exposure and emissions actuals refer to the same year. 5 The 20% alignment goal amounted to USD 235bn at the time of pre-acquisition Asset Management's commitment in 2021. By 2030, the weighted average carbon intensity of funds is to be 50% below the carbon intensity of the respective 2019 benchmark. 6 Scope 2 emissions are market-based emissions. The remaining scope 1 and 2 emissions may be in excess of the approximately 5–10% residuals required for net zero (per the definition of a "net-zero target" by the ESRS E1 Climate Change per delegated act, adopted on 31 July 2023), which is our ambition for 2050. In 2024, we will be reviewing our 2025 scope 1 and 2 target for achievability for the combined organization and alignment with latest guidance. 7 In 2024, we may review our targets for GHG key vendors for the combined organization and alignment with latest guidance. Our GHG key vendors are those vendors that collectively account for more than 50% of our estimated vendor GHG emissions. 8 Figures provided for the UBS Optimus network of foundations are based on unaudited management accounts and information available as of January 2024. Audited financial statements for UBS Optimus network of foundations entities are produced and available per local market regulatory guideline.

Cautionary note: We have developed methodologies that we use to set our climate-related targets and identify climate-related risks and which underly the metrics that are disclosed in this report. Standard-setting organizations and regulators continue to provide new or revised guidance and standards, as well as new or enhanced regulatory requirements for climate disclosures. Our disclosed metrics are based upon data available to us, including estimates and approximations where actual or specific data is not available. We intend to update our disclosures to comply with new guidance and regulatory requirements as they become applicable to UBS. Such updates may result in revisions to our disclosed metrics, our methodologies and related disclosures, which may be substantial, as well as changes to the metrics we disclose.

› **Refer to the UBS Group Sustainability Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information**

Build a diverse, equitable and inclusive workplace

Increasing our gender and ethnic diversity is a strategic priority. We want to support and enable more women to build long and satisfying careers with UBS, and we are committed to increasing the representation of women at senior levels. Equally, investing in attracting, supporting and advancing our ethnically diverse employees is a key focus for the firm. We take a multi-pronged approach, examining the process, culture and organization design elements around hiring, promoting and retaining women and ethnic minority background employees at all levels, and senior management are accountable for driving change.

Efforts towards progressing our aspirations are considered in the determination of the annual performance award pool and included in the sustainability objectives under "People and Governance" and "Environmental and Sustainability" for the GEB, as outlined in the table above.

› **Refer to the "People and culture make the difference" section of the UBS Group AG Sustainability Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information about DE&I**

Performance award pool funding

Our compensation philosophy focuses on balancing performance with appropriate risk-taking, retaining talented employees and shareholder returns. Our overall performance award pool funding percentage decreases as financial performance increases. In years of strong financial performance, this prevents excessive compensation and results in an increased proportion of profit before performance awards being available for distribution to shareholders or growing the Group's capital. In years where performance declines, the performance award pool will generally decrease; however, the funding percentage may increase.

Our performance award pool funding framework is based on Group and business division performance, including achievements against defined performance measures. For the avoidance of doubt, we have excluded the positive and negative financial impacts generated by the acquisition of the Credit Suisse Group (such as the negative goodwill of USD 27.7bn) from consideration in our performance award pool determination process. In assessing performance, we also consider relative performance versus peers, market competitiveness of our pay position, as well as progress against our strategic and integration objectives, including returns, risk-weighted assets and cost efficiency. The Risk and Compliance functions support our holistic reflection and consideration of the financial and non-financial impact (including reputation) of risk matters. We further consider the firm's risk profile and culture, the extent to which operational risks and audit issues have been identified and resolved, and the success of risk reduction initiatives including accountability for significant events.

The funding for Group functions is linked to overall Group performance and also reflects factors such as headcount and workforce location. For each functional area, quantitative and qualitative assessments evaluate service quality, risk management and financial achievements.

Our decisions regarding the total Group performance award pool also balance consideration of financial performance with a range of factors, including DE&I and other ESG metrics, the impact of litigation, regulatory costs, the effect of changes in financial accounting standards, capital returns and relative total shareholder return.

In 2023, in light of the acquisition of the Credit Suisse Group, we have also considered the complexity of the transaction as well as the need to retain key talent and stabilize the franchise during the integration period. Furthermore, and in line with our existing commitment to fair pay and diversity, equity and inclusion, we took great care to support fairness and equity across the organization, with a focus on like-for-like outcomes for comparable roles and performance across the Group. Overall, this further supports our sustainable high performance culture and reflects our well-established approach to pay for performance. As the integration progresses, we may consider further adjustments in the future to support near-term targets and progress toward the completion of the integration.

Before making its final proposal to the BoD, the Compensation Committee considers the Group CEO's proposals and can apply a positive or negative adjustment to the performance award pool.

› **Refer to "2023 Group performance outcomes" in the "Group compensation" section of this report**

› **Refer to the "Group performance" section of this report for more information about our results**

Performance award funding process – illustrative overview

Financial performance	Risk adjustment	Quantitative and qualitative adjustments				Consultation of Group CEO with GEB members	CompCo / BoD governance and decision
1	2	3				4	5
Business division financial performance	Risk-adjusted business division performance award pool	Strategic / integration / business division measures	Qualitative, risk, regulatory and sustainability assessment	Relative performance versus peers	Market position and trends	Recommended business division performance award pools	Final Group performance award pool

1	**Business division financial performance**	The starting point for the funding process is the business division financial performance, which may be adjusted for items that are not reflective of the underlying business division performance.
2	**Risk-adjusted business division performance award pool**	Predetermined business division-specific funding rates are applied to risk-adjusted performance, which excludes items that are not reflective of the underlying business performance.
3	**Strategic / integration / business division measures**	Each division is assessed based on specific measures (e.g., net new fee generating assets, return on attributed equity). In the short-to-medium term, to support the economic and cultural integration of Credit Suisse and the creation of long-term value of the combined firm for our shareholders, our decision making also reflects the progress on and the complexity of the transaction, including the need to retain key talent, support pay fairness across the entire organization, and stabilize the franchise during the integration period.
	Qualitative, risk, regulatory and sustainability assessment	Decision-making considers the firm's risk profile and the extent to which operational risks and audit issues have been identified and resolved. Diversity, equity and inclusion and other ESG metrics and the impact of litigation and regulatory costs are also considered. The Risk and Compliance functions support our holistic reflection and consideration of the financial and non-financial impact (including reputation) of risk matters.
	Relative performance versus peers	Performance is assessed relative to our peers, including financial performance, returns and relative total shareholder return.
	Market position and trends	Market intelligence, based on external advisors, helps assess the competitiveness of our pay levels and compensation structure. It also provides a prospective view of market trends in terms of absolute compensation levels, compensation framework and industry practice.
4	**Recommended business division performance award pools**	The business division performance award pool determination process, based on quantitative and qualitative assessments, results in a proposal from the Group CEO (after consultation with the GEB) to the Compensation Committee for consideration.
5	**Final Group performance award pool**	The Compensation Committee considers the proposal in the context of the factors outlined above and verifies that it is in line with our strategy and our Total Reward Principles to create sustainable shareholder value and support our growth ambitions. The Committee may alter the proposal of the Group CEO (upward or downward, including proposing a zero award) before making its final proposal to the BoD.

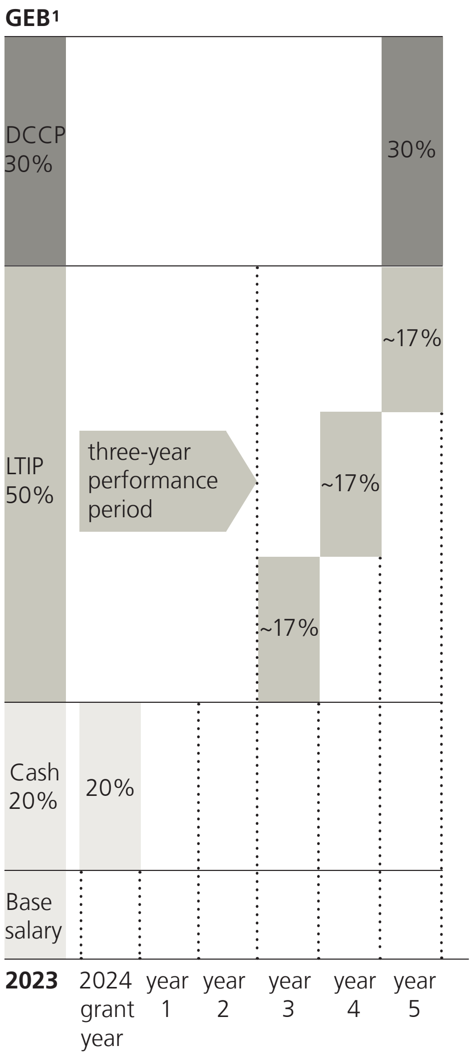
Compensation for GEB members

GEB compensation framework

In 2023, the Compensation Committee reviewed the GEB compensation framework and concluded that it remains well suited to support the alignment of compensation with the execution of our strategy, sustainable performance and the delivery of our integration goals. The chart below illustrates the compensation elements, pay mix and key features for GEB members. Of the annual performance award, 20% is paid in the form of cash and 80% is deferred over a period of five years,[1] with 50% of the annual performance awards granted under the Long-Term Incentive Plan (the LTIP) and 30% under the Deferred Contingent Capital Plan (the DCCP).

› Refer to "Our deferred compensation plans" in the "Group compensation" section of this report for more information

2023 compensation framework for GEB members (illustrative example)



Key features

- Notional additional tier 1 (AT1) instruments
- Award vests in year 5 after grant year, subject to a write-down if a viability event occurs or the CET1 capital ratio falls below 10% (i.e., a trigger event)
- Award is subject to 20% forfeiture for each financial year that UBS does not achieve a Group profit before tax, adjusted for disclosed items generally not representative of underlying business performance
- Award is subject to employment conditions and harmful acts provisions

- Notional shares
- Award vests in equal installments in years 3, 4 and 5 after grant year, depending on the achievement of RoCET1 and rTSR measured over a three-year performance period
- Award is subject to employment conditions and harmful acts provisions

1 Performance awards to GEB members who are SMF / MRT are subject to additional deferral and vesting requirements.

› Refer to the "Group Compensation" section of this report for more information
› Refer to "Regulated staff" in the "Supplemental information" section of this report for more information

Pay-for-performance safeguards for GEB members

Performance award caps	– Cap on the total GEB performance award pool (2.5% of profit before tax)[1] – Caps on individual performance awards (for the Group CEO capped at five times the annual fixed compensation rate and at seven times for the other GEB members). Going forward, the GEB, including the Group CEO, will be subject to a cap of seven times their annual fixed compensation rate. – Cap of 20% of performance award in cash
Delivery and deferral	– 80% of performance awards are at risk of forfeiture – Long-term deferral over five years (or longer for certain regulated GEB members) – Alignment with shareholders (through the LTIP) and bondholders (through the DCCP) – Final payout of equity-based LTIP award (50% of performance award) subject to absolute and relative performance conditions (three-year performance period)
Contract terms	– No severance terms – Notice period between six and twelve months
Other safeguards	– Share ownership requirements – No hedging allowed – GEB variable compensation subject to clawback in line with US regulatory requirements

1 The Compensation Committee may consider adjustments to profit for items that are not reflective of underlying performance including integration items.

Effective 2 October 2023, we have implemented a clawback policy for current and former GEB members based on the US Securities and Exchange Commission (SEC) requirement for listed companies on US national securities exchanges / associations. This clawback policy is applied if UBS is required to prepare an accounting restatement of financial statements due to material non-compliance with financial reporting requirements. In that event, UBS would consider recovering the amount of variable compensation that exceeds the amount that would have been determined based on the restated financial statements (the final amount will be determined at the discretion of the Compensation Committee).

GEB share ownership requirements

To align the interests of GEB members with those of our shareholders and to demonstrate personal commitment to the firm, we require all GEB members including the Group CEO to hold a substantial number of UBS shares. GEB members must reach their minimum shareholding requirements within five years from their appointment and retain it throughout their tenure. The total number of UBS shares held by a GEB member consists of any vested or unvested shares, including privately held shares. At the end of 2023, all GEB members met their share ownership requirements, except for those appointed within the last three years, who still have time to build up and meet the required share ownership.

As of 31 December 2023, our GEB members held shares with an aggregate value of approximately USD 388m.

Share ownership requirements

Group CEO	min. 1,000,000 shares	Must be built up within five years from their appointment and retained throughout their tenure
Other GEB members	min. 500,000 shares	

GEB base salary and role-based allowance

Each GEB member receives a fixed base salary, which is reviewed annually by the Compensation Committee. The 2023 annual base salary for the Group CEO role was CHF 2.5m and has remained unchanged since 2011. The other GEB members each received a base salary of CHF 1.5m (or local currency equivalent), also unchanged since 2011.

Regarding the fixed compensation of the former members of the Credit Suisse Executive Board (the ExB), after the acquisition and considering the change in roles of former ExB members, we have reduced their fixed compensation following their contractual notice period to align with UBS fixed compensation levels for below Group Executive Board (GEB) employees. For the former CEO of Credit Suisse Group AG, who became a GEB member after the acquisition, the fixed compensation was also reduced to align with UBS fixed compensation levels for other GEB members.

Over the course of 2023, two GEB members held a UK Senior Management Function (an SMF) role for one of our UK entities and one GEB member was identified as a UK-regulated Material Risk Taker (an MRT). In addition to base salary, a role-based allowance was part of their fixed compensation.

At the Annual General Meeting (the AGM), the shareholders are asked to approve the maximum aggregate amount of fixed compensation for GEB members for the following financial year.

› **Refer to the "Supplemental information" section of this report for more information about MRTs and SMFs**
› **Refer to the "Say-on-pay" section of this report for more information about the AGM vote on fixed compensation for the GEB**

Caps on the GEB performance award pool

The size of the GEB performance award pool may not exceed 2.5% of the Group's profit before tax. This limits the overall GEB compensation based on the firm's profitability. For 2023, the total GEB performance award pool was CHF 108.3m and below the 2.5% cap, when applying profit before tax on an adjusted basis to exclude both the positive and negative one-time financial impacts of the Credit Suisse acquisition (as explained in the 2023 key compensation themes section of this report). These adjustments from reported results reflect the rigorous internal review as well as the judgment of the Compensation Committee.

In line with the individual compensation caps on the proportion of fixed pay to variable pay for all GEB members (introduced in 2013), the Group CEO's granted performance award (at communicated value) is capped at five times his annual fixed compensation rate. Granted performance awards (at communicated value) of other GEB members are capped at seven times their annual fixed compensation rate. For 2023, performance awards (at communicated value) granted to all GEB members including the Group CEO were, on average, 3.8 times their fixed compensation (in Swiss franc terms, excluding one-time replacement awards, benefits and contributions to retirement plans). Going forward, the GEB, including the Group CEO, will be subject to a cap of seven times their annual fixed compensation rate.

› **Refer to "Performance award pool funding" in the "Compensation philosophy and governance" section of this report for more information**

GEB employment contracts

GEB members' employment contracts do not include severance terms and are subject to a notice period of between six and twelve months. A GEB member leaving UBS before the end of a performance year may be considered for a performance award. Such awards are subject to approval by the BoD, and ultimately by the shareholders at the AGM.

Benchmarking for GEB members

When recommending performance awards for the Group CEO and the other GEB members, the Compensation Committee reviews the respective total compensation for each role against a financial industry peer group. The peer group is selected based on comparability of their size, business mix, geographic presence and the extent to which they compete with us for talent. The Compensation Committee considers our peers' strategies, practices and pay levels, as well as their regulatory environment; it also periodically reviews other firms' pay levels or practices, including both financial and non-financial sector peers, as applicable. The total compensation for a GEB member's specific role considers the compensation paid by our peers for a comparable role and performance within the context of our organizational profile. The Compensation Committee periodically reviews and approves the peer group composition.

The table below presents the composition of our peer group as approved by the Compensation Committee for the 2023 performance year.

Bank of America	HSBC
Barclays	JPMorgan Chase
BlackRock	Julius Baer
BNP Paribas	Morgan Stanley
Citigroup	Standard Chartered
Deutsche Bank	State Street
Goldman Sachs	

GEB performance assessments

We assess each GEB member's performance against a set of Group financial targets, non-financial objectives and Behaviors. For 2023, we revised the non-financial objectives to increase focus on the integration. Specifically, we updated and consolidated the categories to focus on delivering integration- and strategy-related initiatives, client centricity, risk and regulatory, environmental and sustainability, and people- and governance-related objectives. This approach continues to foster a focus on GEB priorities, including delivering the integration objectives and the success of the Group, and promotes strong individual accountability.

The Compensation Committee exercises its judgment with respect to the performance achieved relative to the prior year, our strategic plan and our competitors, and considers the Group CEO's proposals. The Compensation Committee's proposals are subject to approval by the BoD.

The Compensation Committee, and then the full BoD, follows a similar process for the Group CEO, except that the proposal comes from the Chairman of the BoD.

Overview of the GEB compensation determination process

The compensation for the Group CEO and the other GEB members is governed by a rigorous process under Compensation Committee and BoD oversight. The chart below shows how compensation for all GEB members is determined.

The Compensation Committee is involved at all stages of the performance and total compensation decision-making process for the Group CEO and the other GEB members, for review and approval by the BoD.

	Objective setting	**Performance assessment**	**Compensation determination**
Decision-making process	Financial targets are based on Group performance measures. Non-financial objectives are related to Integration and Strategy, Clients, Risk and Regulatory, Environmental and Sustainability and People and Governance. Behaviors objectives are related to the three UBS Behaviors of Accountability with integrity, Collaboration and Innovation. Financial targets weight: 60% Non-financial objectives weight: 30% Behavior objectives weight: 10%	Financial results are assessed quantitatively based on full-year financial results versus predetermined targets and plan figures. Non-financial objectives are assessed predominantly based on achievements relative to quantitative key performance indicators. Behaviors objectives are assessed qualitatively. The achievements of non-financial measures and Behaviors are determined in three performance categories, outlined on the next page. The total of all weighted achievement scores cannot exceed 100%.	When determining actual pay levels, the Compensation Committee factors in: – financial performance; – performance assessment; – relative performance versus peers; and – compensation market benchmarks and trends. Final compensation decisions for GEB members consider the Group CEO's proposal (the Group CEO makes no proposal on his own awards) and compensation market benchmarks and trends.
Role of the Compensation Committee	Together with the BoD Chairman, proposes performance targets and objectives for the Group CEO for approval by the BoD. Together with the Group CEO, reviews the performance framework for the other GEB members.	Together with the BoD Chairman, proposes the Group CEO's performance assessment for approval by the BoD. Together with the Group CEO, proposes the performance assessments of the other GEB members for approval by the BoD.	Proposes to the BoD for approval: – together with the BoD Chairman, the total compensation for the Group CEO; and – together with the Group CEO, the individual total compensation for the other GEB members. The final decision on the aggregate amount is subject to shareholder approval.

Overview of performance assessment measures

We apply a range of quantitative measures to assess GEB member performance against financial and non-financial objectives, while Behaviors are assessed qualitatively. The table below provides a summary of the main metrics and measures used for 2023.

<table>
<tr><td colspan="3">Financial measures
(60%)</td><td>– Group profit before tax
– Group cost / income ratio
– Group return on CET1 capital</td></tr>
<tr><td rowspan="5">Non-financial measures
(30%)</td><td colspan="2">Integration and Strategy</td><td>– Progress on Group strategic and integration priorities
– Delivery on division- / function-specific strategic programs and initiatives</td></tr>
<tr><td colspan="2">Clients</td><td>– Foster delivery of the whole firm to our clients
– Promoting collaboration across the combined organization
– Delivery on specific key client initiatives</td></tr>
<tr><td colspan="2">Risk and Regulatory</td><td>– Operating within risk appetite
– Progress on delivering on risk initiatives and regulatory commitments</td></tr>
<tr><td colspan="2">Environmental and Sustainability</td><td>– Refer to the "Planet" and "Partnership" sections in the "Our aspirational goals and progress" table in the "Environmental, Social and Governance considerations" section of this report</td></tr>
<tr><td colspan="2">People and Governance</td><td>– Progress toward meeting 2025 ambitions for female representation and for ethnic minority representation (as per ESG disclosure)
– People development, mobility, turnover and succession plan metrics
– Employee listening / sentiment results and feedback on engagement and culture</td></tr>
<tr><td rowspan="3">Behaviors
(10%)</td><td>Accountability with integrity</td><td rowspan="3">Qualitative assessment against expected Behaviors:</td><td>– Responsible for what they say and do
– Takes ownership and makes things happen
– Steps up and acts when something is not right</td></tr>
<tr><td>Collaboration</td><td>– Trusts others and helps them to be successful
– Delivers One UBS, together with their colleagues
– Fosters a diverse, inclusive and equitable work environment</td></tr>
<tr><td>Innovation</td><td>– Challenges perspectives and looks at every opportunity to improve
– Actively seeks and provides feedback
– Learns from every success and failure</td></tr>
</table>

Performance assessment categories

The table below presents the three performance categories for the assessment of the performance against non-financial objectives and Behaviors. The achievement score represents the maximum percentage, and the Compensation Committee may apply downward adjustments.

Non-financial measures		
Needs focus	**Good contribution**	**Excellent contribution**
Achievement score: up to 33%	Achievement score: up to 66%	Achievement score: up to 100%

Behaviors		
Needs focus	**Expected behavior**	**Exemplary behavior**
Achievement score: up to 33%	Achievement score: up to 66%	Achievement score: up to 100%

2023 performance for the Group CEO

The performance award for the Group CEO is based on the achievement of financial performance targets and non-financial objectives and Behaviors, as described earlier in this section.

These objectives were set to reflect the strategic priorities determined by the Chairman and the BoD.

› **Refer to "GEB compensation framework" in this section of this report for more information**

Performance assessment for the Group CEO

Sergio Ermotti joined UBS on 1 April 2023 and took on accountability as Group CEO on 5 April 2023. The Board of Directors (the BoD) recognizes Mr. Ermotti's excellent performance in a defining year in UBS's history and strong progress in delivering on integration priorities. He was instrumental in quickly stabilizing the client franchise, managing risks, and bringing operational stability to Credit Suisse after the announcement of the acquisition. He successfully led the closing of the transaction in three months, the early repayment of the Public Liquidity Backstop and Emergency Liquidity Assistance Plus and the termination of the Loss Protection Agreement. His vision, drive and ambition for this transaction have resulted in an ambitious integration plan. Throughout the year, Mr. Ermotti was an extremely effective ambassador internally and externally for the combined firm and the significant value we can deliver in the future for all our stakeholders.

While the 2023 financial results were impacted by the acquisition of the Credit Suisse Group, we achieved underlying profitability following the closing of the acquisition and maintained the Group's strong capital position with both the CET1 capital ratio and the CET1 leverage ratio in excess of our guidance. Our capital strength enabled us to buy back USD 1.3bn of shares in 2023 and to propose to the shareholders a dividend of USD 0.70 per share, a 27% increase year-on-year.

The BoD also acknowledges that Mr. Ermotti was a role model in promoting client centricity. He personally remained engaged with clients and focused the organization on serving clients and putting them at the heart of everything we do. This resulted in strong momentum with our clients as evidenced by positive net new money and net new deposits across Global Wealth Management and Personal & Corporate Banking since the closing of the acquisition in 2023.

Further, Mr. Ermotti set a clear tone from the top on risk culture and risk management. He demonstrated a strong oversight on risk remediation items including addressing those resulting from the integration, challenged appropriately and kept the Group focused on adhering to our well-established risk management and control principles.

Mr. Ermotti swiftly and successfully re-composed the Group Executive Board (the GEB) to effectively manage the ambitious integration targets. He also took decisive action to stabilize the organization on the people side and to focus on maintaining operational stability, protecting the client franchise and managing risks. In addition, Mr. Ermotti made it a priority to drive cultural aspects into the combined organization by personally championing the Three Keys culture program. He also continued to successfully progress on the Group's sustainability strategy with its key focus areas Planet (including net zero commitments), People (including progress on diversity, equity and inclusion ambitions) and Partnerships.

As explained above, the Compensation Committee made certain adjustments to the financial results used to determine the Group CEO performance award for 2023. If the Compensation Committee had not made these adjustments but had applied reported UBS Group AG financial results, i.e., including all acquisition-related effects, the achievement level for the Group PBT and RoCET1 performance measures would have been 100% and the weighted assessment score across all financial performance measures would have been higher. This would not have been representative of the achievements versus the targets defined for the 2023 performance year prior to the acquisition.

The table below illustrates the assessment criteria used to evaluate the achievements of Mr. Ermotti in 2023.

Financial performance

Weight	Performance measures	2023 Results		Achievement[1]	Weighted assessment	2023 commentary
		UBS Group (underlying)	UBS AG consolidated (reported)			
20%	**Group PBT**	USD 4.0bn	USD 4.5bn	79%	16%	– Profit before tax declined and was below target as higher operating expenses more than offset higher revenues, primarily due to the operating loss incurred by Credit Suisse entities.
20%	**Group C/I ratio**	87.2%	86.2%	92%[2]	18%	– The cost / income ratio increased and was below its performance target as higher operating expenses was only partly offset by an increase in total revenues.
20%	**RoCET1**	4.2%	7.6%	78%	16%	– RoCET1 declined and was below its performance target, reflecting lower net profit due to operating loss incurred by Credit Suisse entities and higher average CET1 capital.

1 Achievement score capped at 100% and based on UBS sub-group (reported) results adjusted for integration-related effects (as explained above). 2 For the assessment of the cost / income ratio, the percentage change of result versus plan is subtracted from the maximum achievement level (100%).

Performance assessment for the Group CEO (continued)

Non-financial performance and Behaviors

Weight	Performance measures	Achieve-ment	Weighted assess-ment	2023 commentary
30%	**Non-financial objectives** (Integration and Strategy, Clients, Risk and Regulatory, Environmental and Sustainability, People and Governance)	Excellent contribution	27%	The evaluation of each non-financial objective considers quantitative metrics that are assessed against internal targets / plan. – Stabilized Credit Suisse, completed closure of the transaction in three months, defined a detailed integration plan and developed a comprehensive strategic plan for the next three years. – Delivered early voluntary termination of the Loss Protection Agreement and the Public Liquidity Backstop, repaid the Credit Suisse Emergency Liquidity Assistance Plus loan. – Achieved underlying profitability following closing of the acquisition, maintained a balance sheet for all seasons and strong capital position. – Prioritized personal engagement with clients to support stabilizing the client franchise, building trust and confidence in the combined firm. – Promoted a strong risk management and control culture across the combined organization, remained focused on risk remediation and made progress with the litigation portfolio. – Effectively re-composed the GEB and managed leadership transitions, supported strong Group-wide senior leader succession and talent pipeline. – Championed the Three Keys Culture program to support a successful long-term integration of Credit Suisse. – Made progress on group diversity, equity and inclusion ambitions. See ESG metrics and progress in separate table in this report.
10%	**Behaviors** (Accountability with integrity, Collaboration, Innovation)	Exemplary behavior	10%	The assessment of the Behavior objectives is qualitative and has resulted in the following summary assessment. – Acted as a role model for the UBS behaviors. Led by example and demonstrated exemplary accountability, decisiveness and determination to achieve strong and sustainable short- and long-term results. – Strengthened collaboration across the combined organization to focus on client needs, stabilize the franchise and progress with the ambitious integration targets. – Continuously challenged the organization to think differently about the business evolution, accelerated the process of moving Artificial Intelligence technology from experimentation to implementation.
	Total weighted assessment (maximum 100%)		**87%**	

The BoD approved the proposal by the Compensation Committee to grant Mr. Ermotti a performance award of CHF 12.25m, resulting in a total compensation for 2023 of CHF 14.1m (excluding benefits and contributions to his retirement benefit plan).

Aligned with the GEB compensation framework, the Group CEO’s performance award will be delivered 20% (CHF 2.45m) in cash and the remaining 80% (CHF 9.8m) subject to deferral and forfeiture provisions, as well as meeting performance conditions over the next five years.

2023 total compensation for the GEB members

At the 2024 AGM, shareholders will vote on the aggregate 2023 total variable compensation for the GEB in Swiss francs. The tables below provide the awarded compensation for the Group CEO and the GEB members in Swiss francs and, for reference, the total amounts in US dollars for comparability with financial performance. The individual variable performance awards for each GEB member will only be confirmed upon shareholder approval at the AGM.

› **Refer to "Deferred compensation" in the "Supplemental information" section of this report for more information about the vesting of outstanding awards for GEB members**

› **Refer to "Provisions of the Articles of Association related to compensation" in the "Supplemental Information" section of this report for more information**

Audited I

Total compensation for GEB members

CHF, except where indicated										*USD (for reference)*[1]		
For the year	Base salary	Contribution to retirement benefit plans	Benefits[2]	Total fixed compensation	Cash[3]	Performance award under LTIP[4]	Performance award under DCCP[5]	Total variable compensation	Total fixed and variable compensation[6]	Total fixed compensation	Total variable compensation	Total fixed and variable compensation[6]
Highest Paid Executive (for 2023 Sergio Ermotti and for 2022 Ralph Hamers excluding replacement awards)[7]												
2023	1,875,000	186,240	84,078	2,145,317	2,450,000	6,125,000	3,675,000	12,250,000	14,395,317	2,368,204	13,522,709	15,890,913
2022	2,500,000	242,239	198,378	2,940,617	1,940,000	4,850,000	2,910,000	9,700,000	12,640,617			
Aggregate of all GEB members (excluding replacement awards)[7,8,9,10,11,12]												
2023	28,677,051	2,120,421	1,238,708	32,036,180	21,398,036	54,305,166	32,583,098	108,286,300	140,322,480	35,364,567	119,536,663	154,901,230
2022	23,318,410	1,796,872	693,473	25,808,756	16,220,000	40,550,000	24,330,000	81,100,000	106,908,756			

1 Swiss franc amounts have been translated into US dollars for reference at the 2023 performance award currency exchange rate of CHF / USD 1.10389. 2 All benefits are valued at market price. 3 For GEB members who are also MRTs or SMFs, the cash portion includes blocked shares. 4 LTIP awards for performance year 2023 were awarded at a value of 50.00% of maximum which reflects our best estimate of the value of the award. The maximum number of shares is determined by dividing the awarded amount by the estimated value of the award at grant, divided by CHF 24.435 or USD 27.936, the average closing price of UBS shares over the last ten trading days leading up to and including the award date in February. 5 The amounts reflect the amount of the notional additional tier 1 (AT1) capital instrument excluding future notional interest. 6 Excludes the portion related to the legally required employer's social security contributions for 2023 and 2022, which are estimated at grant at CHF 7,291,554 and CHF 4,675,424, respectively, of which CHF 897,679 and CHF 841,402, respectively, are for the highest-paid GEB member (excluding replacement awards). The legally required employees' social security contributions are included in the amounts shown in the table above, as appropriate. 7 The 2022 total compensation of Sarah Youngwood, the former Group CFO, including both the one-time replacement awards of her compensation forfeited upon joining UBS as well as her compensation for the 2022 performance year, amounts to a total of CHF 13,475,863 (which makes her the highest paid executive for 2022 including replacement awards). 8 As stated in "Group Executive Board" in the "Corporate governance" section of this report, 16 GEB members were in office on 31 December 2023 and twelve GEB members were in office on 31 December 2022. 9 Includes compensation paid under employment contracts during notice periods for GEB members who stepped down during the respective years. 10 Includes compensation for newly appointed GEB members for their time in office as GEB members during the respective years. 11 Base salary may include role-based allowances in line with market practice in response to regulatory requirements. 12 For 2022, the one-time replacement awards of CHF 7,206,683 for Sarah Youngwood and CHF 65,229 for Naureen Hassan are not included in the above table; including these, the 2022 total aggregate compensation of all GEB members is CHF 114,180,668.

Total realized compensation for the Group CEO

The realized compensation for the Group CEO reflects the total amount paid out in the year. It includes the base salary, cash performance award payments, and all deferred performance awards vested in the year. As such, realized pay is the natural culmination of awards granted and approved by shareholders in previous years.

To illustrate the effect of our long-term deferral approach, which has been in place since 2012, we disclose the annual realized compensation of Mr. Ermotti, including a comparison with his total awarded compensation.

Total realized compensation vs awarded compensation for Sergio Ermotti

CHF					Realized	Awarded
For the year	Base salary	Cash award[2]	Performance award under equity plans[2]	Performance award under DCCP[2]	Total realized fixed and variable compensation	Total awarded fixed and variable compensation[3]
2023[1]	1,875,000	0	0	0	1,875,000	14,125,000

1 Includes compensation for 9 months as Sergio Ermotti joined UBS in April 2023. 2 Excludes dividend / interest payments. 3 Excludes contributions to retirement benefit plans and benefits. Includes social security contributions paid by Sergio Ermotti but excludes the portion related to the legally required social security contributions paid by UBS.

Group compensation

Compensation elements for all employees

All elements of pay are considered when making our compensation decisions. We regularly review our principles and compensation framework in order to remain competitive and aligned with stakeholders' interests. In 2023, our compensation framework remained broadly unchanged. We will continue to review our approach to salaries and performance awards, considering market developments, our performance and our commitment to deliver sustainable returns to shareholders.

Base salary and role-based allowance

Employees' fixed compensation (e.g., base salary) reflects their level of skill, role and experience, as well as local market practice. Base salaries are usually paid monthly or fortnightly, in line with local market practice. We offer competitive base salaries that reflect location, function and role. Salary increases generally consider promotions, skill set, performance and overall responsibility.

In addition to base salary, and as part of fixed compensation, some employees may receive a role-based allowance. This allowance is a shift in the compensation mix between fixed and variable compensation, not an increase in total compensation. It reflects the market value of a specific role and is fixed, non-forfeitable compensation. Unlike salary, a role-based allowance is paid only if the employee is in a specific role. Similar to previous years, 2023 role-based allowances consisted of a cash portion and, where applicable, a blocked UBS share award.

Pensions and benefits

We provide access to a range of benefit plans, such as retirement benefits and health insurance, aiming to provide financial protection in case of significant life events, and support our employees' well-being and diverse needs. Retirement and other benefits are set in the context of local market practice and regularly reviewed for competitiveness.

Pension plan rules in any one location are generally the same for all employees in similar circumstances, including GEB members and other management. Under the Switzerland Pension Fund rules of UBS legal entities, there are no enhanced or supplementary pension contributions for the GEB. The CEO of Credit Suisse AG, who became a GEB member after the legal close of the acquisition, participates in the Switzerland Pension Fund for Credit Suisse legal entities.

Performance award

Most of our employees are eligible for an annual performance award. The level of this award, where applicable, generally depends on the firm's overall performance, the employee's business division, team and individual performance, and behavior, reflecting their overall contribution to the firm's results. These awards are in line with applicable local employment conditions and at the discretion of the firm.

In addition to the firm's Pillars and Principles, Behaviors related to Accountability with integrity, Collaboration and Innovation are part of the performance management approach. Therefore, when assessing performance, we consider not only what was achieved but also how it was achieved.

Our deferred compensation plans

Underlining our emphasis on sustainable performance and risk management, and our focus on achieving our growth ambitions, we deliver part of our employees' annual variable compensation through deferred compensation plans. We believe that our approach, with a single incentive decision and mandatory deferral framework, is transparent and well suited to implementing our compensation philosophy and delivering sustainable performance. This aligns the interests of our employees and shareholders and appropriately links compensation to longer-term sustainable performance.

Our mandatory deferral approach applies to all employees with regulatory-driven deferral requirements or total compensation greater than USD / CHF 300,000. Certain regulated employees, such as Senior Management Functions (SMFs) and Material Risk Takers (MRTs), are subject to additional requirements (e.g., more stringent deferral requirements and additional blocking periods). In addition, SMFs and MRTs receive 50% of their cash portion in the form of immediately vested shares, which are blocked for 12 months after grant.

The deferred amount increases at higher marginal rates in line with the value of the performance award. The effective deferral rate therefore depends on the amount of the performance award and the amount of total compensation.

We believe our deferral regime has one of the longest vesting periods in the industry. The weighted average deferral period for non-regulated employees is 4.4 years for GEB members, 3.8 years for MDs receiving LTIP and 3.5 years for other employees. Additionally, from time to time, we may utilize alternative deferred compensation arrangements to remain competitive in specific business areas.

To further promote sustainable performance, all of our deferred compensation plans include employment conditions and malus conditions. These enable the firm to reduce or fully forfeit unvested deferred awards under certain circumstances, pursuant to performance and harmful acts provisions. In addition, forfeiture is triggered in cases where employment has been terminated for cause.

Upon vesting of the notional share awards, we fulfill our share delivery obligations by delivering treasury shares purchased in the market.

› **Refer to "Note 28 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information**
› **Refer to the "Supplemental information" section of this report for more information about MRTs and SMFs**

Variable compensation elements by employee category

Employee category	Cash	LTIP	EOP	DCCP
		Deferred compensation elements		
GEB members and Managing Directors reporting to the GEB and their direct reports at Managing Director level (as applicable)	✓	✓[1]		✓
Employees subject to mandatory deferral framework	✓		✓[1]	✓

1 Employees in investment areas within Asset Management typically receive notional funds (Fund Ownership Plan, previously named AM EOP) in lieu of EOP / LTIP to align their compensation more closely with fund performance, industry standards and regulatory requirements.

Long-Term Incentive Plan

The Long-Term Incentive Plan (the LTIP) granted for 2023 performance is a mandatory deferral plan for GEB members and Managing Directors (MDs) reporting to the GEB and their direct reports at MD level.[1] These senior leaders receive the equity portion of their 2023 performance award in LTIP to support delivering on our ambitious integration goals and business / financial targets. This further mitigates the need for a distinct integration award typical for a transaction of this nature. For the 2023 performance year, we awarded the LTIP to 18 GEB members and 940 MDs in office during 2023, at a value of 50.0% of the maximum, to further align the maximum opportunity with the stretching nature of our financial ambitions.

The performance metrics of the share-based LTIP awards are average reported return on CET1 capital (RoCET1) and relative total shareholder return (rTSR) over a three-year performance period starting on 1 January in the year of grant. Performance outcomes and actual payout levels will be disclosed at the end of the performance period.

The three-year average reported RoCET1 metric (50% weighting) with a performance range of 5% to 10% reflects the impact of the acquisition and our ambitious integration objectives, as well as the communicated financial ambitions over the cycle:
- the maximum reported RoCET1 of 10% corresponds with a 100% payout aligned with our stretch target;
- the minimum reported RoCET1 of 5% corresponds with a 33% payout aligned with sustainable results in the context of the integration; and
- the linear payout between the threshold and maximum levels supports our focus on delivering sustainable performance without encouraging excessive risk-taking.

The rTSR performance metric (50% weighting) over the three-year period further aligns the interests of employees with those of shareholders. This metric compares the total shareholder return (the TSR) of UBS with the TSR of an index consisting of listed Global Systemically Important Banks (G-SIBs):
- the maximum payout outcome is reached when rTSR is 25 percentage points or more above the index, to mitigate the potential for excessive risk-taking;
- there is zero payout if rTSR is 25 percentage points or more below the index; and
- the linear payout between the threshold and maximum levels further supports appropriate risk-taking

This G-SIBs index is independently determined by the Financial Stability Board (excluding the UBS Group), our index includes all publicly traded G-SIBs and reflects companies with a comparable risk profile and impact on the global economy. The index is equally weighted, calculated in Swiss francs and maintained by an independent index provider, so as to ensure independence of the TSR calculation.

1 Excluding MDs in Asset Management Investment Areas who will continue to receive the Fund Ownership Plan (FOP) instead of the LTIP

G-SIBs that are listed companies[1]

Agricultural Bank of China	Goldman Sachs	Santander
Bank of America	Groupe Crédit Agricole	Société Générale
Bank of China	HSBC	Standard Chartered
Bank of Communications	ICBC	State Street
Bank of New York Mellon	ING	Sumitomo Mitsui FG
Barclays	JPMorgan Chase	Toronto-Dominion
BNP Paribas	Mitsubishi UFJ FG	Wells Fargo
China Construction Bank	Mizuho FG	
Citigroup	Morgan Stanley	
Deutsche Bank	Royal Bank of Canada	

1 As of November 2023. Excludes the UBS Group.

Dividend equivalents (granted where applicable regulation permits) are subject to the same terms as the underlying LTIP award.

LTIP awards reflect the long-term focus of our compensation framework. The final number of shares as determined at the end of the three-year performance period will vest in three equal installments in each of the three years following the performance period for GEB members (i.e., years 3, 4 and 5 after grant) and will cliff-vest for other award recipients after the performance period (i.e., year three after grant), although longer deferral periods may apply for regulated GEB and other regulated employees.

LTIP payout illustration

- The final number of notional shares vesting will vary based on the achievement versus the performance metrics.
- Linear payout between threshold and maximum performance.
- Achievement levels are a percentage of the maximum opportunity of the LTIP and cannot exceed 100%.
- Full forfeiture for performance below the predefined threshold levels.
- UK Senior Management Function holders (SMFs) and UK Material Risk Takers (UK MRTs) are subject to an additional non-financial metric based on a conduct assessment with a potential downward adjustment of up to 100% of the entire award.

Performance metric: **average RoCET1 (50% of award)**		
Below threshold (<5%)	Threshold (5%) up to maximum (<10%)	Maximum and above (>10%)
Full forfeiture (payout 0%)	**Partial vest** (payout between 33% and <100%)	**Full vest** (payout 100%)

Performance metric: **rTSR vs G-SIBs index (50% of award)**		
Below threshold (<–25 ppts)	Threshold (–25 ppts) up to maximum (+25 ppts)	Maximum and above (≥+25 ppts)
Full forfeiture (payout 0%)	**Partial vest** (payout between 33% and <100%)	**Full vest** (payout 100%)

Performance achievement of the 2020 LTIP granted in 2021

The 2020 LTIP was granted in 2021 (for 2020 performance) at a fair value of 65.9% of a maximum of 100%. The final performance achieved is 92.55% of a maximum of 100%. This achievement reflects the outcome of the two equally weighted performance metrics, RoCET1 and rTSR, both measured over the three-year performance period from 1 January 2021 to 31 December 2023. The achievement level of this 2020 LTIP award (granted in 2021) applies to 13 current GEB members and 68 other plan participants.

We achieved a three-year average RoCET1 performance of 15.3% against the performance range of 6% to 18%, and an rTSR performance of +75.36 percentage points versus the index of listed G-SIBs.

As explained above, the Compensation Committee made certain adjustments to the financial results used to determine the 2020 LTIP achievement level. As noted, if the Compensation Committee had not made these adjustments but had applied reported UBS Group AG financial results, i.e., including all acquisition-related effects, the achievement level for the RoCET1 metric would have been 100%.

For GEB members, the first of the three equal installments of the 2020 LTIP vests on 28 March 2024 and the second and third installments will vest in March 2025 and 2026; while for selected senior management, the 2020 LTIP cliff vests on 28 March 2024 (later dates may apply for regulated employees).

Performance achievement for the 2020 LTIP awarded in 2021

Performance metrics	Performance metric outcome: Threshold	Performance metric outcome: Maximum	Performance metric outcome	2020 LTIP achievement level: Threshold	2020 LTIP achievement level: Maximum	2020 LTIP achievement level
RoCET1 (Weight: 50%)	6%	18%	Outcome: 15.3%	33%	100%	Achievement: 85.1%
rTSR (Weight: 50%)	−25ppts	+25ppts	Outcome: +75.36ppts	33%	100%	Achievement: 100%
Overall 2020 LTIP achievement level						**Overall achievement: 92.55%**

Outcome below threshold: full forfeiture

Outcome above maximum: achievement capped at 100%

Equity Ownership Plan / Fund Ownership Plan

The Equity Ownership Plan (the EOP) is the deferred compensation plan for employees that are subject to deferral requirements but do not receive LTIP awards. For the 2023 performance year, we granted EOP awards to 4,661 employees.

Delivering sustainable results is a key objective for UBS. Our EOP creates a direct link with shareholder returns as a notional equity award and has no upward leverage. This approach promotes growth and sustainable performance. EOP awards generally vest over three years.

In place of EOP, employees in investment areas within Asset Management receive some or all of their EOP in the form of notional funds (the Fund Ownership Plan (the FOP), previously named AM EOP) to align their compensation more closely with industry standards. This plan is generally delivered in cash and vests over three years.

› **Refer to "Vesting of outstanding awards granted in prior years subject to performance metrics and thresholds" in the "Supplemental information" section of this report for more information**

Deferred Contingent Capital Plan

The Deferred Contingent Capital Plan (the DCCP) is a key component of our compensation framework and supports alignment of the interests of our senior employees with those of our stakeholders.

All employees subject to deferral requirements receive DCCP awards. For the 2023 performance year, we granted DCCP awards to 5,562 employees.

The DCCP is consistent with many of the features of the loss-absorbing bonds that we issue to investors and may be paid at vesting in cash or, at the discretion of the firm, as a perpetual, marketable additional tier 1 (AT1) capital instrument. Employees can elect to have their DCCP awards denominated in Swiss francs or US dollars.

DCCP awards vest in full after five years (longer deferral periods may apply for regulated employees). DCCP awards bear notional interest paid annually (except as limited by regulation for MRTs), subject to review and confirmation by the Compensation Committee. The notional interest rate for grants in 2024 was 4.6% for awards denominated in Swiss francs and 8.3% for awards denominated in US dollars. These interest rates are based on the current market rates for similar AT1 capital instruments issued by the UBS Group.

Awards are forfeited if a viability event occurs (i.e., if FINMA notifies the firm that the DCCP awards must be written down to mitigate the risk of an insolvency, bankruptcy or failure of UBS) or if the firm receives a commitment of extraordinary support from the public sector that is necessary to prevent such an event. DCCP awards are also written down for GEB members if the Group's CET1 capital ratio falls below 10% and for all other employees if it falls below 7%.

In addition, GEB members forfeit 20% of DCCP awards for each loss-making year during the vesting period. This means 100% of the award is subject to risk of forfeiture. The forfeiture features of DCCP create a strong alignment with our debt holders and support the sustainability of the firm.

Over the last five years, USD 1.97bn of DCCP awards have been issued, contributing to the Group's total loss-absorbing capacity (TLAC). Therefore, DCCP awards not only support competitive pay but also provide a loss absorption buffer that protects the firm's capital position. The following table illustrates the contribution of the DCCP to our AT1 capital and the effect on our TLAC ratio.

› **Refer to the "Supplemental information" section of this report for more information about performance award and personnel-related expenses**

› **Refer to the "Supplemental information" section of this report for more information about longer vesting and clawback periods for MRTs and SMFs**

Contribution of the Deferred Contingent Capital Plan to our loss-absorbing capacity[1]

USD m, except where indicated	31.12.23	31.12.22
Deferred Contingent Capital Plan (DCCP), eligible as high-trigger loss-absorbing additional tier 1 capital	1,935	1,794
DCCP contribution to the total loss-absorbing capacity ratio (%)	0.4	0.6

1 Refer to "Bondholder information" at ubs.com/investors for more information about the capital instruments of UBS Group AG and UBS AG both on a consolidated and a standalone basis.

Other variable compensation components

To support hiring and retention, particularly at senior levels, we may offer other compensation components, such as:
– retention payments to key employees to induce them to stay, particularly during critical periods for the firm, such as a sale or wind-down of a business;
– on a limited basis, guarantees that may be required to attract individuals with certain skills and experience, these awards are fixed incentives subject to our standard deferral rules and limited to the first full year of employment;
– awards granted to employees hired late in the year to replace performance awards that they would have earned at their previous employer but have foregone by joining UBS, these awards are generally structured with the same level of deferral as for employees at a similar level at UBS; and
– in exceptional cases, sign-on awards may be offered to candidates to increase the chances of them accepting our offer.

These other variable compensation components are subject to a comprehensive governance process, which may involve the Compensation Committee, depending on the amount or type of such payments.

To support operational stability, manage risks and protect the client franchise, we have deployed specific additional measures. Retention awards were delivered in both deferred cash and deferred equity awards. Furthermore, to support our client win-back strategy and promote client growth, we also introduced a client acquisition and retention award for certain producers, which is fully deferred and the final value is linked to the retention of client assets. Retention efforts were targeted and limited to certain client roles and critical roles necessary to support operational stability. Overall, the amounts of USD 736m are modest by industry standards for an integration of this magnitude. These retention awards account for 3% of our total personnel expenses recognized in 2023.

Employees outside of the GEB that are made redundant may receive severance payments. Our severance terms comply with the applicable local laws (legally obligated severance). In certain locations, we may provide severance packages that are negotiated with our local social partners and may go beyond the applicable minimum legal requirements (standard severance). Such payments are governed by location-specific severance policies. In addition, we may make severance payments that exceed legally obligated or standard severance payments where we believe these are aligned with market practice and appropriate under the circumstances (supplemental severance). GEB members do not receive severance payments.

Replacement awards and forfeitures

In line with industry practice, our compensation framework and plans include provisions generally requiring reduction / forfeiture of a terminated employee's unvested or deferred awards. In particular, these provisions apply if the terminated employee joins another financial services organization and / or violates restrictive covenants, such as solicitation of clients or employees.

Conversely, to attract external top talent, market practice dictates that we consider replacing their forfeited compensation from their prior employer. In select situations and based on careful consideration, we replace the lost compensation of senior hires. The replacement awards are subject to UBS's harmful acts provisions. Their value is subject to independent review as part of the "Report of the statutory auditor on the compensation report" to support the like-for-like nature of the replacement and to confirm that these awards do not represent sign-on payments (i.e., there are no "golden hellos").

Based on a thorough review of available documentation, we aim to mirror the type, conditions and timing of the forfeited compensation, based on actual facts and circumstances. Replacement awards can include cash payments and / or deferred awards, including EOP share awards and DCCP awards. Where payments are made in cash, there is typically a clawback period if the employee leaves UBS voluntarily within 12 months of the start of employment. The replacement awards do not exceed the commercial or fair value of the compensation actually forfeited by the individual and, in case of GEB members, are disclosed transparently. The total 2023 forfeitures of USD 1,903m of previously awarded deferred compensation offset the 2023 total sign-on payments, replacement payments and guarantees of USD 216m.

Sign-on payments, replacement payments, guarantees and severance payments

USD m, except where indicated	Total 2023	*of which: non-deferred cash*	*of which: deferred compensation awards*	Total 2022	Number of beneficiaries 2023	Number of beneficiaries 2022
Total sign-on payments[1]	0	*0*	*0*	0	0	1
of which: Key Risk Takers[2]	*0*	*0*	*0*	*0*	*0*	*0*
Total replacement payments[3]	145	*29*	*116*	110	422	452
of which: Key Risk Takers[2]	*65*	*9*	*56*	*32*	*34*	*19*
Total guarantees[4]	71	*32*	*40*	43	39	49
of which: Key Risk Takers[2]	*51*	*20*	*31*	*26*	*15*	*9*
Total severance payments[1,5]	485	*485*	*0*	233	4,389	1,745
of which: Key Risk Takers[2]	*7*	*7*	*0*	*1*	*34*	*8*

1 GEB members are not eligible for sign-on or severance payments. Sign-on awards exclude one-time payments for junior associate hires into the Investment Bank. Including these, the total sign-on payments are USD 4m for 2023 and USD 1m for 2022. All one-time payments for junior associate hires are subject to a 12-month clawback condition. 2 Expenses for Key Risk Takers are full-year amounts for individuals in office on 31 December 2023. Key Risk Takers as defined by UBS, including all employees with a total compensation exceeding USD / CHF 2.5m (Highly Paid Employees). 3 No GEB member received a replacement payment in 2023. In 2022, amounts include replacement payments for two GEB members. Total amounts include awards granted to employees hired late in the year to replace performance awards that they would have earned at their previous employers, but have foregone by joining UBS. 4 No GEB member received a guarantee in 2023 or 2022. 5 Includes legally obligated and standard severance payments, as well as payments in lieu of notice.

Forfeitures[1]

USD m, except where indicated	Total 2023	Total 2022
Total forfeitures	1,903	188
of which: former GEB members	*0*	*3*
of which: Key Risk Takers[2]	*293*	*12*

1 For notional share awards (excluding Credit Suisse legacy plan awards), forfeitures are calculated as units forfeited during the year, valued at the share price on 31 December 2023 (USD 30.90) for 2023. The 2022 data is valued using the share price on 31 December 2022 (USD 18.67). For LTIP the forfeited units reflect the fair value awarded at grant. For the notional funds awarded to Asset Management employees under the AM EOP/FOP, this represents the forfeiture credits recognized in 2023 and 2022. For the DCCP, the fair value at grant of the forfeited awards during the year is reflected. Credit Suisse legacy awards (including Credit Suisse notional fund awards) are calculated using value at grant and include the explicit adjustments resulting from the cancellation and reduction order issued by the Federal Department of Finance (FDF) of Switzerland. The 2022 data excludes Credit Suisse legacy award forfeitures. All values shown exclude DCCP interest and CCA coupon forfeitures. Numbers presented may differ from the effect on the income statement in accordance with IFRS. 2 Key Risk Takers as defined by UBS, including all employees with a total compensation exceeding USD / CHF 2.5m (Highly Paid Employees) and excluding former GEB members who forfeited awards in 2023 or 2022.

Employee share ownership

According to available records on employee shareholdings, including unvested deferred compensation, as of 31 December 2023, employees held at least USD 7.9bn of UBS shares (of which approximately USD 5.3bn were unvested), representing approximately 7.4% of our total shares issued.

The Equity Plus Plan is our employee share purchase program. It allows employees at Executive Director level and below to voluntarily invest up to 30% of their base salary and / or regular commission payments to purchase UBS shares. In addition (where offered), eligible employees can invest up to 35% of their performance award under the program. Participation in the program is capped at USD / CHF 20,000 annually. Eligible employees may purchase UBS shares at market price and receive one additional share for every three shares purchased through the program. Additional shares vest after a maximum of three years, provided the employee remains employed by UBS and has retained the purchased shares throughout the holding period.

› **Refer to "Note 28 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information**

Compensation for US financial advisors in Global Wealth Management

In line with market practice for US wealth management businesses, the compensation for US financial advisors in Global Wealth Management consists of cash compensation and deferred compensation awards, determined using a formulaic approach based on production.

The monthly cash compensation is determined using an overall percentage rate for each financial advisor. It reflects a percentage of the compensable production that each financial advisor generates during that month. Compensable production is generally based on transaction revenue and investment advisory fees and may reflect further adjustments. The percentage rate generally varies based on the level of the production and firm tenure, supporting growth and alignment with the investment strategy and goals of our clients.

Financial advisors may also be granted annual deferred compensation. These amounts generally vest over a six-year period. The annual deferred compensation amount reflects their overall percentage rate and production, as previously outlined.

Cash compensation and deferred compensation awards may be reduced for, among other things, errors, negligence or carelessness, or failure to comply with the firm's rules, standards, practices and / or policies, and / or applicable laws and regulations.

Financial advisors may also participate in additional programs to support promoting and developing their business or supporting the transition of client relationships where appropriate.

2023 Group performance outcomes

Performance awards granted for the 2023 performance year

The "Variable compensation" table below shows the amount of variable compensation awarded to employees for the 2023 performance year, together with the number of beneficiaries for each type of award granted. In the case of deferred awards, the final amount paid to an employee depends on performance conditions and consideration of relevant forfeiture provisions. The deferred share award amount is based on the market value of these awards on the date of grant.

Variable compensation

	Expenses recognized in the IFRS Accounting Standards income statement		Expenses deferred to future periods[3]		Adjustments[3]		Total		Number of beneficiaries[8]	
USD m, except where indicated	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Non-deferred cash	2,859	2,276	0	0	333[4]	(18)[4]	3,192	2,259	97,265	59,570
Deferred compensation awards	523	364	777	605	27	58	1,327	1,026	5,489	4,349
of which: Equity Ownership Plan	*155*	*202*	*263*	*310*	*33*[5]	*55*[5]	*452*	*568*	*4,177*	*4,042*
of which: Deferred Contingent Capital Plan	*180*	*129*	*312*	*245*	*0*	*0*	*493*	*375*	*5,448*	*4,206*
of which: Long-Term Incentive Plan	*164*	*11*	*160*	*30*	*(6)*[5,6]	*3*[5]	*318*	*43*	*954*	*14*
of which: Fund Ownership Plan	*24*	*21*	*41*	*20*	*0*	*0*	*65*	*41*	*371*	*295*
Variable compensation – performance award pool	3,382	2,640	777	605	360	40	4,519	3,285	97,290	59,590
Variable compensation – financial advisors[1]	3,761	3,799	1,236	1,290	0	0	4,997	5,089	5,804	6,245
Variable compensation – other[2]	784	169	384	237	(190)[7]	(146)[7]	978	260		
Total variable compensation	7,927	6,608	2,398	2,131	170	(106)	10,495	8,634		

1 Financial advisor compensation consists of cash and deferred compensation awards and is based on compensable revenues and firm tenure using a formulaic approach. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. 2 Consists of retention awards granted to Credit Suisse employees to support the completion of the transaction and the early phase of the integration, replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. 3 Estimates as of 31 December 2023 and 2022. Actual amounts to be expensed in future periods may vary; e.g., due to forfeiture of awards. 4 Includes the 2023 cash bonus liability recognized as of the date of the acquisition of Credit Suisse, of USD 351m, relating to pre-acquisition service as well as currency translation adjustments. 5 Represents estimated post-vesting transfer restriction and permanent forfeiture discounts. 6 Adjustments for LTIP include a difference of USD 53m between the estimated amount to be expensed under IFRS 2 and the communicated value included in the performance award pool. 7 Included in expenses deferred to future periods is an amount of USD 190m (2022: USD 146m) in interest expense related to the Deferred Contingent Capital Plan. As the amount recognized as performance award represents the present value of the award at the date it is granted to the employee, this amount is excluded. 8 Excludes awards that are part of Variable compensation – other.

2023 performance award pool and expenses

The performance award pool, which includes performance-based variable awards for 2023, was USD 4.5bn, reflecting an increase of 38% compared with 2022 (or a reduction of 14% compared with the pro forma aggregate 2022 pool of USD 5.3bn for the combined entities, which includes the UBS performance award pool, the Credit Suisse variable incentive compensation pool and other variable compensation awards related to the 2022 performance year). Performance award expenses for 2023 increased to USD 4.0bn, mainly reflecting increased performance award expenses accrued in the performance year as a result of the acquisition of the Credit Suisse Group. The "Performance award pool and expenses" table below compares the performance award pool with performance award expenses.

Performance award pool and expenses

USD m, except where indicated	2023	2022	% change
Performance award pool[1]	4,519	3,285	38
of which: expenses deferred to future periods and adjustments[2,3]	*1,137*	*645*	*76*
Performance award expenses accrued in the performance year	3,382	2,640	28
Performance award expenses related to prior performance years	604	566	7
Total performance award expenses recognized for the year[4]	3,986	3,205	24

1 Excluding employer-paid taxes and social security. 2 Estimate as of the end of the performance year. Actual amounts expensed in future periods may vary, e.g., due to forfeiture of awards. 3 Refer to details in the preceding "Variable compensation" table for more information. 4 Refer to "Note 28 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information

Compensation for the Board of Directors

Chairman of the BoD

Under the leadership of the Chairman, Colm Kelleher, the BoD determines, among other things, the strategy for the Group, based on recommendations by the Group CEO, exercises ultimate supervision over management and appoints all GEB members.

The Chairman leads all general meetings and BoD meetings and works with the committee Chairpersons to coordinate the work of all BoD committees. Together with the Group CEO, the Chairman is responsible for effective communication with shareholders and stakeholders, including clients, government officials, regulators and public organizations. The Chairman works closely with the Group CEO and other GEB members, providing advice and support when appropriate, and continues to strengthen and promote our culture through the three keys to success: our Pillars, Principles and Behaviors.

As an independent director, the Chairman's total compensation for the period from Annual General Meeting (AGM) to AGM consists of a fixed fee without any variable component, which is delivered 50% in cash and 50% in shares (blocked for four years). For the current period, from the 2023 AGM to the 2024 AGM, his fixed fee was CHF 4.7m and consisted of a cash payment of CHF 2.35m and a share component of CHF 2.35m, consisting of 96,173 UBS shares at CHF 24.435 per share. The share component aligns the Chairman's pay with the Group's long-term performance. The Chairman does not receive performance awards, severance payments or pension contributions in addition to his fixed fee, but, given the full-time nature of his role, he is eligible for employee conditions on UBS products and services. Effective from the 2024 AGM, we will increase the Chairman's annual fixed fee to CHF 5.5m, to reflect the significantly increased scope, responsibility and complexity following the acquisition of the Credit Suisse Group.

› **Refer to "Board of Directors" in the "Corporate governance" section of this report for more information about the responsibilities of the Chairman**

Vice Chairman of the BoD

As the Vice Chairman of the BoD, Lukas Gähwiler leads the BoD in the absence of the Chairman and, together with the Senior Independent Director, he also supports the Chairman in all aspects of corporate governance and oversight across the Group. In particular, he represents UBS across a broad range of associations and industry bodies in Switzerland. In 2023, Lukas Gähwiler took on additional responsibilities as the chairman of the board of Credit Suisse AG, a subsidiary of UBS Group AG. This nomination is critical to provide strong governance and oversight of the subsidiary, in a manner consistent and in compliance with UBS Group AG governance principles, and also to facilitate the integration of Credit Suisse AG into UBS.

The Vice Chairman's total compensation for his services in the UBS Group AG Board for the period from AGM to AGM consists of a fixed fee without any variable component, which is delivered 50% in cash and 50% in shares (blocked for four years). For the current period, from the 2023 AGM to the 2024 AGM, his fixed fee was CHF 1.5m, excluding benefits and pension fund contributions. The fixed fee consisted of a cash payment of CHF 0.75m and a share component of CHF 0.75m, consisting of 30,693 UBS shares at CHF 24.435 per share.

As a non-independent director, Mr. Gähwiler is entitled to pension fund contributions. Including these, his total reward for his service as Vice Chairman for the current period was CHF 1,881,368.

Serving in a subsidiary board is a substantial increase in the scope, responsibility and complexity of his mandate and was urgently required to support the merger. Therefore, Mr. Gähwiler will be entitled to receive an additional board member fee aligned with his role as Chairman of Credit Suisse AG and with other non-executive directors on the respective subsidiary entities. The payment of this subsidiary board fee is subject to shareholder approval as part of an incremental amount at the 2024 AGM.

The Vice Chairman's fee for his services in the Credit Suisse AG board for the period from AGM to AGM consists of a fixed fee without any variable component, which is delivered 100% in cash. For the current period, from the 2023 AGM to the 2024 AGM, his total reward for his services as chairman in the Credit Suisse AG board was CHF 1,000,000.

The Vice Chairman is not eligible for performance awards, severance terms or supplementary contributions to pension plans. The pension contributions and benefits for the Vice Chairman, in his capacity as non-independent director, are consistent with all UBS employees and aligned with local market practice.

› **Refer to "Board of Directors" in the "Corporate governance" section of this report for more information about the responsibilities of the Vice Chairman**
› **Refer to "Say-on-pay" section of this report for more information about compensation-related proposals at the AGM 2024**

Other BoD members

BoD members, except the Chairman and Vice Chairman, receive fixed fees for their services on the BoD and its committees. These fees are unchanged from the last AGM-to-AGM period. BoD members do not receive performance awards, severance payments, benefits or pension contributions (the benefit eligibility of the Chairman and that of the Vice Chairman are described above).

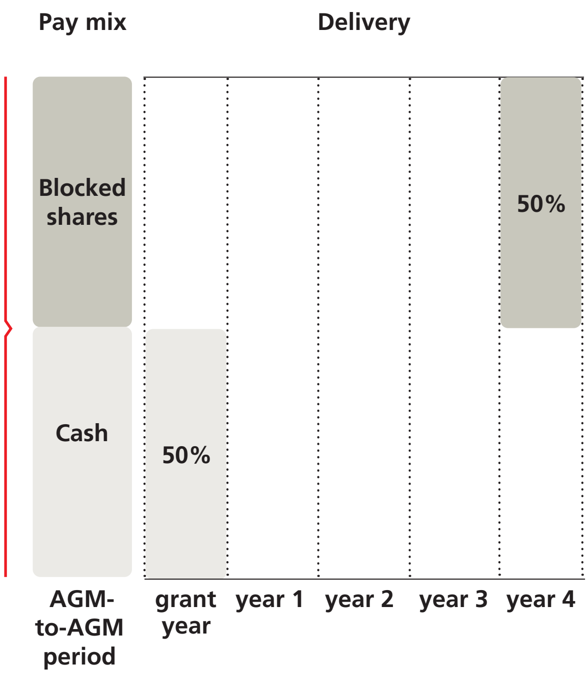
BoD members other than the Chairman and the Vice Chairman must use a minimum of 50% of their fees to purchase UBS shares, which are blocked for four years, and they may elect to use up to 100% of their fees to purchase blocked UBS shares. The number of shares is calculated based on the average closing price of the 10 trading days leading up to and including the grant date.

In 2023, in order to facilitate the integration of Credit Suisse into UBS, two independent BoD members served on the boards of directors of subsidiaries. UBS Group AG Board members who have additional roles on the boards of significant subsidiary entities receive respective fees for the significant increase in the scope, responsibility and complexity of their mandates. These fees are aligned with other non-executive directors of the respective subsidiary entities. The payment of these subsidiary board fees is subject to shareholder approval as part of an incremental amount at the 2024 AGM. The total remuneration of other UBS Group AG members, including fees from subsidiaries, is summarized in the "Remuneration details and additional information for BoD members" table below.

At each AGM, shareholders are invited to approve the aggregate amount of BoD remuneration, including the compensation for the Chairman and Vice Chairman, which applies until the next AGM. The chart and the tables below provide details on the fee structure for the BoD members.

Remuneration framework for UBS Group AG BoD members

CHF	2023 AGM to 2024 AGM	
Annual fixed fees[1]		
Chairman	4,700,000	
Vice Chairman	1,500,000	
Fees for other BoD members[2]		
Fixed base fee	300,000	
Senior Independent Director	150,000	
	Chair	**Member**
Audit Committee	300,000	200,000
Compensation Committee	200,000	100,000
Governance and Nominating Committee		100,000
Corporate Culture and Responsibility Committee		50,000
Risk Committee	350,000	200,000



1 The Chairman and the Vice Chairman do not receive committee or other fees in addition to their annual fixed fee. Their fixed fee is delivered 50% in cash and 50% in shares (blocked for four years). See above for the benefit eligibility of the Chairman and Vice Chairman.
2 At least 50% of the total amounts must be used to purchase UBS shares, which are blocked for four years, but other BoD members can elect to use 100% of their remuneration to purchase blocked UBS shares.

Approval governance for BoD compensation

The Chairperson of the Compensation Committee proposes and the Compensation Committee approves the compensation of the Chairman and that of the Vice Chairman annually for the upcoming AGM-to-AGM period, taking into consideration fee or compensation levels for comparable roles based on our core financial industry peers and other relevant leading Swiss companies included in the Swiss Market Index.

The fee structure for the other BoD members is reviewed annually based on the Chairman's proposal to the Compensation Committee, which in turn submits a proposal to the BoD for approval. In our regular review of the BoD fee structure, we concluded that our overall approach for BoD member compensation remains appropriate and thus unchanged.

› **Refer to "Compensation Governance" in the "Compensation philosophy and governance" section of this report for more information about the remuneration responsibilities of the BoD and Compensation Committee**

Audited |

Remuneration details and additional information for BoD members

Period 2023 AGM to 2024 AGM

CHF, except where indicated

Name, function[1]	Audit Committee	Compensation Committee	Corporate Culture and Responsibility Committee	Governance and Nominating Committee	Risk Committee	Base fee	Committee fee(s)	Additional payments[2]	Benefits[3]	Total[4]	Share percentage[5]	Number of shares[6,7]	Subsidiary entity board fees[8]	Total including subsidiary fees
Colm Kelleher, Chairman[9]			C	C		4,700,000			12,830	4,712,830	50	96,173		4,712,830
Lukas Gähwiler, Vice Chairman[9]				M	M	1,500,000			381,368	1,881,368	50	30,693	1,000,000	2,881,368
Jeremy Anderson, Senior Independent Director	C			M		300,000	400,000	150,000		850,000	100	26,624	893,215	1,743,215
Claudia Böckstiegel, member			M			300,000	50,000			350,000	50	7,161		350,000
William C. Dudley, member			M		M	300,000	250,000			550,000	50	11,254		550,000
Patrick Firmenich, member	M		M			300,000	250,000			550,000	100	16,672		550,000
Fred Hu, member				M		300,000	100,000			400,000	100	12,105		400,000
Mark Hughes, member			M		C	300,000	400,000			700,000	50	14,323	795,677	1,495,677
Nathalie Rachou, member				M	M	300,000	300,000			600,000	50	12,277		600,000
Julie G. Richardson, member		C			M	300,000	400,000			700,000	50	14,323		700,000
Dieter Wemmer, member	M	M				300,000	300,000			600,000	100	23,549		600,000
Jeanette Wong, member	M	M				300,000	300,000			600,000	100	18,194		600,000
Aggregate of all BoD members 2023/2024										12,494,198				15,183,090
Aggregate of all BoD members 2023/2024 in USD (for reference)[10]										13,792,316				16,760,560

Period 2022 AGM to 2023 AGM

CHF, except where indicated

Name, function[1]	Audit Committee	Compensation Committee	Corporate Culture and Responsibility Committee	Governance and Nominating Committee	Risk Committee	Base fee	Committee fee(s)	Additional payments[2]	Benefits[3]	Total[4]	Share percentage[5]	Number of shares[6,7]	Subsidiary entity board fees	Total including subsidiary fees
Colm Kelleher, Chairman[9]			C	C		4,700,000			86,494	**4,786,494**	50	116,961		
Lukas Gähwiler, Vice Chairman[9]						1,500,000			379,010	**1,879,010**	50	37,328		
Jeremy Anderson, Senior Independent Director	C			M		300,000	400,000	150,000		**850,000**	50	21,152		
Claudia Böckstiegel, member			M			300,000	50,000			**350,000**	50	8,709		
William C. Dudley, member			M		M	300,000	250,000			**550,000**	50	13,687		
Patrick Firmenich, member	M		M			300,000	250,000			**550,000**	100	26,130		
Fred Hu, member				M		300,000	100,000			**400,000**	100	14,722		
Mark Hughes, member			M		C	300,000	400,000			**700,000**	50	17,419		
Nathalie Rachou, member				M	M	300,000	300,000			**600,000**	50	14,931		
Julie G. Richardson, member		C			M	300,000	400,000			**700,000**	50	17,419		
Dieter Wemmer, member	M	M				300,000	300,000			**600,000**	50	14,931		
Jeanette Wong, member	M	M				300,000	300,000			**600,000**	100	22,127		
Aggregate of all BoD members 2022/2023										**12,565,504**				

Legend: C = Chairperson of the respective Committee, M = Member of the respective Committee

1 Twelve BoD members were in office on 31 December 2023 and on 31 December 2022. 2 These payments are associated with the Senior Independent Director role. 3 For the period from the 2023 AGM to the 2024 AGM, benefits amount is an estimate. For the Vice Chairman, the benefits include the portion related to UBS's contribution to the statutory pension scheme. 4 Excludes UBS's portion related to the legally required social security contributions, which for the period from the 2023 AGM to the 2024 AGM (including the Chairman, Vice Chairman and UBS Group AG members with a role in subsidiaries) is estimated at grant at CHF 1,000,000 and which for the period from the 2022 AGM to the 2023 AGM was estimated at grant at CHF 731,329. The legally required social security contributions paid by the independent BoD members are included in the amounts shown in this table, as appropriate. 5 For the Chairman and Vice Chairman, fees are paid 50% in cash and 50% in blocked UBS shares. Other BoD members must use a minimum of 50% of their fees to purchase UBS shares, which are blocked for four years. 6 For 2023, UBS shares were valued at CHF 24.435 (average closing price of UBS shares over the last 10 trading days leading up to and including the grant date). For 2022, UBS shares were valued at CHF 20.092 (average closing price of UBS shares over the last 10 trading days leading up to and including the grant date). These shares are blocked for four years. 7 Number of shares is reduced in case of the 100% election to deduct legally required contributions. All remuneration payments are, where applicable, subject to social security contributions and / or withholding tax. 8 The payment of the subsidiary board fees for the period 2023 AGM to 2024 AGM are subject to shareholder approval as part of an incremental amount at the 2024 AGM. 9 The Chairman and the Vice Chairman do not receive committee fees in addition to their annual fixed fee. 10 Swiss franc amounts have been translated into US dollars for reference at the 2023 performance award currency exchange rate of CHF / USD 1.10389.

Supplemental information

Fixed and variable compensation for GEB members

Fixed and variable compensation for GEB members[1,2,3]

	Total for 2023		Not deferred		Deferred[4]		Total for 2022
CHF m, except where indicated	Amount	%	Amount	%	Amount	%	Amount
Total compensation							
Amount[5]	137		48	35	89	65	104
Number of beneficiaries	18						15
Fixed compensation[5,6]	29	21	27	93	2	7	23
Cash-based	27	19					21
Equity-based	2	2					2
Variable compensation	108	79	21	20	87	80	81
Cash[7]	21	16					16
Long-Term Incentive Plan (LTIP)[8]	54	40					41
Deferred Contingent Capital Plan (DCCP)[8]	33	24					24

1 The figures include all GEB members in office during the respective years. 2 Includes compensation paid under the employment contract during the notice period for GEB members who stepped down during the respective years. 3 Includes compensation for newly appointed GEB members for their time in office as a GEB member during the respective years. 4 Based on the specific plan vesting and reflecting the total award value at grant, which may differ from the expense recognized in the income statement in accordance with IFRS Accounting Standards. 5 Excludes benefits and employer's contributions to retirement benefit plans. Includes social security contributions paid by GEB members but excludes the portion related to the legally required social security contributions paid by UBS. 6 Includes base salary and role-based allowances, rounded to the nearest million. 7 Includes allocation of vested but blocked shares, in line with the remuneration section of the UK Prudential Regulation Authority Rulebook. 8 For the GEB members who are also MRTs or SMFs, the awards do not include dividend and interest payments. Accordingly, the amounts reflect for the LTIP the fair value of the non-dividend-bearing awards and for the DCCP the fair value of the granted non-interest-bearing awards.

Regulated staff

Key Risk Takers

Key Risk Takers (KRTs) are defined as those employees that, by the nature of their roles, have been determined to materially set, commit or control significant amounts of the firm's resources and / or exert significant influence over its risk profile. This includes employees working in front-office roles, logistics and control functions. Identifying KRTs globally is part of our risk control framework and an important element in ensuring we incentivize only appropriate risk-taking. For 2023, in addition to GEB members, 1,038 employees were classified as KRTs throughout the UBS Group globally, including all employees with a total compensation exceeding USD / CHF 2.5m (Highly Paid Employees), who may not have been identified as KRTs during the performance year. Compared with 2022, the increase in the number of KRTs has been driven by the inclusion of Credit Suisse employees in the identification process.

In line with regulatory requirements, the performance of employees identified as KRTs during the performance year is evaluated by the control functions. In addition, KRTs' performance awards are subject to a mandatory deferral rate of at least 50%, regardless of whether the deferral threshold has been met (excluding KRTs with de minimis performance awards below a predetermined threshold where standard deferral rates apply). Consistent with all other employees, the deferred portion of a KRT's compensation is also subject to forfeiture or reduction if the KRT commits harmful acts.

Fixed and variable compensation for Key Risk Takers[1]

	Total for 2023		Not deferred		Deferred[2]		Total for 2022[3]
USD m, except where indicated	Amount	%	Amount	%	Amount	%	Amount
Total compensation							
Amount	1,801	100	1,147	64	654	36	1,292
Number of beneficiaries	1,038						699
Fixed compensation[4,5]	668	37	668	100	0	0	438
Cash-based	665	37	665				435
Equity-based	3	0	3				3
Variable compensation	1,133	63	479	42	654	58	855
Cash[6]	479	27	479				353
Long-Term Incentive Plan (LTIP) / Equity Ownership Plan (EOP) / Fund Ownership Plan (FOP)[7]	396	22			396		306
Deferred Contingent Capital Plan (DCCP)[7]	258	14			258		196

1 Includes employees with a total compensation exceeding USD / CHF 2.5m (Highly Paid Employees), excludes payments made to individuals related to their time as GEB member. 2 Based on the specific plan vesting and reflecting the total value at grant, which may differ from the expense recognized in the income statement in accordance with IFRS Accounting Standards. 3 The 2022 data excludes Credit Suisse. 4 Excludes benefits and employer's contributions to retirement benefits plan. Includes social security contributions paid by KRTs but excludes the legally required social security contributions paid by UBS. 5 Includes base salary and role-based allowances. 6 Includes allocation of vested but blocked shares, in line with regulatory requirements where applicable. 7 KRTs who are also MRTs do not receive dividend and interest payments. Accordingly, the amounts for the EOP / LTIP reflect the fair value of the non-dividend-bearing awards and for the DCCP the fair value of the granted non-interest-bearing awards.

Deferred compensation of the GEB and KRTs

The table below shows the current economic value of unvested outstanding deferred variable compensation awards subject to ex post adjustments. For share-based plans, the economic value is determined based on the closing share price on 31 December 2023. For notional funds, it is determined using the latest available market price for the underlying funds at year-end 2023, and for deferred cash plans, it is determined based on the outstanding amount of cash owed to award recipients.

Deferred compensation of the GEB and KRTs[1,2,3]

USD m, except where indicated	Relating to awards for 2023[4]	Relating to awards for prior years[5]	Total	*of which: exposed to ex post explicit and / or implicit adjustments*	Total deferred compensation year-end 2022[6]	Total amount of deferred compensation paid out in 2023[7]
GEB						
Deferred Contingent Capital Plan	36	117	153	*100%*	111	14
Equity Ownership Plan (including notional funds and Credit Suisse legacy plans)	0	57	57	*100%*	45	29
Long-Term Incentive Plan	60	262	322	*100%*	160	27
KRTs						
Deferred Contingent Capital Plan	258	925	1,183	*100%*	1,104	133
Equity Ownership Plan (including notional funds)	183	1,344	1,527	*100%*	1,210	415
Long-Term Incentive Plan	213	180	393	*100%*	184	74
Credit Suisse legacy plans	0	195	195	*100%*	n/a	52
Total GEB and KRTs	750	3,080	3,830		2,814	744

1 Based on the specific plan vesting and reflecting the economic value of the outstanding awards (grant value for legacy Credit Suisse notional funds), which may differ from the expense recognized in the income statement in accordance with IFRS. Year-to-year reconciliations would also need to consider the impacts of additional items including off-cycle awards, FX movements, population changes, and dividend equivalent reinvestments. 2 Refer to "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information. 3 GEB members and KRTs who are also MRTs do not receive dividend and interest payments. Accordingly, the amounts for the EOP / LTIP reflect the fair value of the non-dividend-bearing awards and for the DCCP the fair value of the granted non-interest-bearing awards. 4 Where applicable, amounts are translated into US dollars at the performance award currency exchange rate. LTIP values reflect the fair value awarded at grant. 5 Takes into account the ex post implicit adjustments, given the share price movements since grant. Where applicable, amounts are translated from award currency into US dollars using FX rates as of 31 December 2023. LTIP values reflect the fair value awarded at grant. 6 The 2022 data excludes Credit Suisse legacy awards. 7 Valued at distribution price and FX rate for all awards distributed in 2023 (this excludes interests on DCCP).

The table below shows the value of actual ex post explicit and implicit adjustments to outstanding deferred compensation in the 2023 financial year for GEB members and KRTs.

Ex post adjustments occur after an award has been granted. Explicit adjustments occur when we adjust compensation by forfeiting deferred awards. Implicit adjustments are unrelated to any action taken by the firm and occur as a result of price movements that affect the value of an award.

GEB and KRTs ex post explicit and implicit adjustments to deferred compensation

	Ex post explicit adjustments to unvested awards[1]		Ex post implicit adjustments to unvested awards[2]	
USD m	31.12.23	31.12.22	31.12.23	31.12.22
GEB				
Deferred Contingent Capital Plan	0	0	0	0
Equity Ownership Plan (including notional funds and Credit Suisse legacy plans, if applicable)	(1)	0	25	9
Long-Term Incentive Plan	0	0	119	25
KRTs				
Deferred Contingent Capital Plan	(2)	(8)	0	0
Equity Ownership Plan (including notional funds)	(6)	(4)	530	129
Long-Term Incentive Plan	0	(1)	82	38
Credit Suisse legacy plans	(285)	n/a	(108)	n/a
Total GEB and KRTs	(294)	(13)	648	201

1 For notional share awards (excluding Credit Suisse legacy plan awards), ex post explicit adjustments are calculated as units forfeited during the year, valued at the share price on 31 December 2023 (USD 30.9) for 2023 (which may differ from the expense recognized in the income statement in accordance with IFRS). The 2022 data is valued using the share price on 31 December 2022 (USD 18.67). For LTIP, the forfeited units reflect the fair value awarded at grant. For the notional funds awarded to employees in investment areas within Asset Management under the FOP, this represents the forfeiture credits recognized in 2023 and 2022. For DCCP, the fair value at grant of the forfeited awards during the year is reflected. Credit Suisse legacy plan awards (including Credit Suisse notional fund awards) are calculated using value at grant and include the explicit adjustments resulting from the cancellation and reduction order issued by the Federal Department of Finance (FDF) of Switzerland. The 2022 data excludes Credit Suisse legacy award forfeitures. All values shown exclude DCCP interest and CCA coupon forfeitures. 2 Ex post implicit adjustments for UBS shares are calculated based on the difference between the weighted average grant date fair value and the share price at year-end while Credit Suisse legacy plans are calculated based on comparing the value at 31 December 2023 to the value at 31 December 2022. The amount for UBS notional funds is calculated using the mark-to-market change during 2023 and 2022. The 2022 data excludes implicit adjustments related to the Credit Suisse legacy awards. For the GEB members who were appointed to the GEB during 2023, awards have been fully reflected in the GEB categories.

Material Risk Takers

For relevant EU- or UK-regulated entities, we identify individuals who are deemed to be Material Risk Takers (MRTs) based on sectorial and / or local regulatory requirements, including the respective EU Commission Delegated Regulation, the fifth iteration of the EU Capital Requirements Directive (CRD V) and equivalent UK requirements, as applicable. This group consists of senior management, risk takers, selected staff in control or support functions and certain highly compensated employees. For 2023, UBS identified 1,321 MRTs in relation to its relevant EU or UK entities. The increase in the number of MRTs compared with last year has been driven by the MRT population identified in relation to Credit Suisse legal entities.

Subject to individual or legal-entity level proportionality considerations, variable compensation awarded to MRTs is subject to additional deferral and other requirements. For CRD-relevant entities, these include a minimum deferral rate of 40% or 60% (depending on role / variable compensation level) on performance awards and delivery of at least 50% of any upfront performance award in UBS shares that are vested but blocked for 12 months after grant. Deferred awards granted to MRTs under UBS's deferred compensation plans for their performance in 2023 are subject to 6- or 12-month blocking periods post vesting and do not pay out dividends or interest during the deferral period.

Additionally, MRTs are subject to a maximum ratio between fixed and variable pay. Across EU locations, the maximum variable to fixed compensation ratio is set to 200%, based on approval through relevant shareholder votes.

For UK-regulated MRTs, the maximum ratio was set by UBS taking into account the business activities and prudential and conduct risks of the relevant legal entities. In addition, the maximum ratios were set considering the scenario that the relevant legal entities might exceed their financial objectives.

The maximum ratio for all UK-regulated MRTs was approved by the compensation committees of the relevant entities in December 2023.

For up to seven years after grant, performance awards granted to MRTs are subject to clawback provisions, which allow the firm to claim repayment of both the upfront and the vested deferred element of any performance award if an individual is found to have contributed substantially to significant financial losses for the Group or corporate structure in scope, a material downward restatement of disclosed results, or engaged in misconduct and / or failed to take expected actions, thus contributing to significant reputational harm.

LTIP awards granted to UK MRTs and SMFs are subject to an additional non-financial conduct-related metric as required by UK regulation.

UK Senior Managers and Certification Regime

The Senior Managers and Certification Regime (the SMCR) of the UK Prudential Regulation Authority and Financial Conduct Authority requires that individuals with specified responsibilities, performing certain significant functions and / or those in certain other identified categories be designated as SMFs.

Subject to de minimis and other compensation-related considerations, variable compensation awards made to SMFs must comply with specific requirements, including longer deferral, blocking and clawback periods. The deferral period for SMFs is seven years, with the deferred performance awards vesting no faster than pro rata from years 3 to 7, except those that have total compensation below GBP 500,000 and variable incentive accounting for less than 33% of total compensation, for whom a five-year deferral period (instead of a seven-year period) applies. Such awards are also subject to a 12-month blocking period post vesting. The clawback policy for SMFs permits clawback for up to 10 years from the date of performance award grants (applicable if an individual is subject to an investigation at the end of the initial seven-year clawback period). All SMFs are also MRTs and, as such, subject to the same prohibitions on dividend and interest payments.

Control functions and Group Internal Audit

Our control functions must be independent in order to monitor risk effectively. Therefore, their compensation is determined separately from the revenue areas that they oversee, supervise or monitor. Their performance award pool is based not on the performance of these businesses, but on the performance of the Group as a whole. We also consider other factors, such as how effectively the function has performed and our market position. Decisions on individual compensation for the senior managers of the control functions are made by the function heads and approved by the Group CEO. Decisions on individual compensation for the members of Group Internal Audit (GIA) are made by the Head GIA and approved by the Chairman. Following a proposal by the Chairman, total compensation for the Head GIA is approved by the Compensation Committee.

2023 Group personnel expenses

The number of personnel employed as of 31 December 2023 increased by 40,241 to 112,842 (full-time equivalents) compared with 31 December 2022.

The table below shows our total personnel expenses for 2023, including salaries, pension expenses, social security contributions, variable compensation and other personnel costs. Variable compensation includes cash performance awards paid in 2024 for the 2023 performance year, amortization of unvested deferred awards granted in previous years and the cost of deferred awards granted to employees that are eligible for retirement in the context of the compensation framework at the date of grant.

The performance award pool reflects the value of performance awards granted relating to the 2023 performance year, including awards that are paid out immediately and those that are deferred. To determine our variable compensation expenses, the following adjustments are required in order to reconcile the performance award pool to the expenses recognized in the Group's Financial Statements prepared in accordance with IFRS Accounting Standards:
– a reduction for expenses deferred to future periods (amortization of unvested awards granted in 2024 for the 2023 performance year) and accounting adjustments; and
– an addition for the 2023 amortization of unvested deferred awards granted in prior years.

As a large part of compensation consists of deferred awards, the amortization of unvested deferred awards granted in prior years forms a significant part of the IFRS Accounting Standards expenses in both 2023 and 2024. The expenses related to prior performance years and total expenses recognized in 2023 include deferred compensation granted under Credit Suisse Group compensation plans in previous years, which have to be expensed from 2023 onward due to the integration of Credit Suisse into UBS.

› **Refer to "Note 7 Personnel expenses" and "Note 28 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information**

Personnel expenses

	Expenses recognized in the IFRS Accounting Standards income statement				
USD m	Related to the performance year 2023	Related to prior performance years	Total expenses recognized in 2023	Total expenses recognized in 2022	Total expenses recognized in 2021
Salaries[1]	10,997	0	10,997	7,045	7,339
Non-deferred cash	2,859	(52)	2,807	2,260	2,373
Deferred compensation awards	523	656	1,179	945	817
of which: Equity Ownership Plan	*155*	*330*	*485*	*437*	*363*
of which: Deferred Contingent Capital Plan	*180*	*241*	*421*	*349*	*297*
of which: Long-Term Incentive Plan	*164*	*40*	*204*	*43*	*73*
of which: Fund Ownership Plan	*24*	*46*	*69*	*116*	*84*
Variable compensation – performance awards	3,382	604	3,986	3,205	3,190
Variable compensation – financial advisors[2]	3,761	788	4,549	4,508	4,860
Variable compensation – other[3]	784	526	1,310	241	229
Total variable compensation[4]	7,927	1,918	9,845	7,954	8,280
Contractors	334	0	334	323	381
Social security	1,362	111	1,473	944	978
Pension and other post-employment benefit plans[5]	1,361	0	1,361	794	833
Other personnel expenses	862	27	890	621	576
Total personnel expenses	22,843	2,056	24,899	17,680	18,387

1 Includes role-based allowances. 2 Financial advisor compensation consists of cash and deferred compensation awards and is based on compensable revenues and firm tenure using a formulaic approach. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements. 3 Consists of existing deferred awards and retention awards granted to Credit Suisse employees as well as replacement payments, forfeiture credits, severance payments, retention plan payments and interest expense related to the Deferred Contingent Capital Plan. 4 Refer to "Note 28 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information. 5 Refer to "Note 27 Post-employment benefit plans" in the "Consolidated financial statements" section of this report for more information.

Deferred compensation

Vesting of outstanding awards granted in prior years subject to performance metrics and thresholds

The tables below show the extent to which the performance metrics and thresholds for awards granted in prior years have been met and the related vesting in 2024.

Long-Term Incentive Plan (LTIP) 2019 (performance period 2020–2022)		
Performance metrics	**Performance achievement**[1]	**Vesting**
Return on common equity tier 1 capital (RoCET1) and relative Total Shareholder Return (rTSR)	The overall achievement level is 98% of the maximum opportunity (of up to 100%), based on outcomes for rTSR (weighted 50%) and RoCET1 (weighted 50%).	– For GEB, the first and second installments vested in 2023 and 2024, respectively, and the remaining tranche will vest in 2025 accordingly. As outlined in our 2019 Compensation Report, up to CHF 7.3m, or 30%, of the 2019 LTIP awards at grant for GEB members active in March 2017 continues to be at risk and directly linked to the final resolution of the French cross-border matter. – For other select senior management, the full award vested in 2023.

1 As disclosed in our Compensation Report 2019, LTIP awards for the 2019 performance year were awarded at a value of 62.25% of maximum, which reflected our best estimate of the fair value of the award. The maximum number of shares was determined by dividing the awarded amount by the fair value of the award at the date of grant, divided by CHF 12.919 or USD 13.141, the average closing price of UBS shares over the last ten trading days leading up to and including the grant date.

Long-Term Incentive Plan (LTIP) 2020 (performance period 2021–2023)		
Performance metrics	**Performance achievement**[1]	**Vesting**
Return on common equity tier 1 capital (RoCET1) and relative Total Shareholder Return (rTSR)	The overall achievement level is 92.55% of the maximum opportunity (of up to 100%), based on outcomes for rTSR (weighted 50%) and RoCET1 (weighted 50%).	– For GEB, the first installment will vest in 2024 and the remaining tranches will vest in 2025 and 2026 accordingly. – For other select senior management, the full award will vest in 2024.

1 As disclosed in our Compensation Report 2020, LTIP awards for the 2020 performance year were awarded at a value of 65.90% of maximum, which reflected our best estimate of the fair value of the award. The maximum number of shares was determined by dividing the awarded amount by the fair value of the award at the date of grant, divided by CHF 13.89 or USD 15.411, the average closing price of UBS shares over the last ten trading days leading up to and including the grant date.

› **Refer to "Performance achievement of the 2020 LTIP granted in 2021" in the "Group compensation" section of this report for more information**

The below EOP and DCCP thresholds have been set to support the sustainability of the organization and represent minimum performance levels to retain the awards.

Equity Ownership Plan (EOP) 2018 / 2019, EOP 2019 / 2020, EOP 2020 / 2021 and EOP 2021 / 2022		
Thresholds	**Threshold achievement**[1]	**Vesting**
Return on common equity tier 1 capital (RoCET1) and divisional return on attributed equity	The Group and divisional thresholds have been satisfied.	The following installments vest in full: – for EOP 2018 / 2019, the third and final installment for the GEB members, and certain other employes – for EOP 2019 / 2020, the second installment for SMFs – for EOP 2020 / 2021, the second installment for all other employees covered under the plan; and – for EOP 2021 / 2022, the first installment for all other employees covered under the plan.

1 Performance may be adjusted for disclosed items generally not representative of underlying business performance.

Deferred Contingent Capital Plan (DCCP) 2018 / 2019		
Thresholds	**Threshold achievement**[1]	**Vesting**
Common equity tier 1 (CET1) capital ratio, viability event and, additionally for GEB, Group profit before tax	The thresholds have been satisfied.	– DCCP 2018 / 2019 vests in full.

1 Performance may be adjusted for disclosed items generally not representative of underlying business performance.

Outstanding Credit Suisse Group awards granted in prior years subject to performance conditions

The tables below show the extent to which the performance metrics and thresholds for awards granted by the Credit Suisse Group in prior years have been met and the related impact of the 2023 results.

As a result of the acquisition by UBS Group AG of Credit Suisse Group AG, many of the financial measurements applicable to legacy Credit Suisse Group awards are no longer available or are not fully comparable to previous performance periods, therefore revised metrics have been adopted as set out in the table below.

Performance Share Awards (PSA) 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021, 2021/2022			
Thresholds	**Amended threshold**	**Threshold achievement[1]**	**2023 impact**
Under the legacy Credit Suisse Group plan rules, negative adjustment if: – Credit Suisse Group AG has negative RoE or – divisional pre-tax loss	Negative adjustment if reported UBS Group AG return on CET1 capital (RoCET1) is negative.	The amended threshold has been satisfied.	No negative adjustment applied in respect of PSAs outstanding on 31 December 2023.

1 Performance may be adjusted for disclosed items generally not representative of underlying business performance.

Strategic Delivery Plan Awards (SDP) 2021/2022			
Thresholds	**Amended threshold**	**Threshold achievement[1]**	**2023 impact**
Under the legacy Credit Suisse Group plan rules, cancellation in full if either: – CET1 capital ratio is below a statutory minimum on 31 December 2022, 2023 or 2024 – Leverage ratio is below 3.7% on 31 December 2022, 2023 or 2024	Cancellation in full if reported UBS Group AG CET1 ratio is less than 7% on 31 December 2023 or 2024	The amended threshold has been satisfied.	No cancellation of SDP awards based on 2023 financial results.

1 Performance may be adjusted for disclosed items generally not representative of underlying business performance.

Transformation Awards share component 2022/23			
Share price condition and performance metrics	**Amended threshold**	**Performance achievement**	**2023 impact**
Under legacy Credit Suisse Group plan rules: – Credit Suisse Group share price of CHF 3.82 (on 31 December 2025) – Credit Suisse Group RoTE of between 5% and 7.5% (FY 2025) – Credit Suisse Group cost base between CHF 15bn threshold and CHF 14bn (FY 2025)	– Underlying UBS Group AG RoCET1 of 8% minimum (FY 2025) – UBS Group AG share price of CHF 85.87 (on 31 December 2025)	Not applicable, share price condition and performance metric only apply for 2025.	No impact. Share price condition and performance metric only apply for 2025.

All outstanding Contingent Capital Awards (CCAs) granted in previous years		
Thresholds / conditions	**Threshold / conditions outcome**	**Vesting**
Credit Suisse CET1 capital ratio, Credit Suisse viability event, Credit Suisse contingency event	Viability event triggered during 2023.	All outstanding CCAs were canceled on 16 May 2023.

Audited |

Share ownership / entitlements of GEB members[1]

Name, function	on 31 December	Number of unvested shares / at risk[2]	Number of vested shares	Total number of shares	Potentially conferred voting rights in %
Sergio Ermotti, Group Chief Executive Officer	2023	1,218,685	1,220,864	2,439,549	0.185
	2022	-	-	-	-
Ralph A.J.G. Hamers, former Group Chief Executive Officer	2023	-	-	-	-
	2022	349,441	5,238	354,679	0.023
Michelle Bereaux, Group Integration Officer	2023	100,618	0	100,618	0.008
	2022	-	-	-	-
Christian Bluhm, Group Chief Risk Officer	2023	715,033	51	715,084	0.054
	2022	707,979	0	707,979	0.046
Mike Dargan, Group Chief Operations and Technology Officer	2023	408,308	56,024	464,332	0.035
	2022	386,141	17,955	404,096	0.026
Suni Harford, President Asset Management	2023	1,226,219	128,081	1,354,300	0.103
	2022	1,028,210	44,202	1,072,412	0.070
Naureen Hassan, President UBS Americas	2023	48,861	0	48,861	0.004
	2022	0	0	0	0.000
Robert Karofsky, President Investment Bank	2023	1,116,181	446,655	1,562,836	0.118
	2022	1,037,028	364,914	1,401,942	0.092
Sabine Keller-Busse, President Personal & Corporate Banking and President UBS Switzerland	2023	998,319	460,442	1,458,761	0.111
	2022	973,150	566,106	1,539,256	0.101
Iqbal Khan, President Global Wealth Management	2023	1,118,165	32,287	1,150,452	0.087
	2022	960,301	0	960,301	0.063
Edmund Koh, President UBS Asia Pacific	2023	906,095	530,000	1,436,095	0.109
	2022	724,865	579,937	1,304,802	0.085
Ulrich Körner, CEO of Credit Suisse AG	2023	314,134	15,126	329,260	0.025
	2022	-	-	-	-
Barbara Levi, Group General Counsel	2023	462,894	76,075	538,969	0.041
	2022	407,195	45,818	453,013	0.030
Beatriz Martin Jimenez, Head Non-core and Legacy and President UBS EMEA	2023	381,209	81,823	463,032	0.035
	2022	-	-	-	-
Markus Ronner, Group Chief Compliance and Governance Officer	2023	642,528	3,129	645,657	0.049
	2022	586,283	0	586,283	0.038
Stefan Seiler, Head Group Human Resources & Group Corporate Services	2023	270,359	0	270,359	0.020
	2022	-	-	-	-
Todd Tuckner, Group Chief Financial Officer	2023	219,246	338,962	558,208	0.042
	2022	-	-	-	-
Sarah Youngwood, former Group Chief Financial Officer	2023	-	-	-	-
	2022	299,729	0	299,729	0.020
Total	2023	10,146,854	3,389,519	13,536,373	1.026
	2022	7,460,322	1,624,170	9,084,492	0.593

1 Includes all vested and unvested shares of GEB members, including those held by related parties. No options were held in 2023 and 2022 by any GEB member or any of its related parties. Refer to "Note 27 Employee benefits: variable compensation" in the "Consolidated financial statements" section of this report for more information. 2 Includes shares granted under variable compensation plans with forfeiture provisions. For the 2019/20 and 2020/21 LTIP awards, the values reflect the final value. For all other LTIP awards, the values reflect the fair value awarded at grant. The actual number of shares vesting in the future will be calculated under the terms of the plans. Refer to "Group compensation" in the "Compensation" section of this report for more information about the plans.

Audited |

Total of all vested and unvested shares of GEB members[1,2]

	Total	*of which: vested*	*of which: vesting*					
			2024	*2025*	*2026*	*2027*	*2028*	*2029*
Shares on 31 December 2023	13,536,373	*3,389,519*	*3,215,832*	*3,063,794*	*2,210,296*	*1,063,396*	*542,441*	*51,095*
			2023	*2024*	*2025*	*2026*	*2027*	*2028*
Shares on 31 December 2022	9,084,492	*1,624,170*	*1,572,210*	*1,952,123*	*2,020,881*	*1,281,201*	*599,733*	*34,174*

1 Includes shares held by related parties. 2 Includes shares granted under variable compensation plans with forfeiture provisions. The actual number of shares vesting in the future will be calculated under the terms of the plans. Refer to the "Group compensation" section of this report for more information.

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Number of shares of BoD members[1]

Name, function	on 31 December	Number of shares held	Voting rights in %
Colm Kelleher, Chairman	2023	456,045	0.035
	2022	339,084	0.022
Lukas Gähwiler, Vice Chairman[2]	2023	342,248	0.026
	2022	283,907	0.019
Jeremy Anderson, Senior Independent Director	2023	140,812	0.011
	2022	119,660	0.008
Claudia Böckstiegel, member	2023	16,523	0.001
	2022	7,814	0.001
William C. Dudley, member	2023	80,333	0.006
	2022	66,646	0.004
Patrick Firmenich, member	2023	53,405	0.004
	2022	27,275	0.002
Fred Hu, member	2023	112,265	0.009
	2022	97,543	0.006
Mark Hughes, member	2023	65,916	0.005
	2022	48,497	0.003
Nathalie Rachou, member	2023	46,057	0.003
	2022	31,126	0.002
Julie G. Richardson, member	2023	155,623	0.012
	2022	138,204	0.009
Dieter Wemmer, member	2023	147,251	0.011
	2022	132,320	0.009
Jeanette Wong, member	2023	115,567	0.009
	2022	93,440	0.006
Total	2023	1,732,045	0.131
	2022	1,385,516	0.090

1 Includes blocked and unblocked shares held by BoD members, including those held by related parties. No options were granted in 2023 and 2022. 2 Includes 127,386 unvested shares granted under variable compensation plans with forfeiture provisions as part of Lukas Gähwiler's compensation for his executive roles previously held at UBS.

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Total of all blocked and unblocked shares of BoD members[1]

	Total	*of which: unblocked*	*of which: blocked until*			
			2024	*2025*	*2026*	*2027*
Shares on 31 December 2023	1,732,045[2]	*674,707*	*275,425*	*263,853*	*192,544*	*325,516*
			2023	*2024*	*2025*	*2026*
Shares on 31 December 2022	1,385,516	*472,981*	*207,155*	*250,165*	*262,671*	*192,544*

1 Includes shares held by related parties. 2 Includes 127,386 unvested shares granted under variable compensation plans with forfeiture provisions as part of Lukas Gähwiler's compensation for his executive roles previously held at UBS.

Audited I

Loans granted to GEB members

Pursuant to article 38 of the Articles of Association of UBS Group AG (the AoA), GEB members may be granted loans. Such loans are made in the ordinary course of business on substantially the same terms as those granted to other employees, including interest rates and collateral, and neither involve more than the normal risk of collectability nor contain any other unfavorable features for the firm. The total amount of such loans must not exceed CHF 20m per GEB member.

CHF, except where indicated[1]			*USD (for reference)*
Name, function	on 31 December	Loans[2,3,4]	Loans[2,3,4]
Ulrich Körner, CEO of Credit Suisse AG (highest loan in 2023)	2023	12,490,000	14,839,119
Christian Bluhm, Group Chief Risk Officer (highest loan in 2022)	2022	6,927,000	
Aggregate of all GEB members	2023	50,980,299	60,568,674
	2022	30,752,035	

1 Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. 2 All loans granted are secured loans. 3 Excludes two unused uncommitted credit facilities in 2023 of CHF 11,840,766 (USD 14,067,847) that have been granted to two GEB members. No unused uncommitted credit facilities in 2022. 4 No loans have been granted to related parties of the GEB members at conditions not customary in the market.

Audited |

Loans granted to BoD members

Pursuant to article 33 of the AoA, loans to independent BoD members are made in the ordinary course of business at general market conditions. The Vice Chairman, given the full-time nature of his role, may be granted loans in the ordinary course of business on substantially the same terms as those granted to employees, including interest rates and collateral. Such loans neither involve more than the normal risk of collectability nor contain any other unfavorable features for the firm. The total amount of such loans must not exceed CHF 20m per BoD member.

CHF, except where indicated[1]			*USD (for reference)*
	on 31 December	Loans[2,3,4]	Loans[2,3,4]
Aggregate of all BoD members	2023	690,000	819,775
	2022	0	

1 Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. 2 All loans granted are secured loans. 3 CHF 690,000 (USD 819,775) for Claudia Böckstiegel (independent BoD member) in 2023 and no loans in 2022. 4 No loans have been granted to related parties of the BoD members at conditions not customary in the market.

Audited |

Compensation paid to former BoD and GEB members[1]

The compensation and benefits in the table below relate to payments made to former BoD and GEB members. Variable compensation paid to GEB members who stepped down during the respective years is included in the GEB performance award pool (see table "Total compensation for GEB members")

CHF, except where indicated[2, 4]					USD (for reference)[2]
	For the year	Compensation	Benefits	Total	Total
Former BoD members	2023	0	3,493	3,493	4,150
	2022	0	0	0	
Aggregate of all former GEB members[3]	2023	0	676,342	676,342	803,548
	2022	0	89,657	89,657	
Aggregate of all former BoD and GEB members	2023	0	679,835	679,835	807,698
	2022	0	89,657	89,657	

1 Compensation or remuneration that is related to the former members' activity on the BoD or GEB or that is not at market conditions. 2 Swiss franc and US dollar amounts disclosed represent local currency amounts translated at the relevant year-end closing exchange rate. 3 Includes benefit payments in 2023 for three former GEB members and in 2022 to two former GEB members. 4 Excludes the portion related to the legally required employer's social security contributions for 2023 and 2022, however, the legally required employees' social security contributions are included in the amounts shown in the table above, as appropriate.

GEB and BoD member mandates outside the Group

In line with the Swiss Code of Obligations, we disclose the mandates of GEB and BoD members outside of the Group in the tables below. Further information on background and biographies, including mandates in UBS entities, are available in the "Corporate governance" section of this report.

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BoD member mandates outside the Group

Name, function	Mandates
Colm Kelleher, Chairman	– Member of the Board of Norfolk Southern Corporation (chair of the risk and finance committee) – Member of the Board of Directors of the Bretton Woods Committee – Member of the Board of the Swiss Finance Council – Member of the International Monetary Conference – Member of the Board of the Bank Policy Institute – Member of the Board of Americans for Oxford – Visiting Professor of Banking and Finance, Loughborough Business School – Member of the European Financial Services Round Table – Member of the European Banking Group – Member of the International Advisory Council of the China Securities Regulatory Commission – Member of the Chief Executive's Advisory Council (Hong Kong)
Lukas Gähwiler, Vice Chairman	– Vice Chairman of the Board of Directors of Pilatus Aircraft Ltd – Member of the Board of Directors of Ringier AG – Member of the Board and Board Committee of economiesuisse – Chairman of the Employers Association of Banks in Switzerland – Member of the Board of Directors of the Swiss Employers Association – Member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association – Member of the Board of the Swiss Finance Council – Member of the Board of Trustees of Avenir Suisse
Jeremy Anderson, Senior Independent Director	– Member of the Board of Prudential plc (chair of the risk committee) – Trustee of the UK's Productivity Leadership Group
Claudia Böckstiegel, member	– Member of the Enlarged Executive Committee of Roche Holding AG
William C. Dudley, member	– Member of the Board of Treliant LLC – Member of the Advisory Board of Suade Labs – Senior Advisor to the Griswold Center for Economic Policy Studies, Princeton University – Member of the Group of Thirty – Member of the Council on Foreign Relations – Chairman of the Bretton Woods Committee Board of Directors – Member of the Board of the Council for Economic Education
Patrick Firmenich, member	– Vice Chairman of the Board of dsm firmenich (chair of the nomination committee) – Member of the Board of Directors of INSEAD and INSEAD World Foundation – Member of the Advisory Council of the Swiss Board Institute
Fred Hu, member	– Non-executive Chairman of the Board of Yum China Holdings (chair of the nomination and governance committee) – Member of the Board of ICBC (chair of the nomination committee) – Chairman of Primavera Capital Ltd – Trustee of the China Medical Board – Co-Chairman of the Nature Conservancy Asia Pacific Council – Member of the Board of Trustees, the Institute for Advanced Study – Director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd.
Mark Hughes, member	– Chair of the Board of Directors of the Global Risk Institute – Senior advisor to McKinsey & Company
Nathalie Rachou, member	– Member of the Board of Euronext N.V. (chair of the remuneration committee) – Member of the Board of Veolia Environnement SA (chair of the audit committee) – Member of the Board of the African Financial Institutions Investment Platform – Member of the Board of Directors of Fondation Léopold Bellan
Julie G. Richardson, member	– Member of the Board of Yext (chair of the audit committee) – Member of the Board of Datadog (chair of the audit committee) – Member of the Board of Fivetran – Member of the Board of Coalition, Inc. – Member of the Board of Checkout.com (stepped down in January 2024)
Dieter Wemmer, member	– Member of the Board of Ørsted A/S (chair of the audit and risk committee) – Chairman of Marco Capital Holdings Limited, Malta and subsidiaries
Jeanette Wong, member	– Member of the Board of Prudential plc – Member of the Board of Singapore Airlines Limited – Member of the Board Risk Committee of GIC Pte Ltd – Member of the Board of Jurong Town Corporation – Member of the Board of PSA International – Member of the Board of Pavilion Capital Holdings Pte Ltd – Chairman of the CareShield Life Council – Member of the Securities Industry Council – Member of the Board of Trustees of the National University of Singapore

› **Refer to "Board of Directors" in the "Corporate governance" section of this report for more information**

Audited |

GEB member mandates outside the Group

Name, function	Mandates
Sergio Ermotti, Group Chief Executive Officer	– Member of the Board of Ermenegildo Zegna N.V. (Lead Non-Executive Director) – Member of the Board of Società Editrice del Corriere del Ticino SA – Member of the Board of Innosuisse, the Swiss Innovation Agency – Member of Institut International D'Etudes Bancaires – Member of the WEF International Business Council and Governor of the Financial Services / Banking Community – Member of the MAS International Advisory Panel – Member of the Board of the Institute of International Finance – Member of the Board of the Swiss-American Chamber of Commerce
Michelle Bereaux, Group Integration Officer	– None
Christian Bluhm, Group Chief Risk Officer	– Chairman of the Board of Christian Bluhm Photography AG – Member of the Foundation Board International Financial Risk Institute
Mike Dargan, Group Chief Digital and Information Officer	– None
Suni Harford, President Asset Management	– Member of the Board of Directors of the Bob Woodruff Foundation
Naureen Hassan, President UBS Americas	– Member of the Board of the Securities Industry and Financial Markets Association (stepped down in January 2024) – Member of the Board of Governors of FINRA (as of 16 February 2024) – Member of the Board of Ownership Works – Member of the Board of the American Swiss Foundation – Member of the Board and Executive Committee of The Partnership for New York City
Robert Karofsky, President Investment Bank	– None
Sabine Keller-Busse, President Personal & Corporate Banking and President UBS Switzerland	– Member of the Board of Zurich Insurance Group – Chairwoman of the Foundation Board of the UBS Pension Fund – Member of the Foundation Council of the UBS International Center of Economics in Society – Member of the Board and Board Committee of Zurich Chamber of Commerce – Member of the Board of the University Hospital Zurich Foundation – Member of the Board of Trustees of the Swiss Entrepreneurs Foundation
Iqbal Khan, President Global Wealth Management and President EMEA	– None
Edmund Koh, President Asia Pacific	– Member of the Board of Trustees of the Wealth Management Institute, Singapore – Member of the Board of Next50 Limited, Singapore – Member of the Board of Medico Suites (S) Pte Ltd, Singapore – Member of the Board of Curbside Pte Ltd, Singapore – Member of the Board of the Philanthropy Asia Alliance Ltd., Singapore – Member of a sub-committee of the Singapore Ministry of Finance's Committee on the Future Economy – Member of the Financial Centre Advisory Panel of the Monetary Authority of Singapore – Council member of the Asian Bureau of Finance and Economic Research, Singapore – Member of the Board of Trustee of the Cultural Matching Fund, Singapore – Member of University of Toronto's International Leadership Council for Asia
Ulrich Körner, CEO of Credit Suisse AG	– Vice President of the Board of Lyceum Alpinum Zuoz AG
Barbara Levi, Group General Counsel	– Member of the Board of Directors of the European General Counsel Association – Member of the Legal Committee of the Swiss-American Chamber of Commerce
Beatriz Martin Jimenez, Head Non-core and Legacy and President UBS EMEA	– Member of the Advisory Board of the Frankfurt School of Finance & Management – Member of the Leadership Council, TheCityUK, London (stepped down in February 2024)
Markus Ronner, Group Chief Compliance and Governance Officer	– None
Stefan Seiler, Head Group Human Resources & Group Corporate Services	– Member of the UBS Center for Economics in Society at the University of Zurich Foundation Council – Chairman of the Foundation Board of the Swiss Finance Institute – Member of the IMD Foundation Board – Adjunct Professor for Leadership and Strategic Human Resource Management, Nanyang Technological University (NTU), Singapore
Todd Tuckner, CFO	– None

› **Refer to "Group Executive Board" in the "Corporate governance" section of this report for more information**

Provisions of the Articles of Association related to compensation

Swiss say-on-pay provisions give shareholders of companies listed in Switzerland significant influence over board and management compensation. At UBS, this is achieved by means of an annual binding say-on-pay vote in accordance with the following provisions of the AoA.

Say on pay
In line with article 43 of the AoA, the General Meeting approves proposals from the BoD in relation to:
a) the maximum aggregate amount of compensation of the BoD for the period until the next AGM;
b) the maximum aggregate amount of fixed compensation of the GEB for the following financial year; and
c) the aggregate amount of variable compensation of the GEB for the preceding financial year.
The BoD may submit for approval by the General Meeting deviating or additional proposals relating to the same or different periods. If the General Meeting does not approve a proposal from the BoD, the BoD will determine, taking into account all relevant factors, the respective (maximum) aggregate amount or (maximum) partial amounts and submit the amount(s) so determined for approval by the General Meeting. UBS Group AG or companies controlled by it may pay or grant compensation prior to approval by the General Meeting, subject to subsequent approval.

Principles of compensation
In line with articles 45 and 46 of the AoA, compensation of the members of the BoD includes base remuneration and may include other compensation elements and benefits. Compensation of the members of the BoD is intended to recognize the responsibility and governance nature of their role, to attract and retain qualified individuals, and to ensure alignment with shareholders' interests.

Compensation of the members of the GEB includes fixed and variable compensation elements. Fixed compensation includes the base salary and may include other compensation elements and benefits. Variable compensation elements are governed by financial and non-financial performance measures that take into account the performance of UBS Group AG and / or parts thereof, targets in relation to the market, other companies or comparable benchmarks, short- and long-term strategic objectives, and / or individual targets. The BoD or, where delegated to it, the Compensation Committee, determines the respective performance measures, the overall and individual performance targets, and their achievement. The BoD or, where delegated to it, the Compensation Committee, aims to ensure alignment with sustainable performance and appropriate risk-taking through adequate deferrals, forfeiture conditions, caps on compensation, harmful acts provisions and similar means with regard to parts of or all of the compensation. Parts of variable compensation are subject to a multi-year vesting period.

Additional amount for GEB members appointed after the vote on the aggregate amount of compensation by the AGM
In line with article 46 of the AoA of UBS Group AG, if the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover the compensation of a person that becomes a member of or is being promoted within the GEB after the General Meeting has approved the compensation, UBS Group AG, or companies controlled by it, is authorized to pay or grant each such GEB member a supplementary amount during the compensation period(s) already approved. The aggregate pool for such supplementary amounts per compensation period cannot exceed 40% of the average of total annual compensation paid or granted to the GEB during the previous three years.

› **Refer to *ubs.com/governance* for more information**

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To the General Meeting of
UBS Group AG, Zurich

Basel, 27 March 2024

Opinion

We have audited the Compensation Report of UBS Group AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" of the Compensation report: Approved GEB fixed compensation and BoD compensation, Total compensation for GEB Members, Remuneration details and additional information for BoD members, Share ownership / entitlements of GEB members, Number of shares of BoD members, Loans granted to GEB members, Loans granted to BoD members, Compensation paid to former BoD and GEB members and GEB and BoD member mandates outside the Group.

In our opinion, the information pursuant to Art. 734a-734f CO in the Compensation report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables referenced above in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, 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 Swiss law and 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 this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation 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 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.

We communicate with the Board of Directors or its relevant committee 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 also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Maurice McCormick
Licensed audit expert
(Auditor in charge)

Eveline Hunziker
Licensed audit expert