

Third quarter 2025 results

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Speeches by **Sergio P. Ermotti**, Group Chief Executive Officer, and **Todd Tuckner**, Group Chief Financial Officer

Including analyst Q&A session

Transcript.

Numbers for slides refer to the third quarter 2025 results presentation. Materials and a webcast replay are available at www.ubs.com/investors

Sergio P. Ermotti

Slide 3: Key messages

Thank you, Sarah and good morning, everyone.

The power of our unique business model, diversified global footprint and balance sheet for all seasons was evident once again in our excellent performance this quarter. Regardless of how you measure our third-quarter results, we delivered strong returns driven by significant momentum in our core businesses and disciplined execution on our strategic priorities.

Invested assets reached nearly 7 trillion across the Group, supported by robust flows in Global Wealth Management and also Asset Management, where we surpassed two trillion in invested assets for the first time. In APAC, invested assets across our asset gathering businesses now exceed one trillion, and this quarter's exceptionally strong flows underscore our position as the region's largest global wealth manager. The build-up of our investment banking capabilities in areas of strategic importance supported our outperformance of industry fee pools, and is consistent with our ambition to increase market share. We also saw healthy private and institutional client activity across the globe. In Switzerland, our clients continue to benefit from UBS's unique global footprint and capabilities as we supported businesses and households with around 40 billion Swiss francs of loans granted or renewed during the quarter.

I am particularly pleased that we achieved all of this while further advancing on our integration efforts.

Over two-thirds of client accounts in Switzerland, more than seven hundred thousand, have now been migrated onto UBS platforms. We have substantially completed the migration of personal banking clients, and commenced corporate and institutional client transfers. We are encouraged to see improved satisfaction from clients who are now on the UBS platform, and we remain on track to complete the final migrations by the end of the first quarter next year. The integration of Asset Management is also substantially completed, allowing us to fully focus on opportunities to drive efficient growth.

Across the group, we continue to streamline our operations. We are nearly halfway through our application decommissioning roadmap, and we have shut down 60% of legacy servers and processed around 40 petabytes of data. This keeps us well positioned to deliver on our gross cost savings ambition by the end of 2026.

Our recent employee survey highlighted what in my view is one of the most important markers of our integration progress. Sentiment across UBS and former Credit Suisse colleagues is now equally positive and well above industry benchmarks, further validating our efforts to create a common culture and vision across the organization.

I am also pleased that we resolved significant legacy litigation related to Credit Suisse's RMBS matter and UBS's legacy cross-border matter in France in the best interests of our shareholders.

All of this progress and business momentum further reinforces our capital strength and confidence in our ability to execute on our capital return plans as we continue to deliver on our 2025 objectives for dividends and buybacks.

As previously communicated, we will provide more detail on our plans for 2026 with our full-year results in February.

Our priorities extend beyond staying close to our clients and successfully completing the integration. We also remain committed to strategically investing across our platform to position UBS for sustainable growth. Earlier this week, we filed our application for a national bank charter in the U.S. and we expect approval in 2026 – a pivotal milestone in our multi-year strategy to improve the breadth and depth of our client offering, and setting the stage for long-term value creation.

At the same time, we are advancing our A.I. capabilities. We now have 340 live A.I. use cases across the bank increasing resilience and building the foundation to enhance the client experience, and deliver meaningful gains in efficiency and productivity.

With respect to the ongoing political process on banking regulation in Switzerland, as you saw at the end of the quarter, we submitted our response to the Capital Adequacy Ordinance consultation. We will do the same for the ongoing consultation on capital requirements related to foreign subsidiaries before it ends in early January.

Looking to the fourth quarter, with valuations elevated across most asset classes, investors remain engaged but increasingly focused on managing downside risks, which is also evident in periodic headline-driven spikes in volatility. Against this backdrop, transactional activity and our deal pipelines remain healthy, though sentiment can shift quickly as confidence in the outlook is tested and seasonal effects come into play. Furthermore, macro uncertainties along with a strong Swiss franc and higher US tariffs are clouding the outlook for the Swiss economy, and a prolonged US government shutdown may delay capital market activities.

Summing up, I am very pleased with our strong results this quarter, and I am extremely thankful to my colleagues for their continued dedication and focus amid ongoing macroeconomic and regulatory uncertainty. We will stay very focused on executing on our strategic priorities while we remain a trusted partner in the communities where we live and work, and position UBS for long-term value creation for all stakeholders.

With that, I hand over to Todd.

Todd Tuckner

Slide 5 – 3Q25 profitability driven by strong revenue growth and positive operating leverage

Thank you Sergio, and good morning everyone.

Throughout my remarks, I'll refer to underlying results in US dollars and make year-over-year comparisons, unless stated otherwise.

In the third quarter we delivered reported net profit of 2.5 billion, up 74%, and earnings per share of 76 cents. Our underlying pre-tax profit was 3.6 billion, up 50%, on 5% revenue growth, and our return on CET1 capital was 16.3%.

Included in our underlying performance are net litigation reserve releases of 668 million, primarily driven by the resolution of legal matters related to Credit Suisse's RMBS business and UBS's legacy cross-border case in France.

Excluding litigation, our return on CET1 capital was 12.7% as we grew pre-tax profits by 26% across the Group and by 19% in our core divisions.

Slide 6 – Net profit 2.5bn with underlying PBT growth in all businesses

Moving to slide 6. This quarter's strong financial performance is once again proof of the enduring advantages of our platform. We saw broad-based client momentum in constructive markets and disciplined execution across the franchise.

On a reported basis, our pre-tax profit was 2.8 billion with 561 million of revenue adjustments and 1.3 billion of integration-related expenses.

Our tax expense in 3Q was 341 million, representing an effective tax rate of 12%, supported by the net litigation releases. In the fourth quarter, we expect our tax rate to normalize, resulting in a low double digit effective tax rate for full year 2025. This excludes any effect from revaluing our DTAs as part of the year-end planning process.

Slide 7 – Achieved 10bn of gross cost saves, on track to deliver on ~13bn target

Turning to our cost update on slide 7.

In the third quarter, we continued to deliver on our cost reduction program as we make steady progress in right-sizing our technology estate, streamlining functions, and reducing third-party spend.

These efforts translated into 900 million of incremental gross run-rate cost saves in 3Q, with the cumulative total reaching the 10-billion mark one quarter ahead of schedule.

Compared to our 2022 baseline, we nominally decreased our overall cost base by around 13%, or by 24% when excluding variable compensation, litigation and currency effects. On this basis our conversion rate of gross-to-net saves is 77%.

Similarly, integration costs this quarter are indicative of the scale and intensity of the ongoing Swiss platform migration effort. We expect moderately lower levels of costs-to-achieve in the fourth quarter as the program enters its final stretch, with completion early next year, after which these change-related expenses will taper further.

Our integration costs to date also reflect the additional opportunities we've identified along the way to realize further efficiencies, accelerate benefit capture and, in select cases, drive incremental revenues. We'll update you next quarter on our 2026 integration cost budget and the gross cost saves we expect to deliver as we sunset integration at the end of next year.

As in prior years, we expect more modest gross and net saves in the fourth quarter as a result of our continued focus on the Swiss platform migration and a seasonal uptick in select non-personnel items, notably the UK bank levy.

Slide 8 – Our balance sheet for all seasons is a key pillar of our strategy

Turning to slide 8. As of the end of September, our balance sheet for all seasons consisted of 1.6 trillion in total assets, down 38 billion versus the end of the second quarter.

Loan balances remained broadly stable at 666 billion, with around 92% secured by collateral. Mortgages accounted for 58% of the total, with average loan-to-values of about 50%, while Lombard lending represented a further 24%.

Credit-impaired exposures in our lending book remained stable quarter-on-quarter at 90 basis points, while the cost of risk decreased by 4 basis points. Group credit loss expense was 102 million, mainly relating to non-performing positions in our Swiss business.

Our tangible book value per share grew sequentially by 2% to 26 dollars and 54 cents, primarily from our net profit, which was partly offset by share repurchases.

Overall, we continue to operate with a highly fortified and resilient balance sheet with total loss absorbing capacity of 199 billion, a net stable funding ratio of 120% and an LCR of 182%.

We were active issuers during the quarter, capitalizing on particularly favorable market conditions. We placed around 3 billion in AT1s and over 7 billion in HoldCo, both at attractive levels, enhancing our funding position

and reducing financing needs for next year. Looking ahead, we'll remain focused on further strengthening our funding profile as market conditions allow.

Slide 9 – Strong profitability reinforces our capital strength

Turning to capital on slide 9. Our CET1 capital ratio at the end of September was 14.8% and our CET1 leverage ratio was 4.6%, both up quarter-over-quarter and above our target levels of around 14% and above 4%, respectively.

Looking ahead, we expect our year-end 2025 CET1 capital ratio to decrease sequentially, driven by an accrual for intended share repurchases in 2026, as well as the full-year 2025 dividend. The amount of the accrual will be informed by our ongoing strategic planning process and remains subject to the continued successful execution of the Swiss platform migration as well as visibility on the shape and timing of future capital requirements in Switzerland.

Turning to UBS AG. The parent bank's standalone CET1 capital ratio was roughly unchanged at 13.3%. Similar to last quarter, we continued to pace intercompany dividend accruals to maintain prudent capital buffers and offset the FX-driven headwind on leverage ratios across Group entities. While we maintain our intention to operate UBS AG's standalone CET1 capital ratio between 12 and a half and 13%, we'd expect the Parent Bank to remain above the upper end of the target range particularly if dollar-Swiss stays near current levels.

Slide 10 – Global Wealth Management

Turning to our business divisions, and starting on slide 10 with Global Wealth Management.

In a constructive macro environment, GWM delivered a pre-tax profit of 1.8 billion. Excluding litigation, profit before tax was 1.6 billion, up 21% year-over-year, with APAC, the Americas and EMEA all delivering double-digit profit growth.

Asia Pacific was a standout with pre-tax profit up 48%, driven by 16 percentage points of positive operating leverage. With the platform migration work largely behind us in the region, the team is now fully focused on delivering for clients and growing the franchise. We're building on our distinctive advantages in scale, global connectivity and cross-divisional capabilities. That's evident in this quarter's strong flow momentum, top-line expansion, and disciplined cost management.

Americas pre-tax profits grew by 26%, reflecting another quarter of strong revenue growth across all revenue lines, and positive operating leverage that lifted pre-tax margins to 13.4%. Transactional revenues continue to benefit from the sustained momentum of GWM's collaboration with the Investment Bank, where jointly developed capabilities and solutions are resonating with advisors and deepening relationships with clients. The Americas team also made further progress enhancing its banking platform to support ongoing net interest income expansion.

Excluding litigation, EMEA delivered a 13% increase in pre-tax profit, driven by higher transactional revenues as clients actively hedged equity and US dollar exposures. On the same basis, in our Swiss wealth business, profit before tax decreased by 3%, as NII headwinds from Swiss franc interest rates offset strong recurring fees, while transactional activity was somewhat softer than in other wealth regions.

Onto flows. GWM's invested assets increased by 4% sequentially to 4.7 trillion from favorable market conditions and strong asset flows.

In the third quarter, we delivered net new assets of 38 billion, representing a 3.3% annualized growth rate.

The quarterly performance was driven by exceptional inflows in Asia Pacific, which alone contributed 38 billion. This included a small number of sizeable flows linked to strategic holdings, as well as strong client momentum across the region. EMEA and Switzerland also contributed positive net new assets of 6 and 3 billion, respectively.

Net new assets in the Americas were negative 9 billion, primarily reflecting advisor movement following the structural changes we introduced last year, including to the compensation grid, as part of the franchise's broader realignment.

Importantly, the strategic reset is already driving improvements in the region's pre-tax margins and operating leverage, thereby unlocking investment capacity to further enhance the platform's capabilities and solutions to help advisors grow their books and better serve clients.

Looking ahead, we expect turnover to moderate, supported by a healthy recruiting pipeline and a record number of advisors choosing to stay and ultimately retire at UBS.

Net new fee generating assets in the quarter were 9 billion, supported by sustained demand for discretionary mandates, including our SMA solution in the US, and MyWay in our Swiss and international franchises, as well as our advisory offerings. Regionally, NNFGA growth was especially strong in APAC and EMEA, with annualized growth rates of 8 and 6%, respectively.

At the same time, net new deposit outflows of 9 billion largely reflect the reversal of dynamics observed in the prior quarter. While the uneven market backdrop in 2Q prompted clients to tactically reposition towards liquidity solutions, in the third quarter clients actively redeployed capital into investment and trading solutions on our platform.

Client re-leveraging continued for the third consecutive quarter, driving positive net new loans across all regions. In 3Q net new lending was 3.5 billion, largely driven by Lombard and mortgages in Switzerland and the Americas.

Turning to revenues, which increased by 7%.

Recurring net fee income grew by 7% to 3.5 billion supported by positive market performance and over 55 billion in net new fee-generating assets over the past 12 months. Transaction-based income rose 11% to 1.3 billion, with notable strength across structured products and cash equities.

Net interest income of 1.6 billion was up 3% year-over-year and up 5% quarter-over-quarter, with the sequential trend reflecting a favorable mix shift towards transactional deposits, as well as lower funding costs. Looking ahead to 4Q, we expect net interest income to be broadly stable sequentially as modest growth in lending balances should largely offset headwinds from lower rates.

Operating expenses in GWM were down 1%, and were lower by 2% when looking through variable compensation, litigation and currency effects.

Slide 11 – Personal & Corporate Banking (CHF)

Turning to Personal and Corporate Banking on slide 11, where my comments will refer to Swiss francs.

P&C delivered a third quarter pre-tax profit of 668 million, up 1% or down 3% excluding litigation, a resilient result given the Swiss macro backdrop of zero interest rates, a stronger Swiss franc, and trade uncertainty.

Importantly, these results were achieved during the most operationally intensive phase of our integration efforts, demonstrating disciplined execution and client focus while the team continues to advance the client platform migration in the Swiss booking center.

Revenues across recurring net fee and transaction-based income were up 2%.

In Personal Banking, the migration of Credit Suisse client accounts onto UBS's platform is already supporting positive revenue momentum through deeper client engagement and adoption of our discretionary solutions. Personal Banking transactional revenues increased by 10% and recurring fee income was up 6% alongside positive net new client assets.

In our Corporate and Institutional Client business, non-NII revenues rose modestly year-over-year despite the Swiss operating environment. Growth in corporate finance revenues more than offset softer FX hedging and export finance activity, reflecting currency and trade-policy effects, respectively.

Net interest income decreased by 9% year-on-year. Sequentially, Swiss franc NII increased by 1%, driven by lower funding costs and deposit pricing measures offsetting the impact of the 25-basis point rate cut announced in June. For the fourth quarter, we expect NII to be broadly flat sequentially, both in Swiss franc and US dollar terms.

Turning to credit loss expense. CLE in the third quarter was 58 million on an average loan portfolio of 248 billion, translating to a 9 basis point cost of risk, down 5 basis points sequentially. This included Stage 3 charges of 56 million largely driven by a small number of positions in our corporate loan book. For the fourth quarter,

we expect CLE to be around 80 million, reflecting continuing global macro uncertainties that are also affecting Switzerland.

Operating expenses declined by 8% this quarter, or 6% excluding litigation, underscoring continued cost discipline, with further synergies to come once the Swiss client migration is completed.

Slide 12 – Asset Management

Moving to slide 12. Asset Management delivered a pre-tax profit of 282 million, up 19% year-on-year. Excluding net gains on disposals, AM's profits before tax was up 70% on 5% higher revenues.

Performance fees in the quarter nearly doubled to 87 million, supported by strong Hedge Fund results.

Net management fees were stable at 755 million reflecting higher balances and favorable currency effects, which were offset by industry-wide headwinds from clients shifting into lower-margin products over the past year.

Invested assets in the quarter grew by 5% sequentially, surpassing the 2 trillion mark for the first time. With integration now substantially complete, Asset Management is well placed to leverage its broader scale, enhanced product offering and improved efficiency to drive sustained value creation.

Net new money was 18 billion, a 3.7% growth rate, with positive flows across all asset classes, with particular strength in strategic growth segments, including 6 billion in ETFs and 4 billion in U.S. SMAs. Flows were also strong in Unified Global Alternatives where Asset Management's new client commitments in the third quarter reached nearly 2 billion alongside 8 billion from Global Wealth Management clients. Overall, assets invested in UGA reached 317 billion, up 4% quarter-over-quarter.

Operating expenses declined by 12% year-on-year reflecting execution on AM's commitment to improving operating efficiency.

Slide 13 – Investment Bank

On to the IB on slide 13.

Our Investment Bank delivered a very strong third quarter, with pre-tax profit of 787 million - more than double year-on-year. While maintaining its capital discipline, the IB generated a return on attributed equity of 17%.

These results highlight the strategic value of our investments in expanding our global reach and strengthening our talent, technology and capabilities. At the same time, the IB's close partnership with Global Wealth Management continues to drive increased client activity and revenues, particularly through jointly delivered structured solutions, a key differentiator in serving our wealth clients.

Across the franchise, we saw broad-based regional momentum driving revenues up by 23% to 3 billion, with the highest third quarter revenues in both Global Banking and Global Markets.

APAC was again a standout, posting its best quarter on record, with strength across the franchise, as our deep regional coverage and scale allowed us to capture elevated market activity and reinforce the region's strategic importance to the Group. We're also pleased that our strength in APAC was recognized by Euromoney, which named us Best Investment Bank in Asia.

Banking revenues reached 844 million, a 52% increase year-on-year, with each region outpacing the fee pool and delivering top-line growth in excess of 40%. In Advisory, revenues increased by 47% led by M&A delivering its best quarter on record. Capital Markets was 55% higher, as LCM fees nearly doubled, led by outperformance in the Americas and EMEA, and ECM revenues grew by one and a half times, driven by the pronounced uptick in IPOs and Convertible activity.

For the fourth quarter, we expect Banking activity to normalize from Q3's exceptional levels. In addition to seasonality factors, our guidance reflects both transactions brought forward into the third quarter and potential timing effects from the US government shut-down delaying capital markets activities.

Looking further ahead, our strong pipeline positions us well to deliver on our medium term objectives, provided market conditions remain constructive into next year.

Supported by high equity volumes and sustained client activity, Global Markets revenues rose by 14% to 2.2 billion, despite a strong prior-year comparative and more normalized levels of volatility, showcasing the strength of our Equities and FX businesses. Equities revenues increased by 15%, with Cash Equities reaching a new high, as we capitalized on our strongest market share to date. In Financing, top line growth of 33% was supported by Prime Brokerage delivering record-level revenues and client balances. FRC increased by 13%, with growth across all products.

For the fourth quarter, we expect more normalized levels of transactional volumes in Global Markets, particularly when compared to the especially strong prior-year period, which was supported by unusually elevated market activity ahead of the U.S. administration transition.

For the IB overall, operating expenses rose by 7%, largely driven by increases in personnel expenses.

Slide 14 – Non-core and Legacy

On slide 14, Non-core and Legacy's pre-tax profit was 102 million with negative revenues of 42 million.

Within revenues, funding costs of around 100 million were partly offset by gains from position exits in securitized products and macro. Operating expenses in the quarter were negative 149 million driven by net litigation releases of 440 million. Excluding litigation, expenses were down 56% year-on-year and 18% sequentially, as the team continues to make strong progress in driving out costs.

Slide 15 – NCL run-down continuing at pace

Onto slide 15. Since the second quarter of 2023, NCL has reduced its non-operational risk RWAs by almost 90%, including additional reductions of 2 billion this quarter, freeing up over 7 billion of capital for the Group life-to-date.

The wind-down efforts expertly executed by the team over the past several quarters have not only significantly strengthened our capital and risk position, but have also reduced the divisional cost base by nearly 75%.

As of the end of September, NCL had closed 94% of the 14 thousand books it started with and decommissioned 65% of its IT applications, further reducing operational complexity, and driving its strong cost reduction performance.

Slide 16 – Continuing to make progress towards our 2026 exit rate targets

To conclude, the third quarter marks another step forward in our integration agenda. We addressed legacy risks and advanced the client migration in the Swiss booking center, all while continuing to drive profitable growth across our core franchises by staying close to clients.

The quarter's strong financial performance lifted our nine-month underlying return on CET1 capital to 14%. Excluding litigation and normalizing for taxes, our return was 11% – above our full year guidance of around 10%.

We look forward to updating you on our expectations for 2026 when we present our fourth quarter results early next year.

With that, let's open up for questions.

Analyst Q&A (CEO and CFO)

Giulia Aurora Miotto, Morgan Stanley

Good morning. Thank you for taking my questions. I have two. The first one, it seems clear that UBS is already ahead of I guess the plan. Two examples. Cost-income and asset management 66% against the plan of below 70%, non-core delivering ahead of expectations. So why wait for Q4 before upgrading the guidance?

And then secondly, different topic, First Brands. I didn't see any comment this morning but there has been extensive press coverage about the 500 million hit on the asset management client asset side. So, could I please have your comments on this issue? Have you seen outflows on the back of it? Is this impacting your sale of UBS O'Connor? Yeah. Any comments on this issue please. Thank you.

Todd Tuckner

Thanks, Giulia, for the questions and good morning. So thanks for recognizing our progress on our plan. You're asking why wait to update the guidance? Well, clearly it's – as we go through our year-end planning process which is ongoing and really critical for us, that will inform how we think about 2026 in terms of the things I mentioned in my prepared comments, for example, around integration, budgets also, our gross run rate cost saves that we expect to generate, but also the outlook for each of the divisions, specifically around things like NII in our asset gathering businesses and credit loss expenses in our Swiss business. So the planning process is ongoing and that's the reason that we would seek to update our guidance in the fourth quarter.

On the First Brands topic, so to be clear, UBS does not have balance sheet exposure to First Brands and only a small number of funds are effective [*Edit: affected*]. I mean obviously it's always unfortunate when clients generate losses. That said, it's important to note that the most affected funds were targeted at sophisticated investors and had clear risk disclosures. No investment guidelines were breached. It's also important to note that we've moved swiftly to inform clients of the potential performance impact and as a priority we're taking steps to protect clients' interests and maximize recovery through the complex bankruptcy process.

You also asked Giulia about O'Connor. As previously announced, we continue to progress with the sale of the O'Connor hedge fund business to Cantor Fitzgerald and we're working closely together towards a first close.

Giulia Aurora Miotto, Morgan Stanley

Thanks.

Kian Abouhossein, JP Morgan

Yes, thanks for taking my questions. The first one is regarding Wealth Management Americas. You applied for the National Charter. Can you talk about the benefits of the charter and also talk about net new asset outlook post the outflows in the third quarter that we saw in NA and advisor attrition going forward, how we should think about that?

And the second question is just coming back to the AT1 document on CS and in particular point six, where you talk about the write-down, how it was handled. And I recall from our conversations and public statement by the previous CEO at that time that the AT1 write-down was a prerequisite or was done before or precondition of the takeover of Credit Suisse. So, it sounded like two separate steps, whereas if I read number six, it sounds it was all done in one go, i.e., there was no separation, so to say. And I am just trying to understand was this a separate step or not in terms of writing down the AT1 and subsequent offer of UBS and CS.

Todd Tuckner

Thanks, Kian, for your question. So first on the National Charter, as Sergio mentioned, we just applied for the license just earlier in the week. The expectation there is to broaden our banking capabilities. As I've said many times in the past, expanding NII as a percentage of revenues in the US business is one of our key strategic priorities to narrow the pre-tax margin gap to peers. We think the National Charter, once we receive it, will enable us to serve our clients on a more comprehensive basis. It will enable us to offer a suite of services on par with other banks in the US, including checking and savings accounts, as well as an expanded set of lending products.

But it's also important to emphasize, as I said also in my prepared comments, Kian, that we're very focused on expanding NII in our Wealth US business well before, and we're taking steps to do that. We've had our fourth consecutive quarter of lending growth in the US business and we believe that our differentiated and specialized lending shelf is increasingly resonating with advisors and clients.

In terms of the NNA outlook for the US, as you mentioned and of course as I mentioned during my comments, the changes that we introduced last year, including vis-à-vis the compensation framework, has led to some near-term advisor movement, but importantly, is lifting pre-tax margins and most importantly, enabling us to reinvest in the platform to help advisors grow their books and better serve clients. Looking ahead, while I do expect some lag effect from the movement that we've seen into next year, we do see turnover tapering and that's supported by a healthy recruiting pipeline, and as I mentioned on the call in my comments, a record number of advisors choosing to stay and retire at UBS.

On your second question regarding point six, I think it's important here, just as we laid out, to indicate and really what the most important part of this FAQ six is, is that the write-down of the AT1 instruments was an integral part of the rescue package and that rescue transaction. So that the entirety of the rescue package or rescue transaction included things that we touched on in the paragraph above, which is quite critical, the PLB, the emergency liquidity facilities that were extended, very importantly the Swiss government's guarantee or

loss protection agreement against losses in Credit Suisse's Non-core positions, of course, and our willingness to step in. And the write-down of the AT1 instruments was an integral part of the overall rescue transaction. So, hopefully, that addresses your question.

Kian Abouhossein, JP Morgan

Just quickly one follow-up on the advisor side. Is there any time frame you could give us where advisors should be flattening out in terms of turnover? Not exactly, but is there a time frame of first half, second half of next year? And just follow-up very briefly, was the transaction two transactions of the acquisition, or was it all done in one transaction, i.e., the FINMA measures and subsequent takeover?

Todd Tuckner

So, Kian, just to follow up on the first point, look, as I mentioned, we're seeing turnover tapering and so we're encouraged by the trends. Next quarter I'll come out with our net new asset guidance for the division overall and can offer more color on how I see the FA movement having an impact on our NNA expectations for 2026.

And on the, look, on your follow-up question, the AT1 instruments, as I mentioned, was an integral part of the rescue transaction. It was part and parcel of the requirements that were necessary to inform UBS to come in and acquire Credit Suisse. So that's everything we want to say about the AT1 write-down.

Kian Abouhossein, JP Morgan

Understood. Very helpful, thank you.

Todd Tuckner

Sure.

Jeremy Sigee, BNP Paribas

Morning. Thanks very much. First question on Asia. Phenomenal flows in the quarter and it sounded like it was a bit of a mix of slightly one-off but also slightly underlying pickup. I just wondered if you could expand on that. Is this something that you expect to see sustained strength? Is this the beginning of a trend of improving flows from Asia?

And then the second question, very specifically on the dividend accruals from UBS AG to the Group. I'm not sure if you mentioned it. I think first half, it was about 8 billion that you'd accrued to dividend up. I wonder if you can give us an updated number at the nine-month stage. Thank you.

Todd Tuckner

Yeah, thanks Jeremy. So just quickly on the second one, so, in 3Q at this point, we did not accrue any additional dividends at UBS AG for upstream, which went to my comment about pacing over time the level of intercompany dividends upstreamed to Group to manage some of the FX-driven headwinds around the leverage ratios across Group entities. I would just comment that we did pay the 6.5 billion, the second tranche of the 13 billion that we accrued in the prior year just after the quarter in terms of the upstream from the Parent Bank to Group.

On your first question in terms of Asia flows and drivers, first, thanks for recognizing the strong performance. I'm very pleased with how the unit in Asia is performing. When I look at the quarter, for sure, there was a constructive backdrop. Clients were quite engaged for sure in terms of their willingness to engage, whether it was to hedge downside risks or still ride what they saw was positive momentum in markets. For sure, we were seeing more APAC for APAC. So China, China Tech, also the US remains strong – strong traction from a US investment standpoint and pretty broad based, that's what we were seeing as well. But just in terms of what the team is delivering, really as I commented, a lot of post-integration momentum. So the teams are now together in one platform and really demonstrating what the unit can do. So while the performance in the quarter was exceptional, my expectation for the team is that they remain engaged with clients and we continue to perform very well in the region. I would also call out, as I've said in the past that what we were missing a little bit over the last couple of years from a macro perspective was monetization coming from ECM-type activities, particularly IPOs. We know that the region is quite hot at the moment and that portends upside for us as we go forward in terms of flows in APAC.

Jeremy Sigee, BNP Paribas

Great, thank you.

Flora Bocahut, Barclays

Yes, thank you. Good morning. I wanted to ask you a question on the comment you made in the report around your willingness to appeal the AT1 ruling. I just wanted to understand why you as UBS would appeal, because to my knowledge, this was only the FINMA so far. So, do you feel like you're potentially liable in this case? Why would you become a party and appeal on your side as well?

And the second question is regarding the cost. You're obviously well advanced on the client migration in Switzerland. This is supposed to lead to the IT decommissioning next year and the cost-income ratio boost. Did you ever provide actually a number, an absolute number, in dollar-billion of how much of a boost this would be to your cost base? Thank you.

Todd Tuckner

Thank you. Thanks, Flora. So on the appeal which we announced today in terms of our intention alongside FINMA, I think it's important to understand that Credit Suisse requested to join the proceeding as a party before the closing of the legal merger with UBS. And then UBS became a party to the proceeding in June of 2023 and has succeeded to Credit Suisse as a result of the acquisition. Now, why is that helpful? It's in our interest to be a party in order to ensure that our perspective on the relevant facts relating to the acquisition is considered by the court, as well, and this is important, to safeguard the credibility of AT1 instruments for the key role that they play in bank recovery and resolution. Now, being a party in the proceedings does not increase our potential legal exposure, but we do feel that it's important that we participate to bring to bear the best possible outcome.

On your cost question, I think you were asking about the contribution of technology, if I got you right, in terms of the bridge to 13 billion from where we are now. So we reported that we have now reached the 10 billion mark in terms of gross run rate cost saves. So we have 3 billion that we expect to convert a significant part to net saves over the course of 2026 and drive to our underlying cost-income ratio target by the end of 2026. Now my expectation is, when I look out and of course we're fine-tuning this as part of the ongoing year-end planning process, but my expectation as I look out over the last five quarters is that technology will make up a bit more than a third, let's say, close to 40% of the gross run rate cost saves of that residual 3 billion and headcount capacity is sort of a similar level, with the balance being third-party costs and real estate. And from a divisional perspective, I expect two-thirds of that benefit to inure to Global Wealth Management and P&C, split two-third, one-third, with the balance inuring to Non-core and the other core businesses.

Flora Bocahut, Barclays

Very helpful, thank you.

Stefan Stalmann, Autonomous Research

Good morning. Thank you very much for taking my questions. I would like to come back to the point on the AT1 write-down. You said what you also said in the FAQ document that being a party in the proceedings does not increase our potential legal liability and in our view there should be no liability in this matter. On which basis are you exactly saying that? I mean, you are a party of this process, isn't it? Do you actually have an indemnity by the government to compensate for any damages that may arise out of this case?

And the second question, relatively broad question on what you see in your US business. Is there any evidence that the US banks are changing their competitive behavior on the back of their additional degrees of freedom from a regulatory capital side, in particular, in Wealth Management? Thank you.

Todd Tuckner

Thanks. Thank you Stefan for your questions. So in terms of on which basis we've made the conclusions, we're acting on legal advice, naturally. Of course, as an accounting matter we can say that we don't believe there is a liability and therefore if there's no liability, there's no basis to provide. And our belief is based on the fact that we believe the write-down was in accordance with the contractual terms of the AT1 instruments and the applicable law and that FINMA's decree was lawful. So that was the basis of our conclusion. And no, we don't have an indemnity from the Swiss government.

In terms of the question on US competitive dynamics, which I guess comes off the back of the US banks indicating that they have additional capital and dry powder in that sense. Is that changing the competitive dynamics? Look, all we can do is control what we can control. In terms of what's in the US, I've been clear on what we're doing from a US wealth perspective, been clear on what we're doing in terms of driving additional IB penetration and market share in the US and the steps we're taking and the success that we're having. I would say that if we're talking about balance sheet expansion that some of our peers may be able to, and of course I can't comment or speculate, but may be able to bring to bear on the business. All I can do is recognize that our Investment Bank year-on-year has broadly flat balance sheet consumption, RWAs are broadly flat in the IB and yet they've driven revenue increases in – well into the double digits. So, we continue to focus on our capital-light strategy and execute appropriately.

Stefan Stalmann, Autonomous Research

Many thanks. Very helpful.

Joseph Dickerson, Jefferies

Hi, excuse me, I've got a couple of questions and then just a clarification. If I look at your Global Wealth Management unit, so if I take GWM and I isolate the business you call Global, over the past four quarters that's produced about 1.1 billion of pre-tax loss. Could you discuss what that is? And if there – if you could effectively get that to breakeven, or sell it off, which I suppose is complicated, there's quite an uplift to your Group pre-tax. So I'm just wondering what is in Global, what's the strategy there, et cetera?

And then for Q4 on the buyback, are you – how would you think about effectively accruing for that? Would it be whatever you plan to conditionally buy back or would it be part of the year or your full-year buyback? I guess, how to think about that.

And then my point of clarification is on this AT1 matter, which is, is it not a fact that when you acquired Credit Suisse it had no outstanding AT1 instruments? Thank you.

Todd Tuckner

Thanks, Joseph, for your questions. I may want clarification on the last one. Again, just to be clear on what you were asking before I respond to it. But on the others, quickly. In terms of what's in divisional items in GWM, that's the integration expenses largely driving that performance that you see in that item. So we don't attribute that to the units, but just have that overall captured in GWM. So those are all the things that are effectively the cost to achieve, the cost saves, that we'll ultimately bring to bear and drive down its cost-income ratio further.

In terms of Q4 and the buyback accrual, as I said, our expectation at the moment is that whatever we determine to be the level of share buybacks that we are either committed, or intend to do in 2026, we will accrue in our capital in the fourth quarter, which is in line with the capital adequacy ordinance rules in Switzerland. So, that'll be that. Of course, the ultimate level of what we determine is subject to all the things that I mentioned on the call, our ongoing planning process, continued successful integration steps, particularly with the Swiss platform. And then, as well, whether there's more visibility or any further visibility around the shape and timing of the capital rules here in Switzerland. So, all that will inform what we come out and say we're intending to do in the fourth quarter, and that will inform the accrual. In addition, of course, our full year 2025 dividend will also be accrued in the capital.

Now, can I just ask you just to, if you wouldn't mind, restating the last question?

Joseph Dickerson, Jefferies

Yeah, I just wanted to clarify that at the time that you acquired Credit Suisse, at that point Credit Suisse had no outstanding AT1 instruments.

Todd Tuckner

That is correct.

Joseph Dickerson, Jefferies

Thank you.

Anke Reingen, RBC

Hi. Yeah, thank you for taking my questions. The first is just a follow-up question on Joe's question about the buyback. I guess previously you said when you published your opinion paper that with full year results you don't expect full visibility on the regulation. I guess, nothing has really changed on that aspect. And then, I guess, would you be able to sort of like announce another buyback in the course of the year once you have more clarity? Or would that be basically excluded by your sort of like approach to buybacks in 2026?

And then secondly, can you talk a bit about the integration of the Swiss operations, how that's been going? I guess, there have been some press articles about some system failures. Would you think that's due to the integration, or is it just sort of like part of the normal business? And I think you had some quite attractive deposit rates out there. Are they basically part of your Q4 NII guidance? Thank you very much.

Sergio P. Ermotti

Thank you for the question, Anke. So I think that – let me maybe remind what I mentioned in the last few quarters, as we were answering the question on capital returns, that our capital return policies, and particularly around share buyback, will not be a stop-and-go policy. So, as you heard from Todd, we're going to complete our current outstanding share buyback plan and at year-end, all things being equal, we expect to accrue for share buyback to be executed during 2026. The size of the share buyback will be determined as we complete our process and as we have more visibility, both on how the integration is progressing and also on any potential developments on the capital requirements topic in Switzerland. But, yes, we're going to have a share buyback in 2026, all things being equal.

So yeah, let's – on the integration side, Todd you may chime in. But, I would say that of course when you go through such an enormous – we have been migrating 40 petabytes of data, migrating 700,000 clients out of 1.2 million clients. So I think that's – what we try to do is always try to make it as smooth as possible for everybody. I would say that so far the vast majority of the clients that are now part of the UBS platform are happy about the migration. Of course, you always have some people not being happy. Like, if I ask you to move from iOS telephone to an Android or the other way around. The first couple of days, maybe you are not so pleased. But, I don't think that we have any major issues here. Actually things are going pretty well and we are now very focused on completing that. So the rest of deposit outflows, I think that was more...

Todd Tuckner

Yeah. Sergio, thanks. Just to pick up – agreed. So, just to pick up on Sergio's point, any system issue is unrelated to the client migration. In terms of – you asked, sort of, maybe a broader question or maybe a more specific question, but I'll answer it. The most important thing to remember is that we're managing our net interest income, Anke, in an environment of zero interest rates. So I think it's fair to say that the balance sheet dynamics play quite an important role in enhancing the NII as best as we can. And you can even see that a bit in the quarter-on-quarter this quarter. So we're pricing to be competitive in the market since where we want high value, or deposits of high funding value. But, I wouldn't call out anything unusual about what we're doing other than to enhance our NII wherever possible.

Anke Reingen, RBC

Thank you.

Chris Hallam, Goldman Sachs

Morning. Just two quick follow-ups really from me left. First, you mentioned that you expect to receive approval for the national bank charter in 2026. From the point of that approval, how do you see the timeline and the quantum for the PBT margin improvement in US wealth? Just I would assume that that's additive to the FY26 RoCET1 exit rate. So just any color there would be super helpful.

And then second, you also flagged that a prolonged US Government shutdown may delay US capital markets activities in the fourth quarter. Could you just give us a sense of materiality on that? I guess, if we assume that the Q2 accounts deadline is missed for potential listings, how that may impact the IB numbers for 4Q for you? Thank you.

Todd Tuckner

Thanks for your questions. So, look, on the – I think the important thing on the national charter in terms of when we get it and what it means. First of all, it's been priced into our longer-term plan since it's been something that we have been intending to do. I think it's important to understand that, and as I mentioned in response to an earlier question, we're very focused on building out our NII and banking capabilities in the US now and the national charter is a natural add-on to that. This is not just a wait for that and then it's going to be transformational, but rather it's going to be part of an evolution. And it's going to – obviously, if we want our clients, the great majority of whom are doing their banking with other banks, our peers largely in the US and we want to have those clients start to bank with us, that's going to take time. So, but we can't do it until we have the charter, the charter, the license approved. So, that's going to enhance things. But I would just say it's going to take time. We'll keep you up and give you color as to expectations, but right now, from where I sit, that's something where I'm much more focused on ensuring that we're doing the right things to drive NII expansion now and to use the charter as an enhancement to that.

In terms of the US government shutdown, very difficult to frame that in a materiality context. We just wanted to flag it as a potential headwind given that if, at some point, if the IPO calendar really does get delayed across the street, it'll have ultimately an impact on ECM revenues. Potentially even on other capital markets revenues. So we just wanted to flag it as a risk factor that we see, but very difficult to frame in terms of materiality at this point.

Chris Hallam, Goldman Sachs

Okay, thanks very much.

Andrew Coombs, Citi

Morning. If I could have one on litigation and one on net interest income. On litigation, if I look at note 14 in your accounts, you do talk about ATA with respect to terrorist attacks in Iraq. You also talk about Madoff and

Luxembourg fund reports. I'm sure you've seen the events with BNP Paribas with respect to Sudan and more recently seen HSBC and the Luxembourg court ruling on cash restitution on Madoff. So, is there any points of comparison that you would make, any similarities versus differences to the outstanding cases that you have and flag in note 14 in your accounts?

And then completely separately, net interest income trajectory. You obviously had good growth in Q3, better than anticipated. Largely seems to be due to the deposit mix and pricing. But you're then guiding to stable net interest income in Q4 again. So, is there an additional headwind coming through that you're foreseeing in Q4? Is it just a function of Fed rates? What are the moving parts that mean that you are slightly more conservative on your Q4 guide versus the experience in Q3? Thank you.

Todd Tuckner

Yeah, thanks, Andy. So on the second question in terms of NII and the outlook. I mean, first, just to maybe unpack it, from a P&C perspective, I think there it's pretty clear that notwithstanding the point I made to Anke around balance sheet management, the NII is going to be difficult to move out of this sort of flat trajectory with interest rates not having anywhere to go at this point. When they move, as I've said, given the positive convexity in the curve, whether rates move up or down, that will benefit us in P&C NII.

In wealth, it's always, the dynamics with rates going down, are always somewhat difficult to model because of the impact. Of course, we are still pushing to see continued re-leveraging. So we've had our third quarter of re-leveraging. So that's a positive trend that can help. Also as rates tick down low enough, then you start to see even re-leveraging take a much more significant uptick just given interest in the carry trade. But we're not yet seeing that at the levels at the moment. Of course, as well as rates go down, then you have some mix shift dynamics that have been favorable but are also difficult to call, especially given the rate levels we're at.

So, we think that we'll continue to manage the downward pressure on NII from lower rates. Rates are already very low on half of our balance sheet, just given euro and Swissie [Edit: Swiss franc]. And as dollars come down that'll have some downward pressure on deposit NIM, but we'll continue to manage everything and naturally as NII is only a quarter of GWM's revenues, of course, potentially a lower rate environment also portends favorable things around transactional activity and even potentially recurring fees.

Look, on your litigation questions, broadly, we're first of all not going to comment on other firms' cases, and do read acrosses and comment whether on ATA or on Madoff. So, we have our disclosure in the litigation note and I would just direct you to read and form your own conclusions. But we're not going to speculate on what we don't know about other institutions' legal cases.

Benjamin Goy, Deutsche Bank

Yes. Hi, good morning. Two questions from me. So first it looks like you didn't upstream capital out of your New York or Credit Suisse international entities this quarter, but last year you did a significant one in Q4. So should we expect something similar this year? Maybe you can share some color on that.

And then secondly, asset quality remains rock solid. At least in the US disclosure we see that your exposure to non-deposit-taking financial institutions is quite low. But any additional details of exposures to private credit, private equity and hedge funds will be appreciated. And potentially also broader thoughts on the credit concerns in the market outside of single cases. Thank you.

Todd Tuckner

Thanks, Benjamin. So in terms of upstreaming capital from our subsidiaries, in particular, the UK subsidiary where I've guided in the past still expectation over the rest of this year into next year. We don't control the timing, but what we control is continuing to derisk the balance sheet. And, but ultimately the timing to upstream requires regulatory approval, so we don't control that, but I'm still expecting that the UK – the capital repatriations from the UK will happen over the near to midterm. In the US, and I've mentioned in the past, our expectation is to reduce the capital ratio to levels that were pre-CS levels of CET1 capital. You could see this quarter still elevated with a two-handle in terms of CET1. We're working as well to reduce, reduce the capital levels there, and that will also result in there being upstream of capital from the US to the Parent Bank. I will give more color next quarter on the expectations around what I see for the full year 2026, at this stage, but we continue to work to upstream as much as we can as a function of derisking the balance sheet from the CS acquisition.

And on the second question in terms of NBFI, look, I'm very comfortable with our on-balance sheet exposure from a credit standpoint. I think that's pretty clear, if you take from me my updates each quarter on where our balance sheet is, what it consists of, cost of risk. Our NBFI counterparties are largely investment grade, strong protection in terms of collateralized positions. So, I have no concerns about the broader credit environment impacting on UBS at this stage. I'm seeing nothing that would suggest any issues beyond what I report regularly on, which is in our Swiss environment, just working through the back book from the Credit Suisse acquisition that we've been doing and bringing to you all my thoughts around the impact, say, of the ongoing and emerging trade policy effects on whether the back or the front book in the Swiss business. So those are the things that I think are relevant and we'll continue to focus on. And see no broader stress in the credit market that I would, particularly in the private credit market, that I would call out.

Benjamin Goy, Deutsche Bank

Good to hear. Thank you.

Amit Goel, Mediobanca

Hi. Thank you. Two questions from me, just follow-ups really. But, one, so just on the, coming back to the US Wealth piece, I just really wanted to understand – I appreciate you'll give more guidance with full year but with then the changes to the grid to try and get a bit more attention and to kind of stabilize the flows, could we see the operating margin then again kind of decline a little bit before you look to get that improving again?

And then secondly, just on the PCB business then, I guess, in the comments then, so the deposit – the net new deposit outflow reflected some balance sheet optimization, but I was a bit confused about then why there would be some slightly more favorable deposit offerings then being made. So just wanted to understand that a bit better. And essentially with the outlook being a bit more cloudy for Switzerland, just curious how you're seeing the balance sheet development there going into next year. Thank you.

Todd Tuckner

Yes, Amit. So, maybe just taking your second question first. So on the balance sheet, we continue to, and we disclose that, continue to extend significant levels of credit to clients here in Switzerland, CHF40 billion, very focused on that.

In terms of how we're thinking about the balance sheet, the balance sheet is critical for us in our Swiss business, as I mentioned. One, to just manage the franchise now, particularly post, as we move into a post-integration state, we're going to lean in more and more on the balance sheet to help our clients and to drive NII even if the rates are not helping. So, the dynamics here in Switzerland around balance sheet remain quite important to us and ensuring that we're seen as a trusted lender to our counterparties is quite critical to us and is why we talk about the level of credit that we're extending or rolling over on a regular basis to show the levels that we're maintaining here in the Swiss market.

In terms, just quickly, on the outflow as part of the optimization, I think it's important to understand that we're also looking to maximize funding value around our deposits, and that's pretty critical how we price and how we term out deposits. In particular, is important, just to also manage some, across the Group, some of the FX-driven headwinds I've touched on that make leverage more constraining. So, just important, it's just a tool we're using across the Group to improve or increase funding value along our deposits and just to ensure that we're maximizing it in that respect.

You asked about the US Wealth business and the changes to the grid and the impacts. I've mentioned the impacts. In terms of the outlook on the pre-tax margin from the changes, if I isolate the pre-tax margin effects from the changes that we've made, they're pre-tax margin accretive and they're helpful, they're supportive. And that's not just what's happened life to date, but also as we model out what we might see. Naturally, we're working quite hard to ensure that the outflows taper, as I've said. We'll see some lag effect is likely, just given the movement that we've seen, and given the time that it takes before advisors are off our platform. But we're, that, remains a focus for us so that I would say is pre-tax margin accretive in the way we see it. And, therefore, the changes to the grid that we made, by the way, this most recent year that we

announced, do not go backwards. They are incentivizing growth and they're resonating really well. The things that we have introduced are resonating well with advisors. So, we don't see that going backwards, though, because some of the things that we had changed in the year before were not things that we reinstated.

Amit Goel, Mediobanca

Okay, thank you.

Sarah Mackey

I think we have no further questions. So thank you, everyone, for joining and asking questions and we look forward to updating you with our fourth quarter results in February. Thank you.

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